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 4 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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WASHINGTON : 1998
LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,

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.
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.

MINORITY VIEWS OF HON. HENRY A. WAXMAN, HON. TOM LANTOS, HON. ROBERT E. WISE, JR., HON. MAJOR R. OWENS, HON. EDOLPHUS TOWNS, HON. PAUL E. KANJORSKI, HON. GARY A. CONDIT, HON. BERNARD SANDERS, HON. CAROLYN B. MALONEY, HON. ELEANOR HOLMES NORTON, HON. CHAKA FATTAH, HON. ELIJAH E. CUMMINGS, HON. DENNIS J. KUCINICH, HON. ROD R. BLAGOJEVICH, HON. DANNY K. DAVIS, HON. THOMAS H. ALLEN, HON. HAROLD E. FORD, JR.

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INTRODUCTION

Last year, House Speaker Newt Gingrich said that the Committee’s campaign finance investigation “may be the most historic investigation in the history of the United States.” The investigation may be historic, but for all the wrong reasons.

As described in detail in Part I of these minority views, the Committee’s campaign finance investigation has been the most partisan, unfair, and abusive investigation since the McCarthy hearings in the 1950s. It has also been the most expensive congressional investigation in history.

Chairman Burton alleged at the outset of the investigation that “this thing could end up being bigger than Watergate ever was” and that he would prove the existence of a “massive” Chinese conspiracy to violate our campaign finance laws. But as described in Part II, Chairman Burton never substantiated these and many other well-publicized allegations. Unfortunately, the pattern of “accuse first, investigate later” became a hallmark of the investigation.

Part III of these views responds to the major findings in the majority report. The Committee spent over $7 million on the campaign finance investigation, issued 1,285 subpoenas and information requests, took 161 depositions, and received 1.5 million pages of documents, but found virtually no new information.

The majority’s investigation ignored Republican campaign finance abuses, targeting alleged Democratic violations in over 99% of the subpoenas and document requests issued by Chairman Burton. In fact, campaign finance abuses are bipartisan. As documented in Part IV, some of the most serious allegations of campaign finance abuses involve Republicans, such as the substantial and credible evidence that Majority Whip Tom DeLay participated in an illegal conduit contribution scheme.

The ultimate irony of the investigation may be that at the same time that the Committee spent millions of dollars investigating alleged Democratic campaign finance abuses, the majority of Committee Republicans supported the efforts of the Republican leadership to defeat campaign finance reform legislation and to hamstring the federal agency that is charged with enforcing campaign finance laws. Part V describes these efforts.

I. THE INVESTIGATION WAS CHARACTERIZED BY PARTISANSHIP, MISHAPS, ABUSES OF POWER, AND WASTE

The Government Reform and Oversight Committee’s campaign finance investigation was the most partisan, inept, abusive, and wasteful congressional investigation since the McCarthy hearings in the 1950s. According to Norman Ornstein, a congressional expert...
at the conservative American Enterprise Institute, “the Burton investigation is going to be remembered as a case study in how not to do a congressional investigation and as a prime example of investigation as farce.”2 According to the New York Times, the Committee’s efforts are a “House investigation travesty” and a “parody of a reputable investigation.”3 The Washington Post called the investigation “its own cartoon, a joke and a deserved embarrassment.”4

This section of the minority report describes the systemic problems that characterized the investigation since its beginning. It reviews the partisan motives that fueled the investigation, the majority’s mishaps and mistakes, the persistent abuses of power that plagued the investigation, and the Committee’s wasteful use of tax dollars.

A. THE INVESTIGATION WAS PARTISAN

1. Chairman Burton Promised to Conduct a Fair Investigation

Even before Chairman Burton officially began his campaign finance investigation, serious questions were raised by others in the Republican party as to whether the probe would be partisan and unfair.5 Aware of these concerns, Chairman Burton pledged to conduct a fair and bipartisan investigation. Chairman Burton told the Capitol Hill newspaper Roll Call, “As chairman I have to be as nonpartisan as possible. I have to be as fair as humanly possible.”6 He was later quoted in the New York Daily News as saying, “I look at myself as in a quasi-judicial position, and I think it’s important that I appear as fair as possible.”7

In an attempt to appear fair, Chairman Burton promised to look into allegations of both Republican and Democratic abuses. At the April 10, 1997, Committee meeting, Chairman Burton stated that “substantial evidence of improprieties will be pursued wherever it leads. . . . The Committee’s current protocol does not . . . limit the Committee from taking investigative leads whenever they go wherever they go within the Committee’s jurisdiction.”8 Similarly, as the first hearings approached, Chairman Burton said, “Well, I’m a partisan Republican, but I will tell you, we’re going to be very fair and judicial in our approach to handling this whole scandal. And where Republicans have made mistakes and broken the law, we’re going to try to get at that as well.”9 In his opening statement at the first hearing, Chairman Burton added, “the committee also is examining matters relating to the Republican National Commit-

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2 House Probe of Campaign Fund-Raising Uncovers Little, Los Angeles Times (May 2, 1998).
6 Burton Promises to Put Partisanship Aside in Role as Oversight Chairman, Roll Call (Nov. 14, 1996).
7 Even GOP Wary of Burton, New York Daily News (June 8, 1997).
8 Chairman Burton, House Committee on Government Reform and Oversight, Business Meeting (Apr. 10, 1997).
9 NBC’s Meet the Press (Sept. 14, 1997).
tee and will continue to follow the facts wherever they lead us, in either party."

A number of other Republican Committee members also assured the public that the investigation would look into all allegations of campaign finance abuses, including possible abuses by members of Congress. Rep. Christopher Shays noted, “our Chairman said that we have the right to look at wrongdoing wherever we find it. . . . It is so clear that even an idiot would understand we have jurisdiction over the executive, legislative, and judicial branch. . . . This Committee has 360 degrees [of] jurisdiction.” Rep. Connie Morella added, “the wording in the protocol that we have before us is the kind of scope that allows us . . . to go beyond the executive branch and beyond government agencies. So if it is congressional, so be it, it is congressional.”

2. Chairman Burton Later Admitted That He Is “After” the President

Despite the public pronouncements of Chairman Burton and other Republican Committee members that the investigation would be fair and nonpartisan, the Chairman eventually admitted that his goal was to remove the President and damage the Democratic party. In an April 1998 interview discussing President Clinton with the Indianapolis Star newspaper, Chairman Burton said, “If I could prove 10 percent of what I believe happened, he’d be gone. This guy’s a scumbag. That’s why I’m after him.”

Chairman Burton reportedly expressed similar views at a 1997 luncheon hosted by GOPAC, the Republican political action committee formerly headed by House Speaker Newt Gingrich. According to a report in Esquire magazine:

Brashly acknowledging his own partisan motives during this closed meeting of political allies, Burton tells the GOPAC crowd that the current fundraising scandal will turn out to be the Democrats’ Watergate, resulting in a net gain of “twenty to twenty-four seats” for the GOP in next year’s congressional elections. “It’s over!” he hollers.

3. Over Ninety-Nine Percent of Subpoenas and Other Information Requests Targeted Democrats

The number of subpoenas and information requests issued to investigate allegations of Democratic fundraising abuses and the number of subpoenas and information requests issued to investigate allegations of Republican fundraising abuses are not a matter of subjective dispute. These statistics show that Chairman Bur-
ton used his unilateral subpoena power to target Democrats almost exclusively. Of the 1,285 information requests, depositions, or interviews issued or taken by Chairman Burton through September 30, 1998, 1,272—over 99%—targeted allegations of Democratic fundraising abuses. This statistic includes 674 out of 684 subpoenas for documents, 159 out of 161 depositions, all 18 formal interviews, 294 out of 295 document requests and interrogatories, and all 118 outstanding deposition requests and all 9 outstanding interview requests.

Objective sources recognized the unfairness of such a focus. Congressional Quarterly (CQ) observed, "Unlike [Senator] Thompson, who sought a degree of evenhandedness, the more partisan House is looking almost exclusively at Democratic abuses, avoiding inquiries into questionable practices employed by Republicans to raise record-shattering amounts of money in 1996." According to CQ, "[e]ven some Republicans concede that the probe's credibility is on the line because of its one-party focus."

Although the statistics from the Committee's investigation might suggest that wrongdoing has been committed by only the Democratic party, statistics from the nonpartisan Federal Election Commission paint the opposite picture. At the March 31, 1998, Committee hearing, both FEC Vice Chairman Scott E. Thomas and General Counsel Lawrence Noble testified that FEC investigations of campaign finance violations are almost equally divided between Republicans and Democrats:

Mr. WAXMAN. Based on your experience at the Federal Election Commission, are Democrats responsible for 99 percent of the campaign finance abuses?
Mr. NOBLE. Not based on my experience. I think it's spread pretty evenly.
Mr. WAXMAN. It's what?
Mr. NOBLE. It's spread pretty evenly, I think.
Mr. WAXMAN. Spread pretty evenly. Can you estimate what percentage of the violations you investigate are Democratic, and what percentage are Republican?
Mr. NOBLE. I don't have that. Our office does not keep figures in that regard.
Mr. THOMAS. Mr. Chairman, I might be able to help you there. I have been sensitive to this kind of criticism since a recent Wall Street Journal article came out a while back, wherein it suggested that someone was under the impression 9 out of 10 of our cases were against Republicans. And I had my assistant go back and look at what the status was at the beginning of 1995 and again at the beginning of 1998. Of the active cases that we had going back in the beginning of 1995, as I strike the percentages of the cases involving Republicans versus Democrats, 53 percent were involving Democrats; the remaining percentage, out

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of 100 percent, would have involved Republicans, roughly

It is wrong to use taxpayer funds to engage in partisan political
activities. Yet the one-sided focus of the investigation shows that
this is exactly what transpired. The Committee’s extensive powers
and resources were used virtually exclusively to target Democrats
for partisan advantage. As the statistics and a review of the record
make clear, substantial evidence of Republican abuses was simply
ignored.

4. Republican Campaign Finance Abuses Have Been Routinely
Ignored

Although Chairman Burton promised that “substantial evidence
of improprieties will be pursued wherever it leads,” the Chairman
routinely ignored substantial evidence of Republican campaign fi-
nance improprieties. In fact, Chairman Burton ignored Republican
abuses even while investigating parallel allegations against Demo-

\footnote{House Committee on Government Reform and Oversight, Hearings on the Department of the Interior’s Denial of the Wisconsin Chippewa’s Casino Application, 105th Cong., 2d Sess., v. 1 (Jan. 21, 22, 28, 29, 1998).}
crats. Examples of these Republican campaign finance abuses are
summarized below and are discussed in more detail in part IV.

\quad \textit{a. Republican Favors for the Tobacco Industry}

Chairman Burton held four days of hearings in January 1998 in-
vestigating the alleged influence campaign contributions to the
Democratic Party had on an Interior Department decision to deny
an Indian casino application in Hudson, Wisconsin.\footnote{How a $50 Billion “Orphan” Was Adopted, Washington Post (Aug. 17, 1997).} Foreign cam-
paign contributions were not at issue in this inquiry. Specifically,
Chairman Burton investigated whether a former Democratic Na-
tional Committee treasurer used his influence to advance the deci-
sion, and whether then-DNC chairman Don Fowler called the In-
terior Department on behalf of DNC contributors who opposed the
casino. Yet despite numerous requests from the minority, Chair-
man Burton refused to investigate similar allegations involving Re-

ciplicants.

For example, it was widely reported that the Republican lead-
ship included a $50 billion tax credit for the tobacco industry in the
1997 balanced budget legislation after the Republican National
Committee received $8.8 million in contributions from the industry.
The Washington Post reported that during the budget negotia-
tions, House Speaker Gingrich and Senate Majority Leader Trent Lott
“insisted on a provision that would give tobacco companies a $50
billion credit against the sum they had pledged to settle anti-to-
bacco litigation.”\footnote{Id.} According to the Post, Republican leaders “were
among Congress’s top recipients of tobacco industry funds,” and the
tax credit was “pushed” by former RNC Chairman Haley Barbour,
who became a tobacco industry lobbyist.\footnote{Id.} Nonetheless, Chairman
Burton denied written requests made by the minority on June 10,

At the January 21, 1998, hearing, Chairman Burton used a chart to explain why the Committee was investigating the Hudson casino matter. Chairman Burton's chart read as follows:

**HUDSON FACTS**

1. Law requires consultation with tribes
2. Lobbyists were hired to stop progress
3. Tribal meetings with big contributors: $400,000 (opponents) vs. $6,000 (proponents)
4. $350,000 of contributions to Democrats
5. Duffy and Collier leave Interior to work for Shakopees
6. Collier carried $50,000 check to DNC on behalf of Shakopees

At the same hearing, Rep. Waxman used a similar chart to explain why the Republican ties to the tobacco industry should be investigated. Rep. Waxman's chart read as follows:

**TOBACCO FACTS**

1. Tobacco industry hires former RNC Chairman Haley Barbour as their lobbyist.
2. Tobacco industry gives $8.8 million to Republican party since 1995; the three biggest contributors to the Republican party were all tobacco companies.
3. Speaker Gingrich and Senate Majority Leader Lott insert a secret provision into the budget bill that gives the tobacco industry a $50 billion tax break.
4. With no discussion on the merits, the largest special interest tax break in history is passed.

As Rep. Waxman noted in his opening statement at the January 21 hearing, “The $50 billion giveaway to the tobacco industry is indistinguishable from today’s hearing. In fact, the only difference in the matter is the industry’s contributions and the benefit they received dwarf today’s subject.” Of course, a second distinction is that the Hudson casino matter involved contributions to Democrats while the tobacco industry tax break involved contributions to Republicans.

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22 Letters from Rep. Waxman to Chairman Burton (June 10, 1997; Aug. 29, 1997; and Jan. 13, 1998). A complete set of correspondence between Rep. Waxman and Chairman Burton (comprising 143 letters from Rep. Waxman to Chairman Burton and 44 letters from Chairman Burton to Rep. Waxman), and other correspondence related to the investigation, is attached to this report as Exhibit 1.


24 Id. at 105.

25 Id. at 167.

26 Id. at 13–14.
This was not the only questionable activity involving the Republican leadership and the tobacco industry that the Committee failed to investigate. On July 20, 1998, the minority staff released a report entitled, “Air Tobacco: Campaign Travel on Tobacco Industry Jets,” which analyzed the tobacco industry’s practice of providing its corporate aircraft to congressional leaders and political parties for campaign activities. The report found that (1) the tobacco industry provides more subsidized campaign travel to congressional leaders and political parties than any other corporate special interest and (2) the beneficiary of subsidized campaign travel from the tobacco industry is the Republican congressional leadership and Republican party organizations. In total, the report found that the Republican leadership and Republican organizations reported 84 separate disbursements totaling as much as $244,000 to the tobacco industry for campaign travel from January 1, 1997, through May 31, 1998. The tobacco industry was reimbursed only for the cost of first class travel—far below the actual cost of flying on corporate jets—resulting in a subsidy to the recipients 15 to 45 times greater than the amount of the disbursements. Reports by Democratic campaign organizations, meanwhile, indicated no disbursements to the tobacco industry for travel.

As reported in the Washington Post, “The nation’s leading tobacco companies made their corporate jets available to Republican lawmakers and GOP committees for dozens of flights in the past year. . . . Much of the travel occurred as the tobacco companies were trying at first to get Congress to approve legislation to give them some protection from mounting lawsuits, and later as the companies successfully lobbied Republican senators to kill that legislation after the lawsuit protection was removed.” Rep. John Linder, chairman of the National Republican Congressional Committee, responded that he sees “nothing wrong” with the travel. It is “another big perk we get,” he said, “I don’t apologize for it.”

b. Republican Conduit Contributions

Chairman Burton held a hearing to investigate allegations that the DNC received illegal conduit contributions made by Charlie Trie through Manlin Foung, Joseph Landon, and David Wang. He also held separate hearings on alleged conduit contributions to Democrats involving German businessman Thomas Kramer and a Venezuelan banking family. Yet Chairman Burton refused to investigate evidence that Republicans received similar conduit contributions.

For example, on August 6, 1998, the minority members of the Committee (with the exception of Rep. Turner who recused himself
from the issue) requested that Chairman Burton schedule hearings to investigate an allegation that the third-ranking Republican in the House, Majority Whip Tom DeLay, orchestrated conduit contributions to the campaign of Brian Babin, a Republican congressional candidate in Texas in 1996.34

According to an affidavit from Republican contributor Peter F. Cloeren, Jr., Rep. DeLay advised Mr. Cloeren on ways to funnel illegal campaign contributions to the Babin campaign.35 Although Mr. Cloeren already contributed the maximum amount allowed by law, Mr. Cloeren stated that Rep. DeLay advised him that “additional vehicles” could be used to send money to Mr. Babin, including Triad Management Services and the campaigns of other Republican candidates. Mr. Cloeren also admitted that he contributed $37,000 to Mr. Babin through employees, who contributed $1,000 each with the understanding that Mr. Cloeren would reimburse them.

These allegations clearly warrant further investigation. Not only do they involve the House Majority Whip, a high-ranking elected official, but they offer an unusual potential for illuminating hearings because the source of the conduit contributions appears to be willing to talk about the contributions voluntarily. Nevertheless, Chairman Burton has not even responded to the minority’s request for an investigation.

The Cloeren contributions were not the only conduit contributions to Republican candidates. During the October 9, 1997, Committee hearing, Rep. Waxman noted, “Conduit payments are, of course, illegal; unfortunately, they’ve also become much too common. . . . The Federal Election Commission is currently investigating 27 conduit payments involving 214 individuals.”36 Yet despite minority requests, Chairman Burton refused to investigate any conduit contributions involving Republicans, including: Simon Fireman, the former vice chairman of the Dole campaign’s finance committee, who pled guilty to making more than $100,000 in illegal conduit contributions;37 Nevada-based Deluca Liquor & Wine, Ltd. and its vice president, Ray Norvell, who pleaded guilty to making $10,000 in illegal conduit contributions to the Dole campaign;38 and Pennsylvania-based Empire Sanitary Landfill, which pleaded guilty to funneling $129,000 in corporate funds to campaigns through its employees, including $80,000 to the Dole campaign.39

c. Republican Fundraising on Federal Property

Chairman Burton extensively investigated allegations that President Clinton and Vice President Gore used the White House and other federal property, such as Air Force I, to solicit campaign contributions.40 Yet at the same time he was investigating fundraising
by Democrats on federal property, Chairman Burton refused requests from the minority to investigate evidence that Republicans have used federal property for fundraising.

For example, although White House videotapes clearly show that events were held for major Republican contributors in the Reagan White House, Chairman Burton denied minority requests to investigate these events. Additionally, Republicans in Congress—led by Speaker Gingrich—have used federal property for fundraising purposes. Invitations to the 1995 Republican House-Senate dinner put a price tag on access to the Republican leadership in federal buildings: $15,000 contributors were invited to a “Senate Majority Leader’s Breakfast” hosted by Senator Bob Dole in the “Senate Caucus Room,” and $45,000 contributors were invited to a luncheon hosted by Speaker Gingrich in the “Great Hall of the Library of Congress.” Nevertheless, despite the similarities between the Republican practices in Congress and the Democratic practices in the White House, Chairman Burton refused to respond to minority requests to investigate the congressional practices.

d. Illegal Foreign Contributions to Republicans

One major focus of Chairman Burton’s investigation was to determine whether there was a concerted effort by the White House or the DNC to solicit illegal foreign campaign contributions. Yet Chairman Burton was reluctant to investigate significant evidence that Speaker Gingrich and other Republican leaders may have solicited illegal foreign contributions.

One of the primary figures investigated by Chairman Burton was Ted Sioeng, who was described by the Chairman as “an Indonesian-born businessman who travels on a Belize passport, suspected by committee members of working along with his family, on behalf of the Chinese Government interests in the United States.” According to Chairman Burton, Mr. Sioeng “has a major stake” in Red Pagoda cigarettes, which “is owned by the Chinese Government, and it is a convenient way to funnel money into campaigns in the United States by Ted Sioeng.”

During the course of the Committee’s investigation, evidence emerged that linked Mr. Sioeng to Speaker Gingrich. At his deposition, for example, California State Treasurer Matt Fong, a Republican, testified that he arranged for Mr. Sioeng to meet privately with Speaker Gingrich in the Speaker’s office. According to press accounts, days after this meeting Mr. Sioeng contributed $50,000 through his daughter’s company, Panda Industries, to the National

41 House Committee on Government Reform and Oversight, Hearings on White House Compliance With Committee Subpoenas, 105th Cong., 1st Sess., 163 (Nov. 6, 7, 1997).
42 See e.g., Letter from Rep. Waxman to Chairman Burton (June 10, 1997).
44 See Letter from Rep. Waxman to Chairman Burton (June 10, 1997).
45 Congressional Record, H3058 (May 12, 1998).
46 Deposition of Matthew K. Fong, House Committee on Government Reform and Oversight, 66–68 (Mar. 2, 1998). All depositions referenced in this section, unless otherwise noted, were taken by the House Committee on Government Reform and Oversight.
Policy Forum, a subsidiary of the RNC, and "sat in a place of honor next to Gingrich . . . [at a] reception for Gingrich at a Beverly Hills hotel." Rep. Waxman repeatedly wrote Chairman Burton to request further investigation of the ties between Mr. Sioeng and Speaker Gingrich. On June 11, 1998, for example, Rep. Waxman wrote Chairman Burton to request that Chairman Burton fulfill the commitment he made at the April 30, 1998, Committee meeting when he pledged that "our entire investigation involving Ted Sioeng and the foreign money he gave the campaigns is exploring both Democrat and Republican contributions." Chairman Burton, however, never responded to these requests.

Chairman Burton also refused to investigate properly evidence that former RNC Chairman Haley Barbour used the National Policy Forum to solicit foreign contributions from Hong Kong businessman Ambrous Young. According to news reports and the Senate Governmental Affairs Committee investigation, the RNC received millions of dollars in last-minute campaign funds in 1994 after Mr. Barbour secured $2.2 million in loan guarantees from Mr. Young. Although Chairman Burton at first agreed to minority requests to investigate the NPF allegations (and even sent subpoenas to the NPF, Ambrous Young, and others involved in the transaction), Chairman Burton dropped the investigation as soon as it became clear that the continued investigation of this issue would require Chairman Burton to issue a subpoena to Mr. Barbour. In fact, Chairman Burton never even responded to Rep. Waxman’s June 17, 1997, letter requesting that Chairman Burton issue a subpoena to Mr. Barbour.

There also were a number of allegations involving Chairman Burton’s relationships with foreign governments and entities that were not investigated by the Committee. These were described in news articles in the Washington Post, New York Times, and many other papers.

e. The Activities of Triad Management Services

Even when Chairman Burton publicly promised in Committee meetings that the Committee would investigate allegations of Republican abuses, he later refused to fulfill these promises. One

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48 State Treasurer Linked to Asian Funds, Los Angeles Times (Feb. 25, 1998).
49 Id.
52 The G.O.P.’s Own China Connection, Time (May 5, 1997).
53 Subpoenas from House Committee on Government Reform and Oversight to: Benton L. Becker (June 5, 1997); NPF (June 5, 1997); Richard Richards (July 31, 1997); Signet Bank (June 5, 1997); Ambrous Young (June 8, 1997); Young Brothers Development (USA), Inc. (June 5, 1997); Young Brothers Development Co., Ltd. (June 5, 1997); and Committee document request to the RNC (June 6, 1997).
noteworthy example is the activities of Triad Management Services.

According to news reports and evidence uncovered during the Senate investigation, Triad is a for-profit political consulting group founded by former Oliver North fundraiser Carolyn Malenick to serve as a “rapid-fire” attack mechanism for Republican candidates. The Wall Street Journal reported that Triad advised Republican contributors on ways to circumvent federal contribution limits to individual candidates by laundering funds through other candidates and PACs who would then make a contribution to the contributor’s candidate of choice. According to Triad’s attorney, Mark Braden, Triad spent over $3 million on ads against Democratic candidates in about 40 races across the country. The ads were paid for by two non-profit groups, Citizens for Reform and Citizens for the Republic Education Fund, funded by Triad. Triad was especially active in Kansas, where it spent over $1 million to assist Senator Sam Brownback and Reps. Vince Snowbarger, Todd Tiahrt, and Jim Ryun.

The minority repeatedly urged Chairman Burton to investigate these allegations. At the November 7, 1997, Committee hearing, Rep. Carolyn Maloney asked Chairman Burton, “I would like to know when you are going to issue subpoenas to the groups and individuals involved in the Triad Management scheme to violate or evade the campaign finance laws?” Chairman Burton responded, “We are looking at it. And we very well may do that.” At the following hearing, Rep. Thomas Barrett asked Chairman Burton, “What about the Triad Management? Are we looking at that, Mr. Chairman?” Chairman Burton replied, “I am going to send a subpoena to Triad. Does that satisfy you?” One month later at another Committee hearing, Rep. Tom Lantos asked FBI Director Louis Freeh to look into Triad’s activities. Following this request, Chairman Burton stated, “There will be, as I said before, an investigation into the Triad matters.”

Despite this pledge, Chairman Burton never investigated Triad’s activities. Chairman Burton did not issue any subpoenas to Triad, Citizens for Reform, or Citizens for the Republic Education Fund; and no depositions were taken of Ms. Malenick, Mr. Braden, or any Triad employee.

Ironically, at the same time he was refusing to investigate Triad for alleged federal elections law abuses, Chairman Burton was issuing 14 subpoenas to investigate allegations that the Kansas Democratic party evaded Kansas state elections law.
5. The Majority Doctored Evidence and Suppressed Testimony to Make Democrats Appear Culpable

The partisanship that plagued the Committee’s investigation went beyond targeting Democrats and ignoring Republican abuses. Chairman Burton also engaged in the practice of providing the public with selective evidence that implicated Democrats in wrongdoing while withholding exculpatory evidence. The most egregious example of this practice involved the selective release of edited transcripts of Webster Hubbell’s prison phone recordings.

a. The Webster Hubbell Tapes

On April 30, 1998, Chairman Burton released to the media edited transcripts of 54 tapes of Mr. Hubbell’s prison telephone conversations subpoenaed from the Bureau of Prisons. On May 3, Rep. Waxman wrote Chairman Burton to protest the release of the transcripts and to complain that Chairman Burton’s “distortion in both words and meaning is inexcusable.” The following day, after reviewing the transcripts and the tapes, the minority staff issued a report detailing the “numerous alterations and omissions in the Master Log released by Mr. Burton.” This prompted Rep. Waxman to write to Chairman Burton, “It now appears that it is you or your staff who have intentionally altered the transcripts of tapes. . . . [A]s far as I am aware, [this action] is without precedent in the history of the U.S. House of Representatives.”

Following Chairman Burton’s release of the transcripts, it was widely reported that the transcripts omitted crucial portions of the conversations that contained exculpatory information. The Washington Post found, for example, that “the excerpts left out a statement by Hubbell that First Lady Hillary Rodham Clinton has ‘no idea’ of billing irregularities at the Little Rock law firm where they both worked. Also deleted was an assertion by Hubbell that he was not being paid hush money to keep him from cooperating with independent counsel Kenneth W. Starr’s Whitewater investigation.” Side-by-side comparisons in the Washington Post and other newspapers of Chairman Burton’s transcripts with what was actually said on the tapes revealed large discrepancies.
Chairman Burton’s response to this criticism was to release the tapes in their entirety, without regard for Mr. Hubbell’s legitimate privacy interests. As described by the Los Angeles Times, “The tapes released Monday—or, more accurately, tossed through the air by a Burton aide to a horde of reporters in a House committee room—cover several months’ worth of conversations ‘Inmate Hubbell,’ as prison officials called him, had with his wife, sister, attorneys and daughters in 1996.”

In the following days, even Republican members criticized Chairman Burton’s actions. At a closed Republican conference meeting, Speaker Gingrich told Chairman Burton, “I’m embarrassed for you, I’m embarrassed for myself, and I’m embarrassed for the conference at the circus that went on at your committee.” And Committee Republican Christopher Shays said that the release “calls into question our investigation. It reduces credibility when these kinds of things happen.”

Similarly, scores of newspaper editorials chastised Chairman Burton’s conduct with headlines such as “Tale of the Tapes—Rep. Dan Burton Brings a Serious Inquiry Into Disrepute”; “Congressman Plays Dirty With Tapes”; and “Abuse of Privacy; Burton Should Be Censured for Leaking Excerpts from Hubbell’s Jail Conversations.” The Washington Post editorialized, “Dan Burton was every bit as irresponsible and ham-handed as has been charged in releasing, as he did, doctored transcripts of the former associate attorney general’s prison phone conversations.”

b. Other Examples of the Selective Use of Evidence

The Hubbell tapes were not the only instance in which Chairman Burton refused to present exonerating evidence. Chairman Burton rejected the minority’s request to call a number of key witnesses to testify at the Hudson casino hearings in January 1998. For example, Chairman Burton rejected the minority’s request to call to testify locally elected officials who were on the record against the proposal, including former Republican representative Steve Gunderson, Republican state representative Sheila Harsdorf, and Republican governor Tommy Thompson. These witnesses would have corroborated the Interior Department’s contention that there was strong local opposition to the casino, which, rather than political contributions, was the crucial factor in the Department’s decision to deny the casino application.

Similarly, at the April 30, 1998, hearing on Venezuelan money in the 1992 campaign, Chairman Burton called two Assistant Dis-

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74 Allentown Morning Call (May 5, 1998).
75 Harrisburg Patriot (May 5, 1998).
76 Mr. Burton’s Transcripts, Washington Post (May 6, 1998).
79 The majority also rejected the minority’s request to call Deputy Director of the Bureau of Indian Affairs, Hilda Manuel, to testify. Ms. Manuel is the top-ranking career civil servant at the Bureau of Indian Affairs and played a key role in the Department’s decision to deny the application. She would have told the Committee about a conversation with Secretary Babbitt in which he said he did not want a role in deciding the outcome of the application—evidence that directly refuted the majority’s allegations. Deposition of Hilda Manuel, 98 (Jan. 6, 1998).
strict Attorneys from Manhattan to testify about evidence they uncovered of foreign conduit contributions, which they had provided to the Department of Justice. The majority alleged that the Department of Justice failed to properly investigate the matter because it involved a Democratic fundraiser. Chairman Burton, however, did not include representatives of the Department of Justice at the hearing. In response to the minority’s concerns that the hearing was one-sided, Chairman Burton promised “we will have the Justice Department up here. It’s now 4 o’clock, and we didn’t want to run this thing on into the late night hours, but we will have the Justice Department up here and we will ask them the questions that were raised today.”

Chairman Burton never in fact allowed the Justice Department to respond to the allegations.

This pattern was repeated when Chairman Burton refused to allow Attorney General Janet Reno to testify at the August 4, 1998, hearing on her decision not to appoint an independent counsel to investigate campaign finance violations. The independent counsel statute grants the authority to appoint an independent counsel solely to the Attorney General. Yet Chairman Burton allowed only the testimony of Department of Justice officials who recommended the appointment of an independent counsel. He refused to allow Attorney General Reno the opportunity to present the other side of the issue.

B. THE INVESTIGATION WAS PLAGUED BY MISHAPS

From the outset of the investigation in January 1997, the Committee’s investigation was characterized by mishaps and mistakes. The Committee issued subpoenas to the wrong witnesses, staked out the home of an innocent individual, released the President’s private fax number, and caused an international incident on a trip to Taiwan. As the Atlanta Constitution commented in an editorial, “These fellows make Inspector Clouseau look like Sherlock Holmes.”

The Committee’s problems were summed up in one news article headline which read, “Burton’s fund-raising probe efforts seems jinxed.”

1. Subpoenas Issued to the Wrong Individuals

On at least three separate occasions, Chairman Burton issued subpoenas to individuals with no connection to the campaign finance investigation. On April 3, 1997, the majority issued a subpoena for the bank records of Georgetown University history professor Chi Wang instead of Los Angeles DNC contributor Chi Ruan Wang. The 65-year-old professor told the Los Angeles Times, “This is unbelievable. . . . I have no idea why they have my name.”

The Committee withdrew the subpoena, but rather than...
apologizing to Mr. Wang, a majority investigator implied to the Los Angeles Times that Professor Wang may have still been under investigation and refused to acknowledge that the majority had made a mistake, stating: “Whether [Professor Wang] deserves a subpoena or not, we haven't decided, We've put it on hold . . . we’re not sure we made [a mistake].”86

In September 1997, the Committee issued a subpoena to Brian Kim, a mail carrier from Downey, California.87 A U.S. marshal tried to serve the subpoena on Mr. Kim at the U.S. Post Office. Unfortunately, the majority had identified the wrong Brian Kim. Mr. Kim said he was “scared” and “embarrassed” by the incident because his supervisor thought he had done something wrong. Mr. Kim called the majority and told them that they had the wrong person. He was told to write a letter to the majority confirming that fact, which he did. He never received any apology from the majority.88

On month later, in October 1997, the majority subpoenaed the phone records of LiPing Chen Hudson of Virginia.89 Mrs. Hudson and her husband became aware of the subpoena only after they received notice from their local phone carrier that the documents had been subpoenaed. The Hudsons have not been involved in any political campaign this decade, raising their concerns that Mrs. Hudson was targeted because of her ethnic background.90 In response to the error, majority spokesman told the Wall Street Journal, “To err is human”; he then passed the blame onto the telephone company for not double-checking with the majority before producing the records.91

2. The Committee’s “Stake Out” of Felix Ma

As discussed below, the majority’s practice is to conceal its domestic investigative travel from the minority. On a few occasions when minority staff was permitted to travel with the majority staff, however, the minority observed the majority staff use inappropriate and inept investigative techniques.

For example, during a nine-day investigative trip to Los Angeles in August 1997, Committee staff conspicuously “staked out” the residence of Felix Ma, whom the Committee hoped to interview. As CBS reported on Face the Nation, when Mr. Ma returned home, the investigators “became a virtual SWAT team, accosting him as he left his car.”92 It turned out that the Committee staff was interrogating the wrong Felix Ma. Afterwards, Mr. Ma introduced the investigators to his wife as the “political police.”93
3. The Committee’s Release of the President’s Private Fax Number

Another mishap involved the accidental release of the President’s private fax number. As the Atlanta Journal-Constitution reported, “The House committee investigating campaign fundraising briefly posted President Clinton’s personal fax number on the Internet . . . despite a request that it keep the number private.”94 The Committee obtained the fax number during a deposition and failed to redact the number before posting the deposition on its web page.95 As a result of this mistake, the President was forced to change the fax number.

4. The Committee Actions in Taiwan

Chairman Burton sent five investigators to Taiwan in March 1998 to interrogate high-level Taiwanese officials and businessmen about campaign contributions.96 The questioning enraged members of the Taiwanese Parliament who “claimed that the dignity and judicial sovereignty of the nation has been infringed upon.”97 According to a Taiwanese newspaper, the lawmakers “condemned” the Ministry of Foreign Affairs for allowing the investigators into the country and said “that Taiwan’s international image had been damaged,” thus setting off an international diplomatic incident.98 As a result, “[t]he investigators left with little more than a long list of canceled meetings.”99

5. Insensitivity to the Concerns of Asian-Americans

Unfortunately, many of the victims of the Committee’s improper conduct were Asian-Americans who were subject to highly intrusive subpoenas seeking their personal banking records, credit card records, phone records, and travel records. In total, 423 out of the Committee’s 684 documents subpoenas sought information relating to individuals with Asian surnames. The Committee also sought INS records for many Asian-Americans, even though, in many instances, this information was decades old and had no relevance to

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95 Deposition of Dick Morris, 90 (Aug. 21, 1997).
this investigation. \textsuperscript{100} This raises serious questions of whether the investigation unfairly targeted Asian-Americans.

During the House and Senate campaign finance investigations, Asian-American activists expressed their concern that their political participation was being unfairly scrutinized. Karen Narasaki of the National Asian Pacific American Legal Consortium said that the investigations imposed “a chilling impact on Asian-American political involvement.” \textsuperscript{101} Francey Lim Youngberg of the Asian Pacific American Institute for Congressional Studies commented, “We don’t condone any illegal activities, but we don’t want the actions of a few individuals to taint a whole community.” \textsuperscript{102} As a result of these concerns, a coalition of Asian-American civil rights groups filed a complaint with the U.S. Commission on Civil Rights in September 1997, alleging that public officials, the two political parties, and the media have “engaged in a pattern of bias based on race and national origin.” According to the complaint, there is a clear pattern of “bias and unequal treatment destructive of the rights and interests of Asian-Pacific Americans and legal immigrants.” \textsuperscript{103}

At the Committee’s September 24, 1997, business meeting, Rep. Tom Lantos spoke about the harmful perceptions created by this investigation:

I believe that there is a grave danger that stereotyping and Asian bashing will become and, in many instances, have become part and parcel of this investigation. . . . This investigation, perhaps inadvertently, has clearly contributed to stereotyping and racebaiting. As one who is singularly conscious of this issue, I want to call attention to this issue because Asian-Americans have as much right to participate in the political process as do Americans of any other origin. Deliberately or otherwise, Asian-Americans have been the target of both of these investigations to an unacceptable and overwhelming degree . . . The last thing this country needs at this stage is an attempt to whip up racial tensions and Asian bashing. These hearings clearly have contributed to a climate of xenophobia, which we ought to avoid. \textsuperscript{104}

This insensitivity to the concerns of Asian-Americans regarding the investigation was also evident in the full House. On July 22, 1997, Rep. Jack Kingston went to the House floor and stated that the illegal donations were “only the tip of the egg roll.” \textsuperscript{105} Majority Whip Tom DeLay of Texas mocked the DNC in a floor speech in July for accepting contributions from people with foreign-sounding names:

If you have a friend by the name of Arief and Soraya, and I cannot even pronounce the last name, Wiriadinata, some-

\textsuperscript{100} See, e.g., Committee document request to the Immigration and Naturalization Service (Aug. 13, 1997) (Committee requested that INS “provide the Committee with a copy of any I94 records and the entire contents of the alien registration a.k.a. ‘A’ files’ for 47 individuals).

\textsuperscript{101} Asian-Americans See Rising Racism, USA Today (July 15, 1997).

\textsuperscript{102} Asian American Donors Feel Stigmatized: DNC Puts Unwanted Focus on Growing Political Group, Washington Post (Sept. 8, 1997).

\textsuperscript{103} Asian Pacific American Petition to the U.S. Commission on Civil Rights (Sept. 11, 1997).

\textsuperscript{104} Rep. Lantos, Committee on Government Reform and Oversight, Business Meeting (Sept. 27, 1997).

\textsuperscript{105} Rep. Kingston, Congressional Record, H5500 (July 22, 1997).
thing like that, who donated $450,000 to the DNC and was friends with a guy named Johnny Huang, and later returned it because Wiriadinata could not explain where it came from, then probably there is a high probability that it’s money from foreign nationals . . . I could go on with John Lee and Cheong Am, Yogesh Ghandi, Ng Lap Seng, Supreme Master Suma Ching Hai and George Psaltis.106

Regrettably, this insensitivity reinforced the views of many who saw a racial bias in the Committee’s investigation of alleged campaign finance abuses.

6. Republican Acknowledgment of the Committee’s Incompetence

These mishaps and mistakes have embarrassed even Republican members and staff. They have called the investigation “a big disaster,”107 “incompetent,”108 “unprofessional,”109 and “[a]n embarrassment, like Keystone Cops.”110 According to one former senior Republican investigator, Charles Little, “[n]inety percent of the staff doesn’t have a clue as to how to conduct an investigation.”111

The majority’s first chief counsel, John Rowley, resigned in protest over the Committee’s abuses. In his letter of resignation, Mr. Rowley stated that he had “been unable to implement the standards of professional conduct I have been accustomed to at the U.S. Attorney’s office.”112 The Washington Times reported that Mr. Rowley was concerned that David Bossie, Chairman Burton’s chief investigator, “was trying to use the probe to ‘slime’ the Democrats, while Mr. Rowley wanted ‘to follow where the evidence leads.’”113

Ten months later, in May 1998, Speaker Newt Gingrich forced Chairman Burton to fire Mr. Bossie after the release of the Hubbell tapes.114 At a closed-door meeting of the Republican Conference at which Chairman Burton refused to apologize for the release of the tapes, Speaker Gingrich told Chairman Burton, “You should be embarrassed.”115

As a result of these mishaps, Speaker Gingrich began to consider plans to remove the campaign finance investigation from Chairman Burton’s jurisdiction. According to a report in the Los Angeles Times in May 1998, “House Republican leaders decided . . . to shift at least part of the troubled 16-month investigation of Democratic campaign fund-raising out of the hands of Rep. Dan Burton (R–Ind.), who has directed an inquiry beset by partisanship and personal rancor.”116

Among the options considered were transferring the investigation to another committee or creating a special select committee. Roll

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108 Cox Leads Defeat of Burton, Waxman Agreement, Roll Call (Sept. 29, 1997).
110 CNN’s Inside Politics (Sept. 16, 1997).
111 CNN’s Inside Politics (Sept. 16, 1997).
112 Letter from John P. Rowley III to Chairman Burton (July 1, 1997).
115 Gingrich Blasts Burton in Hubbell Tapes Furor, Roll Call (May 7, 1998).
116 Gingrich to Place Donor Inquiry in New Hands, Los Angeles Times (May 14, 1998).
Call reported at the time that “[t]he Speaker is prepared . . . [to move] the multimillion-dollar campaign probe to the House Oversight Committee.” Later it was reported that Speaker Gingrich “floated the idea of creating a special committee to handle the campaign finance investigation.” Ultimately, the Speaker decided to appoint Rep. Christopher Cox as chairman of the Select Committee on U.S. National Security and Military/Commercial Concerns with the People’s Republic of China which was authorized to investigate allegations that the Clinton administration allowed the transfer of missile technology to China in exchange for campaign contributions.

C. THE COMMITTEE ABUSED ITS POWERS

Successful congressional investigations have always been conducted on a fair and bi-partisan basis. The best investigations have gone to great lengths to involve the minority and protect the rights of minority members. The House Watergate investigation, for example, gave both the chairman and the ranking minority member identical authority regarding the issuance of subpoenas and the release of documents. Similarly, in the Iran-Contra investigation, the majority and minority jointly made all procedural decisions.

Chairman Burton’s campaign finance investigation abandoned these procedural safeguards and vested unprecedented powers in Chairman Burton, who, in turn, trampled the rights of individuals and the minority members. A commentary in the Los Angeles Times described the conduct of the majority as follows:

In the year or so since the House Government Reform and Oversight Committee began its wide-ranging probe into Democratic fund-raising practices . . . [t]hose forced to appear are grilled in private, sometimes for hours at a stretch, with few of the protections from badgering that shield witnesses in the real world. . . . This would be funny if it were not redolent of a mentality that Washington has not seen for some decades. The term ‘McCarthyism’ is used too often and too loosely, but there are times when it is useful, and one of those is now.

What made the McCarthy phenomenon so sinister was . . . several grotesque characteristics of the investigations themselves. First, the investigations could be triggered by legal political conduct. Second, they probed broadly, even indiscriminately, on the ground that some people actually turn out to be guilty. Third, anything you said to one investigation could be used against you in another, creating boundless jeopardy for anybody questioned. Fourth, merely...
being investigated could ruin honest and dishonest alike. All those things are happening now.122

1. The Committee Abused the Subpoena Power

The subpoena power is one of the most coercive powers of Congress. The issuance of a subpoena compels an individual to appear before, or submit documents to, a congressional committee against his or her will. For this reason, the issuance of a subpoena in past investigations was regarded as a serious step that was taken only with (1) the concurrence of the ranking minority member or (2) a committee vote. These safeguards provided minimal checks and balances that sought to insure that the subpoena power was not abused for partisan political advantage. Even when Democratic chairmen had the power to issue subpoenas unilaterally, they refrained from exercising this power. In fact, since the McCarthy hearings in the 1950s, no Democratic chairman of a committee ever issued a subpoena unilaterally, without either minority consent or a committee vote.

In the Iran-Contra investigation, for example, Democratic Chairman Lee Hamilton had the authority to issue subpoenas after “consultation” with the ranking minority member,123 but he never used this authority unilaterally. Rep. Hamilton described the subpoena procedures he used during the Iran-Contra and other investigations as follows:

As a matter of practice in the Iran-Contra investigation, the four Congressional leaders of the Select Committee—Senators Inouye and Rudman, Representative Cheney and I—made decisions jointly on all matters of procedural issues, including the issuance of subpoenas and the taking of depositions. I do not recall a single instance in which the majority acted unilaterally. In fact, I do not recall a single instance in which our decisions were not unanimous. With respect to the October Surprise Task Force, I followed a similar approach with Henry Hyde.124

This practice of obtaining either minority concurrence or a committee vote was also followed in the Senate Whitewater investigation125 and the Senate campaign finance investigation.126 It was even followed in the Government Reform and Oversight Committee during the 104th Congress under Chairman William Clinger. In a letter to Rep. Cardiss Collins stating how he intended to interpret the Committee rules, Chairman Clinger wrote, “I shall not authorize such subpoenas without your concurrence or the vote of the committee. I believe that this new rule memorializes the

123 House Select Committee to Investigate Covert Arms Transactions with Iran, Committee rule 4, 100th Cong., 1st Sess. (1987).
125 S. Res. 20 (May 17, 1995).
long-standing practice of this committee to seek a consensus on the issuance of a subpoena.”  
Chairman Burton, however, shunned this longstanding precedent. In the Committee rules adopted on February 12, 1997, and in the investigation’s document protocol adopted on April 10, 1997, Chairman Burton sought and obtained the power to issue subpoenas unilaterally, without minority consent or a Committee vote. He then proceeded to issue 758 unilateral subpoenas. These subpoenas were for both documents (684 subpoenas) and witnesses (74 subpoenas).

Near the end of the investigation, after the minority members refused to support additional immunity requests without procedural reforms, the Committee’s document protocol was amended to provide for a vote of a five-member working group, consisting of three Republicans and two Democrats, in the event that the minority objected to the issuance of a subpoena. Even this limited safeguard, however, was shown to be a sham procedure when Chairman Burton denied the minority an opportunity to present its objections to each of the majority members before seeking working group approval for a subpoena to Attorney General Reno.

Chairman Burton’s unilateral subpoena power led to many abuses. As discussed above, he issued subpoenas to the wrong witnesses. He also issued many subpoenas that did not meet the requirements of relevancy, admissibility, and specificity that apply in a judicial context. For example, Chairman Burton subpoenaed all DNC records relating to its senior staff. This request covered matters relating to the DNC’s internal budgeting, campaign strategies, and political activities unrelated to fundraising. The subpoena also demanded all DNC records relating to high-level White House contact with the DNC and all DNC phone records from January 20, 1993, forward without limiting the request to fundraising.

Chairman Burton also issued a broad subpoena to the White House for all phone records from Air Force I and Air Force II and all records of visitors to the White House residence since 1993, among other things. The subpoena was issued without regard for its impact on national security or the Clinton family’s privacy. For example, the request for all visitors to the White House made no exception for Chelsea Clinton’s friends, relatives of the First Family, or visits by doctors or clergy.

In another example, Chairman Burton abused the subpoena power by ordering a private citizen to violate the law. Chairman Burton subpoenaed accountant Donald Lam for all tax preparation material related to Ted Sioeng, his family, or their businesses. Mr. Sioeng objected to disclosure of this information. As a result of

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128 Committee rule 18(d) and Document Protocol § A.2(a) (Apr. 10, 1997).


131 Subpoena from House Committee on Government Reform and Oversight to the Democratic National Committee (Mar. 4, 1997).

132 Subpoena from House Committee on Government Reform and Oversight to the Executive Office of the President (Mar. 4, 1997).

133 Subpoena from House Committee on Government Reform and Oversight to Donald Lam (Jan. 30, 1998).
the client’s objection, federal law prevented Mr. Lam from providing the material without a court order. Specifically, 26 U.S.C. § 7216 prohibits someone “engaged in the business of preparing . . . [tax] returns” from “disclos[ing] any information furnished to him for, or in connection with, the preparation of any such return.” Violating the statute subjects the accountant to criminal penalties including a fine and imprisonment.

Notwithstanding Mr. Lam’s obligations under federal law, Chairman Burton ruled in a February 20, 1998, letter that Mr. Lam must provide the information to the Committee or risk being held in contempt of Congress. Not only did this action unilaterally compel a private citizen to commit a federal crime, it also circumvented 26 U.S.C. §6103, which provides that tax records can be obtained only by the House Ways and Means Committee, the Senate Finance Committee, or the Joint Committee on Taxation, absent special authorization from the House. In effect, Mr. Lam was put in the position of having to choose between violating the tax code, which would subject him to a possible fine or imprisonment, or facing congressional contempt.

Unfortunately, Mr. Lam was not the only accountant to be subpoenaed for tax preparation materials. Chairman Burton also subpoenaed Michael C. Schaufele for tax preparation materials related to Webster Hubbell.

In contrast to Chairman Burton’s approach, former House Commerce Committee Chairman John Dingell followed the proper course in attempting to obtain tax records of junk bond financier Michael Milken during a 1990 investigation of Mr. Milken and his firm, Drexel Burnham Lambert. Once it was determined that a request for these records would violate 26 U.S.C. §7216, Chairman Dingell applied to the court for an order to obtain the documents.

Chairman Burton also unilaterally issued subpoenas that appeared to be politically motivated and were unrelated to the campaign finance investigation, including a number of requests related to the matter of the President’s relationship with Monica Lewinsky. For example, Chairman Burton subpoenaed the Investigative Group, Inc. (IGI), the company run by long-time Washington detective Terry Lenzner, for any documents relating to Independent Counsel Kenneth Starr’s investigation or members of Congress.

According to George:

Burton assumed he would be handed a treasure trove of documents that would embarrass the Democrats. But when Lenzner and his lawyers searched their files, they made a startling discovery: The investigator known for digging dirt for Clinton had actually done more snooping for Republicans than Democrats. When Lenzner’s lawyers

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135 Letter from Chairman Burton to Steven R. Ross, et al. (Feb. 20, 1998).
137 See Subpoena from House Committee on Government Reform and Oversight to Michael Schaufele (Feb. 4, 1998).
139 Subpoena from House Committee on Government Reform and Oversight to Investigative Group, Inc. (Mar. 30, 1998).
made that fact known to Burton's staff, the request was quickly withdrawn.140

Chairman Burton also subpoenaed the White House for all records relating to the White House Counsel's office and First Lady Hillary Rodham Clinton concerning the acquisition of FBI background files by the White House.141 This subpoena was issued despite the fact that the FBI file issue was thoroughly investigated by the Committee during the 104th Congress.142

2. The Committee Abused the Deposition Power

In June 1997, the House voted along party lines to give Chairman Burton authority to conduct staff depositions for the campaign finance investigation.143 This special power is granted only rarely by the House.144 According to the House Rules Committee, the House is "generally reluctant to report resolutions granting staff deposition authority . . . and believes that such special investigative authority should not be necessary."145 In fact, the only previous time that this power was granted to this Committee was in the 104th Congress to conduct the travel office and FBI file investigations.

The deposition power is disfavored because it delegates from the Committee members to the staff the power to gather testimony, under oath, outside the public's view. According to the Rules Committee, the normal hearing procedure, which requires two members to be present to take sworn testimony, was adopted to "abolish[] the custom of one-man subcommittees"—one of the major abuses of the McCarthy era.146

After receiving deposition authority, the Committee deposed 161 people—over more than 650 hours—in connection with this investigation. Of these 161 individuals, only 15 were ever called to testify at a hearing. Most of the depositions were used by Committee staff to conduct a wide-ranging fishing expedition rather than to pursue legitimate investigative leads. Only two of these witnesses were deposed to investigate Republican fundraising abuses.

These depositions were extremely burdensome on individuals. Legal representation for a deponent often costs over $300 per hour. It is estimated that costs incurred for a deponent, including time

140 George Magazine (Aug. 1998). In addition to subpoenas, Chairman Burton also sent interrogatories related to the Lewinsky matter. For example, on Apr. 1, 1998, Chairman Burton sent interrogatories to Democratic fundraiser Nathan Landow. The interrogatories were issued only after the press reported that Kathleen Willey, who accused President Clinton of making an unwanted sexual advance, alleged that Mr. Landow tried to influence her testimony in the Paula Jones lawsuit. Although Chairman Burton said he would not investigate the President's sexual conduct, request 27 of the interrogatories asked Mr. Landow to "describe any conversation or contact you have knowledge of regarding making a suggestion to any potential witness before . . . a grand jury or other legal proceeding." Chairman Burton also sent interrogatories to the White House for information about its assertions of executive privilege in the Lewinsky matter, the White House Counsel's office debriefings of witnesses appearing before Mr. Starr's grand jury, and information about White House attorney work-product that was shared with the President's personal attorney in the Jones and Lewinsky matters.


144 Id. at 7.
spent traveling, missed work, preparation time, and legal representation averages $10,000 for a day of deposition testimony. According to the attorney for one life-long government employee, this individual alone incurred $50,000 in legal bills related to congressional investigations.\textsuperscript{146} Even an unpaid White House intern was forced to obtain an attorney to represent her at a deposition relating to the White House Database (WhoDB).\textsuperscript{147}

The resolution giving the Committee deposition power, H. Res. 167, authorized the Committee to take depositions to investigate “political fundraising improprieties and possible violations of law.”\textsuperscript{148} Over the objections of the minority, however, Chairman Burton’s staff repeatedly pursued questions that did not fall within this scope. The overall approach of the majority with respect to the scope of the depositions was best summarized by one attorney working for the majority, who told the minority staff that they had been instructed to “blow off” minority objections to questions because witnesses will almost always answer questions in order to finish the deposition.\textsuperscript{149} In the Charles Duncan deposition, majority counsel even asserted that H. Res. 167 should “be read in the disjunctive,” thereby authorizing the majority to investigate any “possible violation of law” regardless of its relationship with political fundraising.\textsuperscript{150}

Throughout the investigation, Committee depositions were conducted haphazardly, without any discernible investigative strategy or plan. In the first three months that depositions were taken, the majority asked questions on over 36 unrelated topics.\textsuperscript{151} To take one example of how far afield the depositions strayed, Dick Morris was asked under oath, “Did there come a time when Mr. Stephanopoulos told you about the discovery of life on Mars?”\textsuperscript{152} On several occasions, the majority staff asked deponents for information about their private lives: A former White House intern was asked the name of his girlfriend;\textsuperscript{153} one White House employee was asked, “Did you ever receive a drug test?”;\textsuperscript{154} and another former White House staffer was asked what type of car she drives.\textsuperscript{155}

Other witnesses were unfairly harassed during their depositions. George Skibine, for example, is a 17-year career civil servant at the Department of the Interior. The majority insisted on forcing Mr. Skibine to sit through two days of deposition testimony even though he had been previously deposed by the Senate on the same topic and is a diabetic who needs to monitor his insulin carefully. At one point during the deposition, Rep. Horn even accused Mr. Skibine of providing false testimony because he did not like the answers Mr. Skibine was providing, stating: “Isn’t it a fact that no matter what question we raise, we’re wasting our time because you were given an order as to how to come out on this?”\textsuperscript{156}

\textsuperscript{146} Minority conversation with Martin Lobel, attorney for Export-Import Bank Director Maria Haley (Oct. 16, 1997).
\textsuperscript{147} Deposition of Jacqueline Bellanti, 62–63 (Oct. 7, 1998).
\textsuperscript{148} H. Res. 167, sec. 1 and sec. 3(1) (June 20, 1997).
\textsuperscript{149} Letter from Rep. Waxman to Chairman Burton (Sept. 10, 1997).
\textsuperscript{150} Deposition of Charles Duncan, 8 (Aug. 29, 1997).
\textsuperscript{151} See letter from Rep. Waxman to Chairman Burton (Sept. 10, 1997).
\textsuperscript{152} Deposition of Charles Duncan, 8 (Aug. 29, 1997).
\textsuperscript{153} See letter from Rep. Waxman to Chairman Burton (Sept. 10, 1997).
\textsuperscript{154} Deposition of George Skibine, 184 (Jan. 13, 1998).
Another deponent, Charles Intriago, was forced to travel from Miami to Washington, at taxpayers expense, even after his attorney informed the Committee that Mr. Intriago would assert his Fifth Amendment privilege and not testify. Although Mr. Intriago was concerned about testifying because it had recently been reported in at least two major newspapers that Mr. Intriago was under investigation by the Department of Justice, the majority responded that Mr. Intriago did not need to assert his Fifth Amendment privilege because the applicable statute of limitations had run. The majority also threatened to hold Mr. Intriago in contempt if he chose to assert his constitutional right. This advice was termed “ludicrous at best” by Steve Ryan, a professor at Georgetown University Law Center who teaches a course on congressional investigations. It also conflicted with a D.C. Bar Association ethics opinion, which advises that it is unethical for congressional counsel to require a witness to appear after being advised that the witness will invoke a Fifth Amendment privilege. A Department of Justice regulation establishes a similar standard for federal prosecutors.

The majority’s actions relating to the deposition of Marsha Scott also typify the unreasonable and harassing approach employed by the majority staff. Ms. Scott is the deputy director of the White House Office of Personnel. She was a cooperative witness, and she had never been accused of wrongdoing. Nevertheless, Ms. Scott was forced to provide three days of deposition testimony over 18 hours before the Senate, and an additional five days of deposition testimony over 20 more hours before this Committee. Despite these eight days of deposition testimony, Ms. Scott was never called as a substantive witness at a hearing and had little information relevant to the Committee’s investigation.

The procedures adopted by the Committee for the taking of depositions effectively prevented the minority from any meaningful participation. The rules allowed the majority “as much time as is nec-

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158 Id.
163 At one point, counsel for Ms. Scott tried to protect his client from further harassment by the Committee. After three days of deposition testimony, the majority staff insisted that Ms. Scott appear for a fourth day to answer questions about her conversations with the White House Counsel’s office about a memorandum she had written which she had originally declined to answer out of concerns about the attorney-client privilege. Ms. Scott’s attorney suggested that Ms. Scott provide the Committee with a sworn affidavit about that conversation. The majority staff rejected this offer and insisted that she appear for more testimony. Since Ms. Scott had already provided three days of testimony, her attorney attempted to restrict the additional testimony to questions about the conversations regarding the memo. At the deposition, taken on Apr. 1, 1998, the majority began asking questions about her conversations with the White House Counsel’s office about a memorandum she had written which she had originally declined to answer out of concerns about the attorney-client privilege. Ms. Scott’s attorney suggested that Ms. Scott provide the Committee with a sworn affidavit about that conversation. The majority staff rejected this offer and insisted that she appear for more testimony. After responding to a number of additional questions unrelated to the privilege issue, the attorney advised Ms. Scott to end the deposition. Hours later, National Economic Growth, Natural Resources, and Regulatory Affairs Subcommittee Chairman David McIntosh called a hearing for 8:00 p.m. that night, and Chairman Burton subpoenaed Ms. Scott to testify. This action violated Committee rules and precedent. The Committee’s document protocol required 24-hours notice to the minority before the chairman can issue a subpoena, absent exigent circumstances that did not apply in that case. Furthermore, House and Committee rules require the majority to give the minority seven days notice of hearings. This rule can be waived by the Committee only for “good cause.” This provision, however, was never used before in the Government Reform and Oversight Committee without the consent of the minority. Letter from Rep. Waxman to Chairman Burton (Apr. 3, 1998).
necessary to ask all pending questions” before the minority had an opportunity to ask its first question. The practical effect of this rule was that the majority asked hours—if not days—of questions before the minority was allowed to ask questions. Former DNC finance director Richard Sullivan, for example, was deposed by the majority for 18 hours over four days before the minority was allowed to ask its first round of questions.

3. The Committee Abused the Immunity Power

A grant of immunity is one of the most significant actions an investigative committee can take. Since immunity shields the witness from criminal prosecution, it is ordinarily given only for testimony that is accurate and important and that cannot be secured through other means. The committee proposing immunity also usually takes prudent steps to insure that the witness being granted immunity does not take an “immunity bath” to protect him or herself from prosecution for unrelated offenses.

Unfortunately, the majority did not take such precautions. At the first campaign finance hearing on October 9, 1997, the Committee heard testimony from David Wang. The majority had requested that the minority join with them to vote to give Mr. Wang immunity for his testimony about illegal conduit contributions. The minority agreed—only to find out that the majority had obtained unreliable testimony and given a witness inappropriate immunity.

Mr. Wang testified that John Huang visited him at his place of business in Los Angeles on August 16, 1996, to solicit campaign contributions for the DNC. Mr. Wang testified that Mr. Huang indicated that he would be reimbursed for his contribution. Mr. Wang proceeded to write two $5,000 checks on behalf of himself and his friend, Daniel Wu.

This testimony was demonstrably inaccurate. At the hearing, the minority released a staff report which detailed documentary evidence that “the meeting that Mr. Wang testified about could not have occurred because John Huang was in New York City—not Los Angeles—from at least August 15, 1996 through at least August 18, 1996.” The evidence included Mr. Huang’s hotel receipts, eyewitness statements, and news reports.

Not only was Mr. Wang’s testimony inaccurate, the majority also failed to properly investigate Mr. Wang’s other activities before proposing that he be given immunity. The result was a major embarrassment for the Committee: Mr. Wang received immunity for potentially serious immigration and tax violations unrelated to the

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164 Committee Rule 20 (Apr. 10, 1997). This rule differed dramatically from the rule used by the Committee during the 104th Congress. During the Travel Office-FBI File investigation, questioning was conducted in one-hour rounds, alternating between the majority and the minority, until both sides gathered the necessary information. See Committee Rule 19(e) (104th Cong). At the June 23, 1998, Committee meeting, Chairman Burton agreed to amend this rule to provide for alternating one-hour rounds of questions as part of a compromise to get minority support for immunity for four witnesses. This change, however, did not occur until after the Committee had already taken 153 depositions.


166 House Committee on Government Reform and Oversight, Hearings on Conduit Payments to the Democratic National Committee, 105th Congress, 1st Sess. 272 (Oct. 9, 1997).

167 Id. at 306–356 (Minority Staff Report entitled Evidence that John Huang Was in New York City on August 15, 16, 17, and 18 (Oct. 9, 1997)).
campaign finance investigation that were unknown to members of the Committee. At his deposition, Mr. Wang testified that he had power of attorney over the bank account of Daniel Wu, a U.S. green card holder and businessman who resides in Taiwan. According to Mr. Wang, two companies—Ji Tai International and Bao Li Hang International—wrote payroll checks to Mr. Wu each month, which Mr. Wang deposited into Mr. Wu’s account. Mr. Wang testified that he then wrote checks back to those companies in the same amounts as the payroll checks. Mr. Wang explained, “The reason being that for immigration purposes, it would show that Mr. Wu was here in the States physically. . . . And on the part of the two companies, it was to show they had an employee on the payroll which might give them a tax credit or a tax break. So it was for tax purposes.”

These actions may have violated several federal statutes. If false statements were made to the INS about Mr. Wu’s residency, these would appear to violate 18 U.S.C. §§ 1001, 1015. If the two companies named by Mr. Wu evaded or attempted to evade paying taxes, this would appear to violate 26 U.S.C. §§ 7206, 7215. Moreover, if the companies, Mr. Wu, and Mr. Wang conspired to commit these violations, as suggested by Mr. Wang’s testimony, this would appear to be an illegal conspiracy under 18 U.S.C. § 371. The result of the grant of immunity is that Mr. Wang cannot be prosecuted for this potentially fraudulent activity, even though it is unrelated to the campaign finance investigation.

4. The Committee Abused the Contempt Power

The contempt power is the most potent and rarely invoked authority of Congress. Under this power, Congress can punish an individual for failure to cooperate or comply with a compulsory directive with imprisonment of up to one year. On August 6, 1998, the Committee voted along party lines (24 to 19) to cite Attorney General Janet Reno for contempt of Congress. As described in detail in the minority views filed with the Committee’s contempt report, this action constituted an abuse of the contempt power.

There was no reasonable basis for proceeding with the contempt citation. The Attorney General was cited for contempt because she did not give the Committee two memoranda written by Louis B. Freeh, the Director of the FBI, and Charles G. La Bella, the former head of the Department of Justice’s investigative task force on campaign finance. These memoranda contained prosecution recommendations and other sensitive and detailed information regarding the Department’s largest ongoing criminal investigation. The Attorney General’s refusal to turn over this information was consistent with 100 years of precedent in which both Republican and Democratic administrations have refused to provide Congress with prosecution memoranda in ongoing criminal investigations. The

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169 Deposition of David Wang, 72±76 (Oct. 6, 1997).
170 Id. at 94.
Committee’s contempt vote occurred just two days after Director Freeh, Mr. La Bella, and the lead FBI agent in the investigation, James V. Desarno, Jr., testified that releasing the memoranda would provide a “road map” of the investigation to criminal defendants and would be “devastating” to future prosecutions.

The Attorney General made every effort to reach an accommodation with the Committee, including offering to brief the Chairman and Ranking Minority Member on the contents of the memoranda and testify before the full Committee at a public hearing. She requested only that before taking these steps, she be given three weeks to complete her review of the memorandum and make her decisions free of political influence. The Chairman rejected every attempt at accommodation.

The Committee proceeded with the contempt citation in an apparent effort to intimidate the Attorney General. The goal appeared to be to force the Attorney General to choose between seeking the appointment of an independent counsel to investigate the President or going to prison for contempt of Congress. In fact, in a meeting with the Attorney General in his office on July 31, 1998, Chairman Burton explicitly told the Attorney General that he would not insist on seeing the memoranda and would not seek a House vote on contempt if the Attorney General decided to seek appointment of an Independent Counsel. Chairman Burton’s spokesman confirmed this when he told the Washington Post, “[T]he only one real objective here is getting an independent counsel. . . . If she follows that advice, there will be no need for the documents.” As the Washington Post wrote in an editorial after the Committee vote, “Mr. Burton’s approach to the matter has been nothing less than thuggish. . . . [Ms. Reno] is right in her refusal to be bullied.”

After the immunity vote, Attorney General Reno continued to make every effort to accommodate Chairman Burton. On August 24, 1998, for example, the Department of Justice offered to conduct a staff briefing on the memoranda for Chairman Burton. Chairman Burton responded that this was a “disingenuous offer.” Then, at the suggestion of House Judiciary Committee Chairman Henry Hyde, Attorney General Reno allowed Chairman Burton “and a few other senior lawmakers in the House and Senate . . . to read edited copies of the reports.” In a further attempt to reach a compromise, Attorney General Reno agreed to allow a small delegation of Committee members to review the memoranda provided that Chairman Burton withdraw his contempt threat. Chairman Burton refused and proceeded to file the Committee’s contempt resolution with the House.

Chairman Burton’s efforts to hold the Attorney General in contempt were widely criticized. The following are a few excerpts from newspaper editorials across the country:

179 Id.
• The Contempt Citation, Washington Post (Sept. 22, 1998): “It is bad enough that Mr. Burton has extorted from the attorney general a look at even an edited version of a prosecutor’s thoughts on an ongoing criminal investigation. But his continuing to push this matter after Ms. Reno has obliged him as she has is a gross abuse of his powers as chairman of the committee. . . . [I]t reflects poorly on the leadership that it is even tolerating Mr. Burton’s antics.”

• Buck Stops With Reno, Los Angeles Times (Aug. 6, 1998): “Congress has no business threatening Reno with contempt charges. . . . [T]he panel should reject the request if Burton insists on putting the issue to a vote today. Better yet would be for Burton to acknowledge the idea is wrongheaded and drop it altogether.”

• Tell Him No, Ms. Reno! Don’t Yield to Burton, Miami Herald (Aug. 6, 1998): “If you want to rid your house of rats, one extremely effective way is to burn down the house. That’s essentially what U.S. Rep. Dan Burton . . . seems willing to do by threatening Attorney General Janet Reno with contempt of Congress. . . . Mr. Burton’s request is dangerous. It’s more than laced with his palpable political motives. Worse, it’s also bereft of any sign that he has weighed what these memos, if leaked, could do to the Department of Justice’s own investigation.”

• The Foolish Threat Against Reno, Chicago Tribune (Aug. 6, 1998): “Given their professed desire to see that the law is enforced, you would think Burton and his GOP colleagues would be leery of any step that might hinder prosecutors. The threat of contempt citation makes sense only if their real purpose is to embarrass the administration.”

• Do It Justice, New York Newsday (Aug. 6, 1998): “[N]obody deserves the kind of treatment Reno has been getting from Rep. Dan Burton. . . . Burton should back off.”

• Give Reno Some Room, St. Petersburg Times (Aug. 6, 1998): “The integrity of the investigations is more important than a few congressional Republicans grabbing some headlines. Burton should stop this showboating and follow the lead of his more temperate colleagues.”

5. The Committee Abused the Power to Release Documents

As in the case of subpoena authority, past congressional investigations have prohibited a committee chairman from unilaterally releasing documents. In some investigations, documents could be released only during committee meetings and hearings. In other investigations, documents could not be released without the concurrence of the ranking minority member or a vote of the committee. These procedures provided a minimal check on the power of any individual to release potentially confidential documents.

The resolution authorizing the House Watergate investigation, for example, stated that “[n]o member shall make any of that testimony or those papers or things [obtained by the committee] public
unless authorized by a majority vote of the committee." 181 The rules of the Senate Whitewater investigation similarly provided that "[n]o member of the special committee or the staff . . . shall disclose . . . any confidential materials or information, unless authorized by the special committee or the chairman in concurrence with the ranking member." 182 The Iran-Contra investigation rules provided that "[u]nless otherwise directed by the committee, all depositions, affidavits, and other materials received in the investigation shall be considered nonpublic. . . . All such material shall, unless otherwise directed by the committee, be available for use by the members of the select committee in open session." 183

These practices notwithstanding, the Committee adopted a document protocol on April 10, 1997, that gave the chairman unilateral "discretion" to release the documents, including privileged and confidential documents, "to the media . . . or to any other person" without the prior consent of the Committee or the ranking minority member. 184 A former Republican staff member called the document protocol "unprecedented." 185

The protocol established a working group to advise the chairman in cases where the minority objected to the public release of certain documents. In these situations, "the Chairman shall present the matter to the Working Group for non-binding decision regarding the advisability of the proposed release." 186 The chairman, however, retained the authority to release these documents without the consent of the minority or the working group.

Chairman Burton and his staff abused this authority to release Committee documents to the press. The most egregious example of Chairman Burton’s unilateral power to release documents was the Chairman’s release of subpoenaed Bureau of Prisons tape recordings of Webster Hubbell’s phone conversations with his wife. 187

The first release of the Hubbell tapes occurred when the Wall Street Journal was given access to these private telephone calls for an article that was published on March 19, 1998. 188 In a letter to Rep. Waxman, Chairman Burton stated that the tapes were given to the Journal because the tapes "were considered relevant" to the Committee’s investigation. 189 Chairman Burton also acknowledged that he was the source of the release, arguing that the tapes "were entered into the Committee record on December 10, 1997." 190 These tapes, however, were never publicly released at that hearing or any other, 191 and they did not relate to the campaign finance investigation. The tape described in the Wall Street Journal article concerned what Mrs. Hubbell should cook her family for dinner. The

182 S. Res. 120, § 6 (May 17, 1995).
183 House Select Committee to Investigate Covert Arms Transactions with Iran, Rule 7.6, 100th Cong., 1st Sess. (Feb. 1974).
186 Protocol for Documents, Clause C(b) (Apr. 10, 1997).
187 Subpoena from House Committee on Government Reform and Oversight to Federal Prison Camp, Cumberland, Maryland (May 8, 1997).
188 As He Wasted Away, the Prisoner Had But One Thing on His Mind, Wall Street Journal (Mar. 19, 1998).
190 Id.
sole effect of releasing the recordings of these private conversations was to embarrass and demean Mr. Hubbell.

Chairman Burton released additional transcripts of the Hubbell tapes on April 30, 1998. Although the minority objected in advance to this release, Chairman Burton did not even convene the working group to consider the minority’s objections in violation of his own document protocol. As discussed above, the transcripts released by Chairman Burton were selectively edited to remove exculpatory passages.

In another example, on February 27, 1998, Chairman Burton released his staff’s notes of an interview with Steven Clemons, a former aide to Senator Bingaman, related to Charlie Trie’s involvement with a trade commission. Chairman Burton released the notes even though he was forced to cancel a scheduled hearing on the topic after Senate Majority Leader Trent Lott and Minority Leader Tom Daschle objected that Mr. Clemons’s testimony would jeopardize the Senate’s independence. Not only did the release of the notes disregard the Senate’s concerns about Mr. Clemons’s testimony, Mr. Clemons himself disputed the accuracy of the staff notes and claimed they did not represent his views.

After months of minority protests about these unilateral powers and the subsequent abuses, Chairman Burton finally agreed to revise the Committee rules and document protocol regarding the release of documents, issuance of subpoenas, and rounds of questioning in depositions. Under the revisions, the Chairman could no longer release documents unilaterally but needed to obtain either the concurrence of the ranking minority member or a vote of the Committee. The new protocol also required the Chairman to notify the minority at least 24 hours before the intended release in order to give the minority adequate opportunity to review the documents and make an objection. These concessions were made only after the minority refused to agree to grant immunity to witnesses without reforms to the Committee’s procedures.

At the June 23, 1998, meeting at which the revisions were adopted, Chairman Burton assured the minority that the new rules were “not cosmetic changes.” Despite that assurance, Chairman Burton continued to release documents without regard to the new rules. At the August 4, 1998, Committee hearing, Chairman Burton made a motion to release certain documents even though the minority was not notified of the proposed release until after 3:00 p.m. on August 3—less than 24 hours earlier. Furthermore, at no time did Chairman Burton attempt to reach consensus with the minority on the document release.

The Committee also released confidential documents over the objections of law enforcement and other executive agencies. On September 2, 1998, the Committee released the deposition of Larry Wong without first redacting confidential FBI and Commerce Department Inspector General materials included in the deposition documents.

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194 Statement of Steven C. Clemons (Feb. 25, 1998).
197 Chairman Burton, Committee Meeting (June 23, 1998).
transcript. The minority was not consulted nor given an opportunity to review the majority’s redactions prior to the release. The information included memos written by FBI agents summing up information provided to the FBI from confidential sources and a report by agents in the Commerce Department Inspector General’s office summarizing a confidential witness interview in an active investigation. The FBI had requested that “[o]ut of a concern for the privacy interests of those individuals mentioned in these documents and the sensitive nature of the information involved, we request that the Committee confer with us prior to publicly disseminating any of this material.” The Commerce Department made a similar request. Nevertheless, the material was included as an exhibit to the deposition and sensitive portions were read into the record and published on the majority’s Internet site.

Similarly, the Committee also ignored the Department of Justice’s objection to the release of documents relating to travelers checks from Charlie Trie, which were the subject of an ongoing criminal investigation. In a July 30, 1998, letter to Chairman Burton, Deputy Assistant Attorney General Mark M. Richard wrote:

Certain facts surrounding the travelers checks are under active investigation and are crucial to our determination whether additional crimes are charged. The FBI is pursuing leads both here and abroad. Release of the checks now would inevitably compromise our ability to develop new evidence by alerting witnesses and conspirators about the nature and direction of the investigation. (Indeed, because of these concerns the checks have not yet been released to the defendant in the Trie case.)

Despite these concerns, on August 4, 1998, the majority voted at a Committee meeting to release the travelers checks, leading to exactly the type of press coverage that the Justice Department hoped to avoid.

6. The Committee Leaked Confidential Information

Since the beginning of the campaign finance investigation, the Committee leaked many documents, without regard for the impact of those leaks on the Committee, criminal investigations, or the rights of private citizens.

In November 1996, shortly after Mr. Burton was selected chairman, it was reported that “[o]ne of his top aides improperly leaked the confidential phone logs of former Commerce Department official

\(^{199}\)Letter from Rep. Waxman to Chairman Burton (Sept. 9, 1998).
\(^{200}\)Id.
\(^{201}\)Letter from FBI Assistant Director John E. Collingwood to Chairman Burton (Jan. 17, 1998).
\(^{202}\)Letter from Commerce Department Inspector General Francis D. DeGeorge to Chairman Burton (Sept. 12, 1997).
\(^{203}\)Letter from Mark M. Richard to Chairman Burton (July 30, 1998).
John Huang. Burton confirmed . . . that [his aide] had leaked the records to the media.”

Following that incident, two senior majority staff interviewed businesswoman Vivian Mannerud on February 27, 1997, at her place of business and without her counsel present. The staff assured her that her interview would be used only for official business. On April 4, 1997, however, the New York Times, citing “congressional investigators,” published a front-page story about contributions Ms. Mannerud allegedly solicited for Democrats.

Chairman Burton or his staff also appear to have leaked documents subpoenaed by the Committee to the plaintiffs suing the federal government to overturn the Interior Department’s decision to deny a casino application in Hudson, Wisconsin. DNC employee David Mercer testified under oath at his deposition that he was contacted by a Milwaukee reporter and asked about certain documents in the Committee’s possession. When Mr. Mercer asked how the reporter got the documents, the reporter told him that “investigators had released documents from the House committee to lawyers in the litigation, and then the lawyers in the litigation released it to the press.”

In another example, Florida attorney Charles Intriago was deposed by the Committee on February 20, 1998. Mr. Intriago agreed to appear only after being assured by the majority’s chief counsel that the deposition would be taken in executive session and would not be leaked to the press. Despite those assurances, Mr. Intriago was contacted by a reporter for the Miami Herald about the deposition “within an hour of leaving the deposition.”

7. The Committee Excluded the Minority From Witness Interviews

Prior investigations have followed a bipartisan approach and included the minority in witness interviews. In the 104th Congress, for example, Chairman Hyde specifically provided that all witness inquest interviews, conducted by the Select Subcommittee on the United States Role in Iranian Arms Transfers to Croatia and Bosnia be jointly conducted with majority and minority staff. Similar policies were followed during the Watergate, Iran-Contra, Senate Whitewater, and Senate Campaign Finance investigations. In the 105th Congress, the Select Committee on U.S. National Security and Military/Commercial Concerns with the People’s Republic of China chaired by Rep. Christopher Cox followed the same precedent, even hiring a bipartisan investigative staff to conduct interviews.

Chairman Burton rejected minority requests to follow this precedent and conduct joint witness interviews. In fact, the majority did not even give notice to the minority when they planned to conduct interviews. According to Committee activity reports, the majority made at least 50 investigative trips without notice to the mi-

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205 Burton Admits Aide Leaked Huang Record, Roll Call (Nov. 25, 1996).
206 Letter from Rep. Waxman to Chairman Burton (June 4, 1997).
208 Letter from Robert Plotkin to majority Chief Counsel Richard Bennett (Feb. 20, 1998).
209 Letter from Rep. Waxman to Chairman Burton (June 4, 1997).
210 Id.
211 Cox Pledges Small Staff Despite Near-Record Budget Authorization, The Hill (July 1, 1998).
212 Letter from Rep. Waxman to Chairman Burton (June 4, 1997).
nority, including trips to Los Angeles, San Francisco, New York, Chicago, Miami, Orlando, Milwaukee, Detroit, Houston, Little Rock, Oklahoma City, and Columbus.

8. The Committee Violated Its Own Budget Rules

Finally, the majority even denied the minority a fair allocation of Committee resources. At the beginning of the 104th Congress, House Oversight Chairman Thomas stated, “To ensure fairness to all Members, the Republicans, when they were in the minority, argued that all committees should allocate at least one-third of resources to the minority. As the new majority, Republicans remain committed to achieving that goal.”

Despite this pledge, the minority received less than 25% of the Committee's budget. In fact, although the Government Reform and Oversight Committee was given the single-largest budget in the House, the Republicans gave the minority the smallest share of any committee in the House.

The Committee’s actions also violated Committee rule 18(e), which requires that the Chairman prepare a budget in consultation with the minority. The minority was not consulted on the Committee’s budget and, in fact, was not provided a copy of the budget until two weeks after it was submitted to the House Oversight Committee.

Chairman Burton also did not consult with the minority on his request for an additional $1.8 million from the Oversight Committee’s reserve fund in 1998.

In another example of budgetary unfairness, the majority rejected the minority’s request to hire an outside consultant even after approving four consultant contracts for the majority. The Committee’s budget provided funds for both the majority and the minority to retain consultants. The majority used these funds to hire former chief counsel Richard Bennett as well as three other consultants.

After the minority raised concerns that, as a consultant, Mr. Bennett would not be required to comply with House ethics rules, Mr. Bennett agreed to “comply with the House’s code of official conduct.” The majority, however, rejected the minority’s request for a consultant even after the proposed consultant provided the Committee with a letter in which it agreed to adhere to the same standards being followed by Mr. Bennett.

D. THE COMMITTEE WASTED TAXPAYER DOLLARS

Early in the investigation, the Committee’s inflated budget led the Wall Street Journal’s Al Hunt to remark, “The biggest losers will be taxpayers. The Burton-led circus . . . could cost between $6 million and $12 million.” Unfortunately, Mr. Hunt’s prediction

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213 Committee on House Oversight’s Funding Resolution Report for the 104th Congress, Rpt. 104-74, 7.
215 The three consultants hired for the investigation were Charles Little, Phillip Larsen, and Ward Warren.
218 Letter from Richard Bennett to Chairman Burton (Sept. 4, 1998).
219 Committee Meeting (Sept. 24, 1998).
appears to have come true. The minority estimates that the cost of the investigation has already surpassed $7.4 million.

1. The Committee Has the Largest Budget of Any Committee in the History of Congress

Chairman Burton’s original budget request for the Committee for the 105th Congress was $16.2 million. He then called this budget request “totally inadequate” to conduct the campaign finance investigation,221 prompting the House to approve a $3.8 million supplemental appropriation for the investigation for 1997.222 The result was an overall budget for the Committee of $20 million.223 This was an increase of $6.5 million—nearly 50%—from the Committee’s budget in the 104th Congress.

In 1998, Chairman Burton requested additional funds from the House “reserve” fund to continue the investigation. He received $1.8 million from this fund for the investigation224 and an additional $1.15 million from the reserve fund to fund the newly created Census Subcommittee for 11 months.225 This brought the total budget for the Committee for the 105th Congress to $23 million.

This budget was nearly ten times larger than the $2.4 million budget the Republican leadership gave to the House Committee on Standards of Official Conduct (the “Ethics Committee”) to investigate misconduct by members.226 It was also 50% larger than the $14.6 million budget for the House Commerce Committee, which had the second largest committee budget in the House.227

2. The Committee Spent Over $7.4 Million on the Campaign Finance Investigation

The minority estimates that the House Government Reform and Oversight Committee’s campaign finance investigation has cost the taxpayers in excess of $7.4 million through August 31, 1998.

The minority’s estimate is based on a review of expenses associated with the investigation reported in the House Chief Administrative Officer’s reports and the Committee’s monthly activity reports for the 105th Congress.228 The minority staff estimates that the Committee spent over $5.7 million in taxpayer dollars on staff salaries and overtime; over $120,000 on domestic travel; and over $80,000 for foreign travel paid for by the State Department. The Committee transcribed over 24,000 pages of testimony and statements taken in depositions, hearings, and meetings at an estimated cost to the taxpayer of $70,000 to $140,000 and spent over $300,000 paid for by the Government Printing Office to reproduce this material for public distribution. Some of the other categories of Committee expenses estimated by the minority staff include expenses for consultants (over $200,000); executive agency personnel

221 Burton: Democrats Won’t Get One-Third of Budget for Probe, CQ Monitor (Feb. 27, 1997).
222 H. Res. 91 (Mar. 21, 1997).
223 Id.
225 Approved by the Committee on House Oversight on Feb. 24, 1998.
227 H. Res. 74 (Feb. 25, 1997).
228 House CAO reports were received through June 1998; Committee activities reports were reviewed through August 1998.
detailed to the investigation (over $100,000); and equipment and supplies (over $500,000).

The majority disputed previous minority staff estimates of the cost of the investigation. On May 11, 1998, after several requests from minority members to account for the Committee’s expenses, Chairman Burton wrote Rep. Waxman that the Committee spent less than $2.5 million on the investigation in 1997. Chairman Burton’s figures, however, were substantially understated. According to a Roll Call analysis published in July 1998, “Chairman Dan Burton’s (R–Ind.) staff provided numbers that do not accurately reflect the actual cost of his investigation into fundraising abuses. . . . Burton does not include the salaries and expenses for investigators . . . who spent virtually all of their time on the investigation but were paid with money from the committee’s general budget.” Chairman Burton’s figures also excluded the costs of transcribing Committee depositions, hearings, and meetings; GPO printing costs; and the cost of foreign travel. The Roll Call analysis found that “the actual number is much closer to the Democrats’ figure.”

3. The Investigation is the Most Expensive and Least Productive Congressional Investigation in History

Chairman Burton’s campaign finance investigation has been the most expensive congressional investigation in history. The costs of this investigation far exceed the $1.9 million spent on the Senate Whitewater investigation and the $5 million spent on the House and Senate Iran-Contra investigations. They also exceed the $7 million spent on the Senate Watergate investigation. These figures are adjusted for inflation.

The Republican leadership even devoted more resources to the Burton investigation than it allocated to the Federal Election Commission for compliance and enforcement of federal election law. The FEC enforcement staff consists of 24 staff attorneys, 12 paralegals, and 2 investigators. Even including the FEC General Counsel and 5 Assistant General Counsels, who spend a portion of their time supervising enforcement actions, the FEC enforcement division has a staff of only 43. This is significantly fewer than the estimated 50 majority staff and 19 minority staff actually working on the Burton investigation at any given time.

The investigation also was far less productive than these other investigations. The Senate Whitewater investigation held 66 days of public hearings, the Iran-Contra investigation held 40 days of public hearings, and the Senate Watergate investigation held 53 days of public hearings. The Senate Governmental Affairs Committee campaign finance investigation held 33 days of hearings and published a 1,100-page report while spending less than $3.5 mil-

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231 Id.
234 Id.


4. The Investigation Squandered Taxpayer Dollars

Not only did the Committee receive an enormous budget for the investigation, the Committee squandered this money in a wasteful fashion with no accountability to the taxpayers. For example, in early March 1997, the minority learned that the majority was planning to spend thousands of dollars to create a computer database for the storage of the hundreds of thousands of pages of documents obtained by the Committee over the course of the investigation. The minority requested that this database be shared, as has been the practice in other major investigations such as Watergate and Iran-Contra.239 This would allow both the majority and the minority to search and retrieve documents, and create a common index for use during hearings. Chairman Burton rejected the minority's proposal to share the database, forcing the minority to waste thousands of dollars on duplicate systems.240 The original estimate for the cost of the majority's database was $40,000; it is now estimated to have cost the taxpayers $60,000.241

In another example of waste, the Committee took two trips to Asia at a very high cost and with no benefit. In December 1997, the Committee sent four staff members to Asia for a 19-day investigative trip. In total, the staff spent only two days investigating in Thailand, only three days in Indonesia, and only an hour in Singapore. The investigation consisted of eight interviews in Bang-

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235 Senate Report, v. 6, 8687.
238 Burton’s Request for Funds Stalls as Investigation Fatigue Hits GOP, CQ’s Inside Congress (Mar. 21, 1998).
kok, four interviews in Jakarta, and “observing” a private residence in Jakarta and an office building in Singapore. The trip was carelessly planned to coincide with two national holidays in Thailand and five weekend days. It is estimated that this trip alone cost the taxpayers over $40,000.

Despite this experience, the majority conducted another foreign trip to Asia in March 1998. This trip was equally wasteful and resulted in no new information. The 15-day trip included 2 days in Singapore with 4 interviews, and 7 days in Taiwan with 7 interviews. In the Wall Street Journal, Chairman Burton’s staff director justified the trip by stating, “Not every trip is going to be productive, but you don’t know until you try.”

The majority also insisted on sending senior staff to Florida to retrieve a computer disk that could have been mailed to the Committee for the cost of first-class postage. On June 23, 1997, the Committee sent three staff members (including the majority chief investigative counsel) to Miami to retrieve a computer disk that was alleged to contain information relevant to the Committee’s investigation. This two-day trip wasted thousands of dollars and a total of six working days of staff time. The disk ultimately provided the Committee with little useful information.

The Committee’s frivolous expenses were also exemplified by Chairman Burton’s “wall of shame.” At the April 23, 1998, Committee meeting, Chairman Burton unveiled a “mock stone wall measuring six feet by 20 feet.” Attachments to the corkboard were “big glossy shots of Democratic contributors . . . and a special spot for the biggest photo, a picture of President Clinton.” Rep. Robert Wise observed, “When I visit my children’s school, I see things like this up on the wall. It’s childish and unprofessional for this committee.” According to one journalist, “in the light of day, it seemed more like something from an Ed Wood set.” Despite requests from the Committee’s minority members, Chairman Burton refused to disclose the cost of the collage.

5. The Investigation Duplicated the Senate Investigation

Since the beginning of the campaign finance controversy, minority Committee members have supported efforts to conduct one coordinated congressional inquiry, rather than the two duplicative investigations actually conducted by the House Government Reform and Oversight Committee and the Senate Governmental Affairs Committee. In an op-ed published in the New York Times on February 28, 1997, Rep. Waxman noted, “This waste of tax dollars makes no sense—identical multimillion-dollar Senate and House investigations are redundant. They should be merged into one comprehensive effort.”

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245 Id.
246 Id.
249 See House Committee on Government Reform and Oversight, Business Meeting (May 13, 1998).
Similarly, on March 6, 1997, over 100 minority members, led by Reps. Gary Condit, Ed Towns, and John Tierney wrote Speaker Gingrich to request one consolidated investigation.\footnote{Letter from Rep. Gephardt, et al. to Speaker Gingrich (Mar. 6, 1997).} The letter stated:

> We support a thorough and comprehensive investigation into all alleged campaign finance abuses. But it makes no sense to direct multiple congressional committees to investigate the very same alleged abuses. Multiple investigations are duplicative and wasteful. . . . To avoid this needless waste of taxpayer dollars, the congressional investigations into alleged campaign finance abuses should be consolidated into one thorough investigation.\footnote{Id.}

Six months later, Rep. Waxman again asked Speaker Gingrich to avoid redundant investigations. In a July 7, 1997, letter, Rep. Waxman wrote that since the “Committee is doing nothing more than duplicating the Senate’s work, I believe the House should defer to Senator Thompson . . . instead of wasting millions of taxpayer dollars on an identical but mistake-plagued House investigation.”\footnote{Letter from Rep. Waxman to Speaker Gingrich (July 7, 1997).}

Speaker Gingrich never responded to either of these letters. Instead, the Committee continued to spend millions of dollars duplicating the work of the Senate investigation. Chairman Burton issued 307 document subpoenas to individuals or entities that were subpoenaed by the Senate.\footnote{List of Senate subpoenas provided by the Senate Governmental Affairs Committee.} Similarly, the Committee deposed 44 witnesses who were deposed by the Senate.\footnote{List of Senate depositions provided by the Senate Governmental Affairs Committee.} In total, almost one-half of the document subpoenas issued by Chairman Burton and one-quarter of the depositions taken by the Committee duplicated the subpoenas and depositions in the Senate campaign finance investigation. Furthermore, the Committee’s hearings on conduit contributions, White House compliance with Committee subpoenas, and the Interior Department’s decision to deny the Hudson casino application duplicated hearings already held by the Senate.\footnote{On Oct. 8, 1998, Committee meeting, for example, Chairman Burton and other majority members were concerned about the cost of this duplication to the taxpayers when the allegations involved Republican campaign finance abuses, however.\footnote{Letter from Rep. Gephardt, et al. to Speaker Gingrich (Mar. 6, 1997).} These allegations are discussed in detail in Part IV of this report.}

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Burton said that the Committee did not investigate allegations of Republican fundraising abuses related to Triad Management Services because “[i]t was thoroughly investigated by the Senate . . . and there was no need to duplicate their efforts.” Not only was this another example of a double standard, Chairman Burton’s statement was also factually inaccurate. As described in Part IV, the Senate investigation into Triad was thwarted by Triad’s lack of cooperation.

6. The Investigation Duplicated Other House Investigations

In addition to duplicating the Senate’s investigation, the Committee duplicated other House investigations. At least 14 other House committees investigated campaign finance issues in the 105th Congress. These committees were: Committee on Appropriations; Committee on Banking and Financial Services; Committee on the Budget; Committee on Commerce; Committee on House Oversight; Committee on International Relations; Committee on the Judiciary; Committee on National Security; Committee on Resources; Committee on Rules; Committee on Small Business; Committee on Standards of Official Conduct (“Ethics Committee”); Committee on Ways and Means; and the Permanent Select Committee on Intelligence.

The Committee’s investigation often simply replicated work being done by these other committees. For example, the Committee duplicated much of the investigation being conducted by the House Education and the Workforce Committee into the nullified Teamsters elections. Chairman Burton subpoenaed the International Brotherhood of Teamsters, the Ron Carey campaign, and Citizen Action for information related to the union election even though the Education and the Workforce Committee had retained outside counsel and held hearings on that issue.

The Committee also duplicated the House Resources Committee’s investigation into the Interior Department’s decision to deny the Hudson casino application. On December 18, 1997, the Resources Committee issued a subpoena to the Democratic National Committee for all records relating to the Hudson casino. This Committee then issued six subpoenas on the same matter.

The full Committee even duplicated the investigations of its own subcommittees. On March 5, 1998, Government Information, Management, and Technology Subcommittee Chairman Steve Horn held a Federal Election Commission oversight hearing. The Subcommittee heard testimony from Lawrence Noble, the FEC general counsel, who was questioned in detail about the FEC’s decision not to take action against DNC contributor Howard Glicken. Mr. Noble

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257 Chairman Dan Burton, House Committee on Government Reform and Oversight, Business Meeting (Oct. 8, 1998).
258 Federal agencies reported to the GAO that they received campaign finance inquiries from these committees. See Committee on Government Reform and Oversight, Minority Staff Report, The Cost of Congressional Campaign Finance Investigations to the U.S. Taxpayers (Oct. 7, 1998).
259 Subpoenas from the Government Reform and Oversight Committee to: the International Brotherhood of Teamsters (Oct. 23, 1997); the Ron Carey Campaign (Oct. 23, 1997); Citizen Action (Nov. 12, 1997).
260 Subpoenas from House Government Reform and Oversight Committee to: White House (Aug. 21, 1997); Patrick O’Connor (Oct. 27, 1997); O’Connor & Hannan (Oct. 27, 1997); Franklin Ducheneaux (Oct. 27, 1997); Ducheneaux, Taylor & Associates (Oct. 27, 1997); and the Department of the Interior (Dec. 12, 1997).
answered these questions fully and explained the FEC’s decision thoroughly.\textsuperscript{261} Despite this testimony, Chairman Burton scheduled a full Committee hearing on the same issue for March 31, 1998. The primary witness was Mr. Noble, who was asked identical questions to those posed at the Subcommittee hearing.\textsuperscript{262}

In another example of the intra-Committee duplication, the full Committee and the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs both issued requests for identical information from the DNC.\textsuperscript{263} For example, on February 2, 1998, Rep. McIntosh, the Subcommittee chairman, issued a formal document request to the DNC for “all computer entries from the computer files of Ann Braziel reflecting DNC-Finance sponsored coffees” even though Chairman Burton had subpoenaed “[a]ll records relating to the meetings generally known as White House coffees” less than a year earlier.\textsuperscript{264}

7. The Investigation Imposed Large Costs on Federal Agencies

The congressional investigations into campaign finance abuses have placed a heavy burden on the federal government. In an effort to determine the costs and burdens of the campaign finance investigation, Rep. Henry Waxman and Rep. Gary Condit asked the General Accounting Office to conduct a survey of the executive agencies.\textsuperscript{265} The request asked GAO to “identify the number of Congressional inquiries made and the related costs incurred by those agencies.”\textsuperscript{266}

The GAO survey asked 148 executive agencies to provide information on campaign finance inquiries received from October 1, 1996—the time the first allegations of campaign finance abuses arose—through March 31, 1998.\textsuperscript{267} The agencies were asked the following questions about the congressional campaign finance requests: how many written inquiries were received from Congress; how many agency officials testified before Congress; how many additional oral communications the agency had with Congress; actual or estimated personnel costs associated with responding to the congressional inquiries; actual or estimated pages of documents submitted in response to the congressional inquiries and the reproduction and delivery costs; the cost of any outside contractors used to respond to the congressional inquiries; and to what extent the agency encountered duplication among the congressional requests. The survey also gave the agencies the opportunity to describe any problems or other comments regarding the inquiries.

GAO found that 21 executive agencies reported receiving 1,156 campaign finance inquiries from Congress during those 18
months. This means that federal agencies received, on average, three congressional inquiries each working day during the period surveyed by GAO. The costs of responding to these requests reported by the agencies totaled $8,767,753.36.269

The actual costs, however, are likely to be even higher than the figure reported by GAO, because the GAO figure does not include costs incurred for requests received after March 31, 1998, and does not include various personnel costs, document reproduction costs, or delivery costs not reported by certain agencies.270 The minority staff analyzed the responses to the GAO survey filed by the federal agencies. These responses showed that (1) the federal agencies spent over 150,000 hours responding to congressional campaign finance inquiries; (2) the federal agencies provided over 2.1 million pages of documents to Congress in response to these inquiries; and (3) 18 of the 21 agencies reported that the congressional inquiries were duplicative.271

8. The Total Costs to the Taxpayer from Congressional Campaign Finance Investigations Exceed $23 Million

The Government Reform and Oversight Committee minority staff estimates that the cost to taxpayers of the congressional campaign finance investigations conducted during the 105th Congress totals more than $23 million. As noted above, according to GAO, federal agencies reported spending at least $8.7 million responding to congressional inquiries for information related to campaign finance.272 In addition to these federal agency costs, the minority staff estimates that Congress has spent at least $14.6 million conducting multiple campaign finance investigations. This includes this Committee’s $7.4 million investigation and the Senate Governmental Affairs Committee’s $3.5 million campaign finance investigation.273 The House also authorized $1.2 million for the Education and the Workforce Committee’s inquiry into campaign finance abuses related to the Teamsters and $2.5 million for a select committee to investigate allegations that the Clinton administration gave missile technology to China in exchange for campaign contributions.274

As noted above, these four congressional committees—the House Government Reform Committee, the Senate Governmental Affairs Committee, the House Education and the Workforce Committee, and the Select Committee on U.S. National Security and Military/
Commercial Concerns with the People’s Republic of China—are not the only congressional committees that have investigated alleged campaign finance abuses in the 105th Congress. This report, however, does not estimate the cost to the taxpayers of the investigations by the other committees. If these additional costs were included, the total congressional costs would undoubtedly far exceed $14.6 million and the total cost to taxpayers would far exceed $23 million.

9. The Investigation Imposed Large Costs on the DNC and Other Private Parties

The Committee’s investigation also imposed large and unnecessary costs on private parties, including individual citizens. One of the main targets of the investigation was the DNC. In total, Chairman Burton issued 18 information requests to the DNC, including six subpoenas, ten document requests, and two sets of interrogatories in connection with the campaign finance investigation.277 The Committee also deposed 23 DNC employees and heard public testimony from one other DNC employee.

According to attorneys for the DNC, in order to comply with the Committee’s subpoenas, the DNC was forced to use 22 employees, including 10 attorneys, solely to search and prepare documents for production. The DNC estimates that it had to search nearly 10 million pages of materials to find responsive documents. The DNC produced over 600,000 pages of documents at a cost of more than $6.1 million to this Committee. The DNC also incurred $8.8 million in legal fees.278 Thus, the total cost to the DNC was nearly $15 million.

The investigation also imposed substantial and unnecessary costs on private businesses. For example, CommerceCorp—a small business with just a few employees headed by former White House aide Mark Middleton—spent approximately $100,000 and 3½ full days going through documents to comply with the Committee’s subpoena. According to one of the company’s employees, the cost of the investigation put the company’s future in jeopardy.279 PRC, Inc., which was under contract with the White House to provide computer services, spent more money responding to document requests and attending depositions related to the WhoDB investigation than it did fulfilling the terms of its White House contract.280

The greatest costs were often borne by individuals. Maggie Williams, for example, the former chief of staff to the First Lady, inurred over $350,000 in legal fees in connection with the congressional investigations.281

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278 Minority staff phone interview of Paul Palmer, Debevois & Plimpton (Sept. 23, 1998).
279 Minority staff conversation with Robert Luskin, attorney for CommerceCorp employee Holli Weymouth (July 1997).
280 Deposition of Donald Upson, 61 (Aug. 7, 1997).
281 In the Loop, Washington Post (July 13, 1998).
E. THE INVESTIGATION WAS WIDELY CRITICIZED

1. The Views of Editorial Boards

Over the past 20 months, Chairman Burton’s actions have undercut the credibility of the Committee’s campaign finance investigation. As a result of these actions, editorial boards around the country have concluded that Chairman Burton’s investigation lost all credibility. In total, at least 40 newspapers have criticized the Committee’s investigation in over 60 editorials. The editorials include the following:

- “Ethically Compromised Inquisitor” 283
- “Reining In Dan Burton” 284
- “Mr. Burton Should Step Aside” 285
- “Millstone of Partisanship; House’s Campaign Finance Inquiry Appears Short on Credibility” 286
- “A House Investigation Travesty” 287
- “A Chairman Without Credibility” 288
- “A Disintegrating House Inquiry” 289
- “Reno Roast Embarrasses Nobody But Congress; Grilling Of Attorney General Is A Sorry Partisan Spectacle” 290
- “Soap Opera” 291
- “A Chairman Out of Control” 292
- “Dan, Go to Your Room” 293
- “Burton’s Vendetta” 294
- “Dan Burton Is a Loose Cannon” 295
- “Abuse of Privacy; Burton Should Be Censured” 296
- “Rep. Burton Goes Too Far” 297
- “Congressman Plays Dirty with Tapes” 298
- “The Hubbell Tapes; What Is Dan Burton Thinking?” 299
- “Clinton’s Foes Bungle Again” 300
- “Give Dan Burton the Gate” 301
- “Headcase” 302
- “Wild Card: Chairman’s Rampage Demeans Entire House” 303
- “Burton Bumbles In Bad Faith” 304
- “Remove Burton from Money Probe” 305

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282 These editorials are attached to this report as Exhibit 3.
283 Hartford Courant (Mar. 11, 1997).
286 Los Angeles Times (Apr. 11, 1997).
289 New York Times (July 12, 1997).
290 Los Angeles Times (Dec. 10, 1997).
291 Roll Call (Apr. 27, 1998).
298 Allentown Morning Call (May 5, 1998).
300 Atlanta Constitution (May 5, 1998).
301 Chicago Tribune (May 6, 1998).
303 Fayetteville Observer-Times (May 6, 1998).
304 San Antonio Express-News (May 6, 1998).
305 Seattle Post-Intelligencer (May 7, 1998).
II. THE MAJORITY REPEATEDLY MADE SENSATIONAL ALLEGATIONS THAT WERE FALSE OR UNSUBSTANTIATED

On February 25, 1997, at the outset of the Committee’s investigation, Chairman Burton appeared on national television to discuss the Committee’s campaign finance investigation. During the interview, he noted that “this thing could end up being much bigger than Watergate ever was.” He reiterated this allegation to the Washington Post a few weeks later, stating: “This could end up being a Watergate type of thing. . . . This is big, big stuff. Every day it’s getting bigger and bigger.”

307 Roll Call (May 7, 1998).
308 Milwaukee Journal-Sentinel (May 9, 1998).
309 Sacramento Bee (May 11, 1998).
310 These columns are attached to this report as Exhibit 4.
316 Marc Lacey, Los Angeles Times (May 4, 1998).
318 Marianne Means, Fort Worth Star-Telegram (May 6, 1998).
319 Sandy Grady, Newark Star-Ledger (May 6, 1998).
320 John Farmer, Newark Star-Ledger (May 7, 1998).
321 Stephen Winn, Kansas City Star (May 9, 1998).
325 PBS's The NewsHour with Jim Lehrer (Feb. 25, 1997).
The Chairman’s accusations generated headlines but were never substantiated. Over a year later, after hundreds of subpoenas and depositions, a senior Republican leadership aide had this to say about the Committee’s investigation: “It’s been very expensive, and it hasn’t amounted to much.” Similarly, the Wall Street Journal reported: “the panel . . . has conducted just a handful of hearings that disclosed no major new evidence against the White House.”

Unfortunately, the pattern of “accuse first, investigate later” became a hallmark of the Committee’s investigation. As one editorial observed, Chairman Burton has “variously accused the President of lying, covering up, obstructing justice and buying off witnesses—and proved not a one of his accusations.”

This tactic may have succeeded as a partisan political strategy. The majority’s unsubstantiated allegations regularly received more media coverage than the actual facts. But as responsible congressional oversight, the approach was fundamentally flawed. It was unfair to those whose reputations were falsely maligned, misleading to the public, and a discredit to the House.

A. JOHN HUANG DID NOT “LAUNDER MONEY” THROUGH DAVID WANG

The Committee’s first campaign finance hearing, held on October 9, 1997, was based on an unsubstantiated allegation. The star witness at that hearing was supposed to be David Wang, a used car salesman from Southern California. The majority alleged that Mr. Wang’s testimony would prove that DNC fundraiser John Huang had met with Mr. Wang in Los Angeles on August 16, 1996, to solicit and receive conduit contributions from Mr. Wang. Before the hearing, Chairman Burton claimed: “This is the first time we have found an active person at the DNC who was involved in money laundering. So Mr. Huang, while he was an executive at the DNC in the finance area, was laundering money and we will be able to prove that.” In his opening statement, Chairman Burton stated that Mr. Wang’s testimony was “the first time in my memory that we have seen evidence of such blatantly illegal activity by a senior national party official.”

These allegations, however, turned out to be false. Using evidence submitted to the Committee, as well as information available in the public record, a minority staff report demonstrated that the Chairman’s allegations were untrue. Mr. Huang’s credit card records showed that Mr. Huang was in New York—not Los Angeles—on the day that Mr. Wang made the conduit contributions and allegedly met with John Huang. Moreover, affidavits and statements from witnesses who met and worked with Mr. Huang demonstrated that he was in New York during the period in question.

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327 Burton’s Request for Funds Stalls as Investigation Fatigue Hits GOP, CQ’s Inside Congress (Mar. 21, 1998).
331 House Committee on Government Reform and Oversight, Hearings on Conduit Payments to the Democratic National Committee, 105th Congress, 1st Sess., 7 (Oct. 9, 1997).
332 Minority Staff Report, Committee on Government Reform and Oversight, Evidence that John Huang Was in New York City on August 15, 16, 17, and 18 (Oct. 9, 1997).
including on the specific day Mr. Wang claimed to have met with Mr. Huang in Los Angeles.

Remarkably, the hearing was held even though the majority had received advance notice of the problems with Mr. Wang's testimony. Majority chief counsel Richard Bennett admitted during his questioning of Mr. Wang that “the day after your deposition, I was visited by John Huang’s attorney . . . who insisted that his client was not with you in California on that particular day.” Chairman Burton and his staff, however, never investigated this exculpatory evidence. Nor has Chairman Burton retracted the allegation, clarified the public record, or apologized for his mistakes.

B. THE WHITE HOUSE VIDEOTAPES WERE NOT “CUT OFF INTENTIONALLY” OR “ALTERED”

Less than a month later, Chairman Burton appeared as a guest on CBS's “Face the Nation” to accuse the White House of doctoring videotapes of White House coffees and other events. Chairman Burton stated: “Some of the tapes were cut off very abruptly and then you go to another tape. We think . . . maybe some of those tapes may have been cut off intentionally, they've been—been, you know, altered in some way.”

Chairman Burton’s allegation of tape alteration received substantial press coverage in the days following his appearance. Articles about his allegation appeared in the Washington Post, the Los Angeles Times, and in wire stories. However, the allegation ultimately proved to be baseless. Investigations by both this Committee and the Senate Governmental Affairs Committee failed to produce any evidence of tape alteration. In fact, the investigations produced compelling evidence that the tapes had not been altered in any way.

For example, on October 23, 1997, Chief Petty Officer Charles McGrath, the career military officer in charge of the White House Communications Agency (WHCA) Audiovisual Unit, engaged in the following dialogue with Senator Levin at a Senate hearing:

Mr. LEVIN. Now, the allegation has been made here that these tapes have been altered in some way. Have they been?

Mr. McGrath. Not at all.

Mr. LEVIN. Well, we had Congressman Burton here make this allegation on Face the Nation last Sunday. Did you hear that allegation?

Mr. McGrath. I did not see that, but I did hear that he made the allegation.

Mr. LEVIN. And you know that it's not true?

Mr. McGrath. I know that for a fact.

333 House Committee on Government Reform and Oversight, Hearings on Conduit Payments to the Democratic National Committee, 105th Congress, 1st Sess., 257 (Oct. 9, 1997).
334 CBS’s Face the Nation (Oct. 19, 1997).
336 Altering of Clinton Tapes Alleged, Los Angeles Times (Oct. 20, 1997).
338 Hearing before Senate Committee on Governmental Affairs (Oct. 23, 1997).
Mr. McGrath’s testimony before the Senate was echoed by other witnesses who testified before this Committee. For example, Steven Smith, a career Defense Department employee who worked in WHCA, was asked: “And you also said that you knew of no instance during your time where a tape was altered, doctored, edited, whatever words you want to use?” He replied, “That’s correct.” Similarly, Colonel Joseph Simmons (Ret.), the commander of the career military employees at WHCA, testified as follows:

MINORITY COUNSEL. Are you aware of any effort by any White House personnel to doctor or alter the tapes?
Mr. SIMMONS. No.
MINORITY COUNSEL. Do you believe that your men would have [per]mitted such an effort to take place or succeed, had they become aware of it?
Mr. SIMMONS. Absolutely not.
MINORITY COUNSEL. Do you believe they would have informed you . . . of any efforts to doctor, alter, or otherwise edit the tapes?
Mr. SIMMONS. I know they would have.340

The Senate Committee even hired an independent expert, Paul Ginsburg, to review the videotapes. This expert also “determined . . . that there was no suspicious trickery.”341

Ultimately, the evidence that the videotapes were not altered received far less attention than Chairman Burton’s initial allegations. Ranking Minority Member Waxman pointed this out at a hearing on November 6, 1997, and requested that Chairman Burton at least acknowledge his mistake and correct the public record.342 Chairman Burton has refused to retract this false accusation.

C. THE HUDSON CASINO DECISION WAS NOT A “POLITICAL PAYOFF”

In late 1997, the Committee commenced an extensive investigation into whether a decision by the Department of the Interior to deny an off-reservation Indian casino application was influenced by contributions made to the DNC by local tribes opposed to the application. Committee investigators took 18 depositions regarding the decision, including the depositions of ten Interior Department employees involved in the decision.343 Although these depositions es-

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339 Deposition of Steven Smith, House Committee on Government Reform and Oversight, 99 (Oct. 18, 1997). All depositions referenced in this section, unless otherwise noted, were taken by the House Committee on Government Reform and Oversight.
340 Deposition of Joseph Simmons, 149 (Oct. 18, 1997.)
341 Burton’s Hearings Resume Where Thompson’s Ended, Roll Call (Nov. 6, 1997) (quoting a “Senate GOP source”). See also Expert: Coffee Tapes Are Clean, Newsday (Nov. 8, 1997) (“Paul Ginsburg, an expert hired by the Senate Governmental Affairs Committee to study the tapes for signs of doctoring, has `found no evidence of improper alteration,’ a committee staffer said.”).
342 House Committee on Government Reform and Oversight, Hearings on White House Compliance With Committee Subpoenas, 105th Cong., 1st Sess., 43 (Nov. 6, 1997). As noted by the Hartford Courant, “The Chairman of the House committee probing possible campaign finance abuses Thursday offered no proof to protesting Democrats of his allegation that White House coffee videotapes had been altered.” No Proof Offered of Tape Tampering, Hartford Courant (Nov. 7, 1997).
343 The Interior Department employees deposed were: Michael Anderson (Jan. 14, 1998); Michael Chapman (Jan. 9, 1998); Ada Deer (Jan. 12, 1998); John Duffy (Jan. 26, 1998); Tom Hartman (Dec. 9, 1997); Robert Jaeger (Dec. 11, 1997); Hilda Manuel (Jan. 6, 1998); Kevin Meisner (Jan. 6, 1998); Heather Sibbison (Jan. 15, 1998); and George Skibine (Jan. 13–14, 1998). The other individuals deposed concerning the Hudson decision were: Loretta Avent (Dec. 5, 1997); Thomas Corcoran (Dec. 10, 1997); Franklin Ducheneaux (Dec. 4, 1997); Ann Jablonski (Jan. 20, 2001); Ada Deer (Jan. 12, 1998); John Duffy (Jan. 26, 1998); Tom Hartman (Dec. 9, 1997); Robert Jaeger (Dec. 11, 1997); Hilda Manuel (Jan. 6, 1998); Kevin Meisner (Jan. 6, 1998); Heather Sibbison (Jan. 15, 1998); and George Skibine (Jan. 13–14, 1998). The other individuals deposed concerning the Hudson decision were: Loretta Avent (Dec. 5, 1997); Thomas Corcoran (Dec. 10, 1997); Franklin Ducheneaux (Dec. 4, 1997); Ann Jablonski (Jan. 20,
tablished that the decision was based on the merits—and not the influence of campaign contributions—Chairman Burton and other Republican members persisted in making unsubstantiated, but widely reported, allegations of political corruption during four days of Committee hearings in January 1998.344

Chairman Burton, for example, alleged that the Department’s decision was a “political payoff.”345 He summarized his core allegations during the first day of the Committee’s hearings as follows:

$350,000 was given, which appears to be a political pay-off; and then after that Mr. Duffy and Mr. Collier, two top executives at the Interior, go to work for the rich tribe. And then after that, Mr. Collier carries a $50 to $100,000 check to the DNC from the Shakopees. Now I don’t know how anybody, even if they are blind, could not see these facts. . . . What we are talking about is whether or not the law was complied with, No. 1, whether or not campaign contributions were used to exert influence on people in the White House and at the Department of [the] Interior to kill this project. I think it is pretty clear, at least from my perspective it is pretty clear, that that’s what happened.345

The Chairman’s allegations were echoed by other Committee Republicans, who claimed that the tribes contributing to the DNC were “successfully buying influence”346 and that “[t]his is an inquiry into whether corruption went to the highest levels of this Government.”347

These allegations, however, were not supported by the evidence. The evidence showed that the Department had sound reasons for rejecting the casino application. Approval of the application would have permitted the federal government to remove the land from local control for the benefit of distant Indian tribes. Not surprisingly, local officials from the Hudson town council to Wisconsin Republican Governor Tommy Thompson opposed such a move, as did the local congressman, Republican Rep. Steve Gunderson.348 Also, the land would have been used for casino gambling, which is illegal under Wisconsin law. In essence, the application would have allowed distant Indian tribes to impose casino gambling on an unwilling locality.349

These facts led some Republican Committee members to concede that the decision was correct on the merits. Rep. Christopher Cox,
for example, acknowledged that “if I were making the decision with a view to vindicating the interests of the community that I represented, I might have gone the same way. I might have said no dog track.” Other Republican members also expressed their opposition to casino gambling:

Indeed, the majority’s frequently stated opposition to gambling led Rep. Robert Wise to observe that the opposite decision would have subjected the Department to a firestorm of criticism:

[H]ad you ruled the opposite way in the face of intense opposition from the State house on down in Wisconsin, basically Republican, much of it Republican dominated . . . we would be here today . . . conducting the same hearing, but it would be reversed. It would be . . . Why did you ignore the overwhelming local opposition in Wisconsin? Moreover, the evidence showed that the decision to reject the application was made exclusively on the merits. Every Department employee who testified before the Committee denied that the Department’s decision had been influenced—directly or indirectly—by campaign contributions. George Skibine, the career civil servant who recommended that the application be rejected, categorically denied the majority’s allegations:

I was not pressured in any way by anyone to reach a particular recommendation in this matter. You may choose to question the wisdom of my professional judgment in this matter, and reasonable people may disagree on the merits of my recommendation; however, it was made solely on the merits. Throughout this investigation I have always tried to tell the truth as I know it. I am a civil servant of two decades’ standing who has chosen a career in public service because I believe it is a high calling. My integrity, honesty, and good faith have never before been challenged.

Hilda Manuel, deputy commissioner of the Bureau of Indian Affairs and Mr. Skibine’s supervisor, also denied that any improper influence had been brought to bear on the Department:

MINORITY COUNSEL. Were you ever contacted by the White House or the DNC about this project, the Hudson project?

MS. MANUEL. Never.

MINORITY COUNSEL. And at the time of the decision, did you feel like the White House or the DNC tried to improperly influence the outcome?

MS. MANUEL. No.

MINORITY COUNSEL. Do you think the decision was based on the record?

MS. MANUEL. Yes.

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350 Id. at v. 1, 16.
351 Rep. Mark Souder: “I believe gambling is a mortal sin, and I believe you’re wrong to pursue the casinos . . . And I don’t like this manipulation of going off the reservations.” Id. at v. 1, 96. Rep. John Mica: “I don’t support casino gambling.” Id. at v. 1, 158. Rep. Vince Snowbarger: “I am no proponent of gambling.” Id. at v. 1, 174. Rep. John Shadegg: “I have grave reservations about Indian gaming.” Id. at v. 1, 178.
352 Id. at v. 1, 863.
353 Id. at v. 1, 205.
354 Deposition of Hilda Manuel, 98 (Jan. 6, 1998).
Similarly, Deputy Assistant Secretary Michael Anderson, the final decision maker, testified that "I have absolutely no knowledge of any improper political influence or even, for that matter, from the DNC any rumors or suggestions that there was political corruption going on in this decision."  

In addition, the majority was never able to establish any connection between the Department's decision and subsequent legal work done by two senior Department employees for the tribes opposed to the application. One of those employees, Tom Collier, testified that he was not even working at the Department at the time the decision was made:

I want to reiterate that there is no connection whatsoever to any work I ever did at the Department of the Interior and my representation of the Shakopees. . . . I was not involved in this decision at the Department of [the] Interior. I had left the Department when this decision was made.  

At the conclusion of the third day of hearings, it was apparent that the evidence before the Committee fundamentally conflicted with the majority's allegations. Rather than acknowledging this conflict, however, Chairman Burton continued to assert that the Department's decision "stinks" and "smells" based on the circumstantial evidence that the decision favored the tribes that had made contributions to the DNC.  

On February 11, 1998, Attorney General Reno recommended that an independent counsel be appointed to investigate possible false statements to Congress by Secretary Babbitt relating to the Hudson casino decision. While the appointment of an independent

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356 Id. at v. 1, 721. The other employee, John Duffy, similarly denied any connection between the decision and his subsequent work. He noted that he played no role whatsoever in seeking out the opposing tribe as clients: "Let me make sure we understand this. I am not working on any issue for the Shakopees that I worked on at the Department of [the] Interior. . . . I mean, the connection that is trying to be made here, with improper conduct on my part, which I frankly am strongly upset about, is that I joined a law firm which already had a client, which, at some point in time, was interested in a decision that I participated in but didn't make. Now, with great respect, Congressman, I don't see the appearance of impropriety here." Id. at v. 1, 760.

357 The principal testimony supporting the majority's allegations was the testimony of Fred Havenick, the owner of the proposed casino site. Mr. Havenick was the prime mover behind the casino application because he believed a casino would salvage a failed dog track he had built at the site, an investment that was incurring multi-million dollar losses annually. Mr. Havenick alleged that at a meeting with Mr. Skibine, Mr. Skibine had explained that the application was killed because of "politics." Mr. Havenick's allegation was supported by affidavits from two officials of the disgruntled applicant tribes. Mr. Havenick also alleged that at a Democratic fundraising event, Terry McAuliffe, a prominent Democratic fundraiser, had boasted that he had killed the application.

There was considerable evidence that conflicted with Mr. Havenick's testimony, however. First, Mr. Skibine vehemently denied saying that the application was killed because of "politics," and his denial was supported by the affidavits of five Interior Department employees who attended the meeting. Similarly, Mr. McAuliffe submitted a statement to the Committee denying Mr. Havenick's allegation. Statement of Terence McAuliffe (Jan. 28, 1998). Moreover, the Committee's hearing was the first time Mr. Havenick made his allegation against Mr. McAuliffe, despite having litigated the Department's decision for more than two years on the basis of improper political influence. As Rep. Kucinich noted, "I find it very unusual that this story about Mr. McAuliffe surfaces today even though it never came up in what can only be described as very contentious litigation with the Department." House Committee on Government Reform and Oversight, Hearings on the Department of the Interior's Denial of the Wisconsin Chippewa's Casino Applications, 105th Cong., 2d Sess. (Jan. 21, 22, 28, and 29, 1998), v. 1, 173.

358 Id. at v. 1, 349.
counsel is a serious matter, the Attorney General’s recommendation does not substantiate the majority’s allegations. In fact, in the independent counsel application, Attorney General Reno stated that she “did not have specific and credible evidence to suggest that Secretary Babbitt had participated in any criminal activity to corrupt the decision making process.”359 The independent counsel was appointed solely to investigate the truthfulness of Secretary Babbitt’s statements concerning a meeting he had with a lobbyist on the Hudson casino application.360

D. THERE IS NO EVIDENCE THAT THE PRESIDENT CREATED A NATIONAL MONUMENT IN UTAH “IN EXCHANGE FOR MONEY FROM INDONESIA’S LIPPO GROUP”

Chairman Burton also alleged that President Clinton created a national monument in Utah in order to benefit the Lippo Group. For example, on April 16, 1998, the Indianapolis Star reported: “Although he is not yet able to prove his suspicions, Burton’s chief concern is that U.S. policies were compromised in exchange for campaign contributions. Among the possibilities: that Clinton declared 1.8 million acres of coal-rich southern Utah as a national park in exchange for money from Indonesia’s Lippo Group. Indonesia is the chief competitor to Utah for low-polluting coal.”361

On June 11, 1998, Chairman Burton restated his allegation on the House floor:

Who would benefit from turning that into a national park so you cannot mine there? The Riady group, the Lippo Group, and Indonesia has the largest clean-burning coal facility, in southeast Asia. They were one of the largest contributors. . . . Could there be a connection there? We need to know. The American people have a right to know, but we do not know.362

After nearly two years of investigation, however, the Committee has produced no evidence supporting the Chairman’s allegations. To the contrary, as the Washington Times has reported, “hundreds

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359 See Application to the Court Pursuant to 28 U.S.C. § 592(e)(1) for the Appointment of an Independent Counsel, 8 (Feb. 11, 1998).
360 Id. at 2. The controversy involved the conflicting testimony of Secretary Babbitt and Paul Eckstein, a lobbyist working for the applicant tribes. According to Mr. Eckstein, Mr. Babbitt told Mr. Eckstein that then-White House Deputy Chief of Staff Harold Ickes had called Mr. Babbitt and directed him to make a decision on the casino application. In a July 14, 1995, letter to Senator McCain, Secretary Babbitt denied telling Mr. Eckstein that he had spoken to Mr. Ickes. Secretary Babbitt later testified that he did not tell Mr. Eckstein that Mr. Ickes told him to make a decision. In his testimony before the Committee, Secretary Babbitt said that he told Mr. Eckstein “Mr. Ickes, the Department’s point of contact on many Interior matters, wanted or expected the Department to decide the matter promptly.” Mr. Babbitt explained, “It was just an awkward effort to terminate an uncomfortable meeting on a personally sympathetic note. But . . . I had no such communication with Mr. Ickes or anyone else from the White House.” Testimony of Secretary Babbitt before the Senate Governmental Affairs Committee (Oct. 30, 1997).
361 After nearly two years of investigation, however, the Committee has produced no evidence supporting the Chairman’s allegations. To the contrary, as the Washington Times has reported, “hundreds
of pages of administration documents turned over to congressional investigators show no Lippo connection." 363

E. THE HUBBELL TAPES DID NOT SHOW A “PAYOFF” TO WEBSTER HUBBELL

On April 30, 1998, Chairman Burton unilaterally released tapes of Webster Hubbell’s prison conversations. According to the Chairman, these tapes proved that Mr. Hubbell had been paid to protect the President and the First Lady. Appearing on NBC’s “Meet the Press,” Chairman Burton alleged that the tapes showed that “it appears to be a payoff—it looks like the White House was trying to keep Webb Hubbell quiet and they’ve been successful.” 364

It was subsequently revealed, however, that the tape transcripts released by Chairman Burton omitted exculpatory statements by Mr. Hubbell that contradicted the Chairman’s allegation. For example, Chairman Burton omitted a passage where Mr. Hubbell tells his wife that “most of the articles are presupposing that . . . my silence is being bought. We know that’s not true.” 365

Moreover, the Chairman’s allegation of a “payoff” was not supported by the evidence before the Committee. The majority devoted a substantial portion of the Committee’s investigative resources to examining, in exhaustive detail, Mr. Hubbell’s activities. Although there was little apparent connection to campaign finance issues, the majority investigated numerous subjects relating to Mr. Hubbell, including: Mr. Hubbell’s discussions in 1993 with partners at the Rose Law Firm, 366 whether Mr. Hubbell maintained documents relating to the “Whitewater” land deal, 367 whether there were discussions at the White House about subpoenas from Independent Counsels Robert Fiske or Kenneth Starr to Mr. Hubbell, 368 whether persons close to the President hired Mr. Hubbell in 1994 to obstruct Independent Counsel Starr’s investigation, 369 what income Mr. Hubbell reported on his tax returns, 370 the circumstances surrounding Mr. Hubbell’s resignation from the Department of Justice, 371 contacts with Mr. Hubbell after his resignation from the Department of Justice, 372 contacts with Mr. Hubbell while he was incarcerated, 373 contacts with Mr. Hubbell’s wife while Mr. Hubbell was incarcerated, 374 the trust funds set up for Mr. Hubbell’s children and legal expenses when he went to prison, 375 and Mr. Hubbell’s reasons for asserting his Fifth Amendment rights. 376

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363 Congress Checks Lippo Link to “Clean Coal” Closure, Washington Times (July 24, 1997).
365 Production from the Department of Justice to the House Committee on Government Reform and Oversight, Tape 100A (July 2, 1997).
367 See, e.g., Deposition of Michael Kantor, 30–31 (Aug. 8, 1997).
368 See, e.g., Deposition of Mack McLarty, 36, 44, 104–105 (Sept. 5, 1997).
369 See, e.g., Deposition of Michael Kantor, 54–55 (Aug. 8, 1997).
370 See, e.g., Deposition of Michael Schaufele, 88–89 (Aug. 29, 1997).
371 See, e.g., Deposition of James Blair, 33–42 (July 23, 1997).
372 See, e.g., Interrogatories from House Committee on Government Reform and Oversight to John Richardson, No. 28 (Dec. 8, 1997).
373 See, e.g., Interrogatories from House Committee on Government Reform and Oversight to Nathan Landow, No. 16 (Apr. 1, 1998).
374 See, e.g., Interrogatories from House Committee on Government Reform and Oversight to Erskine Bowles, No. 6 (Apr. 20, 1998).
376 See, e.g., Id. at 67–68 (Aug. 29, 1997).
In investigating these various topics, the majority deposed 42 people, took testimony through written interrogatories from 17 others, and requested documents from 96 companies and individuals. This extensive record shows that the witnesses who hired Mr. Hubbell did so because they had legitimate work for him to do,377 because he had valuable connections in the government,378 or out of compassion for a friend379—not as a “payoff” to obstruct justice. In fact, there is so little evidence of a “payoff” that the majority report is completely silent on this issue and the majority never held a single day of hearings on Mr. Hubbell.

During his appearance on “Meet the Press” on May 3, 1998, Chairman Burton also alleged that a taped discussion between Mr. Hubbell and his attorney about “a move that moots everything” indicated that the President was considering a presidential pardon for Mr. Hubbell. According to Chairman Burton, the taped conversation “means that they thought the president might pardon Webb Hubbell right after the election and get him off the hook.” This assertion also proved to be completely erroneous. On May 3, 1998, Mr. Hubbell’s attorney, John Nields, appeared on ABC’s “This Week” and explained that the conversation related to obtaining a grant of immunity from the Independent Counsel’s office, which ultimately did happen.380

Rather than acknowledging that his allegations could not be substantiated, Chairman Burton actually claimed that the public criticism caused by the release of the doctored transcripts validated his allegations of wrongdoing. As he put it, “When you hear the other side squealing like a bunch of pigs, then you understand you’re getting somewhere near the truth.”381

F. THE IMMUNIZED WITNESSES DID NOT HAVE “DIRECT KNOWLEDGE ABOUT HOW THE CHINESE GOVERNMENT MADE ILLEGAL CAMPAIGN CONTRIBUTIONS”

On April 23, 1998, Chairman Burton scheduled a Committee meeting to seek immunity for four witnesses: Nancy Lee, Irene Wu, Kent La, and Larry Wong. These witnesses were individuals with varying degrees of relationship to individuals being investigated by the Committee. Ms. Lee and Ms. Wu were former employees of Johnny Chung. Mr. La was a business associate of Ted Sioeng, and Mr. Wong was a former employee of Nora Lum.

Committee Democrats objected. One week before the scheduled meeting, Chairman Burton had called the president a “scumbag” and said that he was “after” the President.382 These remarks caused the Democratic members of the Committee to oppose immunity. As Rep. Eleanor Holmes Norton explained:

377 See, e.g., Deposition of Bernard Rapoport, 41, 49–50, Ex. 7 (Aug. 19, 1997) (testifying that Mr. Hubbell was hired to lobby and consult and that Mr. Hubbell, in fact, did legitimate work).
378 See, e.g., Deposition of Jim Lewin, 34–50 (Aug. 21, 1997) (testifying that U.S. Sprint hired Mr. Hubbell because he was a highly connected individual who could help counter AT&T in lobbying).
379 See, e.g., Deposition of John Phillips, 43–53 (July 31, 1997) (testifying that he was a close friend of Mr. Hubbell and helped him obtain a grant).
380 ABC’s This Week (May 3, 1998).
381 CNN’s Inside Politics (May 4, 1998).
I regret and protest that I have been forced to vote against immunity in order to protest rank unfairness in this committee. I have been driven, as has every Member on my side been driven, to vote against what they wanted to vote for.\footnote{383}

Moreover, several Committee members expressed concern that the Committee had not obtained proffers from the witnesses explaining what their testimony might be if granted immunity. Rep. Paul Kanjorski observed, “The Chair should have provided written proffers so that we could accurately ascertain whether the information to be derived by these witnesses is reasonable in terms of offering immunity.”\footnote{384}

Finally, Committee Democrats noted that Chairman Burton had not yet responded to their letter of October 22, 1997, asking for changes in the Committee’s approach to immunity.\footnote{385} That letter was written shortly after the Committee’s October 9, 1997, hearing where the Committee had given a witness (David Wang) immunity for tax and immigration fraud in return for demonstrably false testimony. In the letter, Committee Democrats asked that the Chairman’s unilateral powers be returned to the Committee before any additional witnesses were granted immunity.

Chairman Burton and many other Republican members and leaders responded to the minority’s reluctance to support immunity by accusing the Democratic Committee members of obstructing the Committee’s investigation. According to Republicans, Democrats voted against immunity to prevent the four witnesses from providing essential information about Chinese influence in the 1996 Presidential campaign. In a floor statement, Speaker Gingrich alleged that:

\[\text{At a time when the American people could have learned the truth from eyewitnesses who participated in laundering foreign illegal money, a threat to the entire fabric of our political system, for some reason the Democrats voted 19–0 against allowing immunity. That means they voted 19–0 to cover up this testimony, to block it from getting to the American people, and to prevent the Congress from being informed.}^{386}\]

To support their claims of Democratic obstruction, Republican members of Congress repeatedly emphasized the importance of the four witnesses. For example, Rep. John Boehner, Republican Conference Chair, stated that the witnesses “have direct knowledge about how the Chinese government made illegal campaign contributions in an apparent attempt to influence our foreign policy” and opined that granting immunity “is about determining whether American lives have been put at risk.”\footnote{387} Similarly, Committee Republican Rep. Steven Horn expressed his belief that immunization

\footnotesize{\textit{\begin{itemize}
\item[383]House Committee on Government Reform and Oversight, Business Meeting (Apr. 23, 1998).
\item[384]Id.
\item[386]Congressional Record, H2336 (Apr. 28, 1998).
\item[387]Congressional Record, H3453 (May 19, 1998).
\end{itemize}}}}
of the four witnesses was "absolutely essential." Chairman Burton stated that the witnesses would be "very knowledgeable" about contributions made by Nora and Gene Lum and would "shed the light" on the activities of Johnny Chung and Ted Sioeng.

All of these allegations turned out to be wrong. On June 23, 1998, after Chairman Burton agreed to some changes to the Committee rules relating to subpoenas, document release, and depositions, the Democratic members agreed to support immunity for the four witnesses. The testimony that the Committee subsequently obtained from the witnesses showed that they had no knowledge—direct or indirect—about illegal Chinese campaign contributions.

For example, during the deposition of Nancy Lee, the Committee learned that for most of Ms. Lee's tenure as an employee of Mr. Chung's company, she worked part-time between the hours of 9:00 p.m. and 12 midnight and rarely saw Mr. Chung. Ms. Lee's lack of knowledge about Johnny Chung's political activities was demonstrated during the minority counsel's questioning:

MINORITY COUNSEL. Your lawyer said that you had no knowledge about Johnny Chung's source of funds, where he got his money from. Is that true?

Ms. LEE. Yes.

* * * * *

MINORITY COUNSEL. And that you don't—do you know about whether Johnny Chung got any money from any citizen of China or any business from China for a political contribution here in the United States?

Ms. LEE. I don't know.

MINORITY COUNSEL. Do you know whether there was any plan by the Chinese government to influence the 1996 American election? Do you know anything about that?

Ms. LEE. No idea.

Similarly, Irene Wu had no "direct knowledge"—or even indirect knowledge—regarding any Chinese efforts to influence the 1996 elections. She did not provide the Committee with any information on whether Johnny Chung received money from the Chinese government, whether there was a Chinese plan to influence the 1996 elections, or whether Mr. Chung received any money from Chinese businesses unrelated to legitimate business transactions. In fact, she testified as follows:

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389 Opening Statement by Chairman Burton, House Committee on Government Reform and Oversight, Business Meeting (Apr. 23, 1998).
390 Id.
391 The four witnesses were not the first witnesses given immunity by the Committee who had little or no information to contribute to the Committee's investigation. The Committee's first hearing featured two immunized witnesses, Manlin Foug and Joseph Landon, who testified to being unwittingly involved in making conduit contributions to the DNC. Those conduit contributions had been disclosed by the DNC to the Justice Department seven weeks before the hearing. Minority staff interview with Judah Best (Sept. 18, 1997). Ms. Foug, who is Charlie Trie's sister, had no knowledge about her brother's businesses, political activities, or contacts with the Chinese government. Mr. Landon made his contribution at Ms. Foug's request, and had no other relevant information to share with the Committee.
392 Deposition of Nancy Lee, 68 (July 29, 1998).
393 Id. at 54–55.
MINORITY COUNSEL. Do you have any knowledge whether the Chinese government ever reimbursed Johnny Chung for a political contribution?

Ms. Wu. I don't.

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MINORITY COUNSEL. Do you know whether Johnny Chung ever received any money from any Chinese citizen or business in order to make a political contribution?

Ms. Wu. I don't know.

* * * * *

MINORITY COUNSEL. Do you know whether there was a plan by the Chinese government to influence the 1996 American election through political contributions?

Ms. Wu. I don’t know.394

Republican allegations concerning Larry Wong’s knowledge also proved to be baseless. At an April 23, 1998, Committee meeting, Rep. John Shadegg stated that Larry Wong “is believed to have relevant information regarding the conduit for contributions made by the Lums and others in the 1992 fund-raising by John Huang and James Riady.”395 The reality, however, was that Mr. Wong’s primary responsibilities were to register voters and serve as a volunteer cook. The sum total of his testimony regarding James Riady is as follows:

MINORITY COUNSEL. Did Nora ever discuss meeting James Riady?

Mr. Wong. James who?

* * * * *

MINORITY COUNSEL. James Riady.

Mr. Wong. No.396

Mr. Wong also provided minimal information to the Committee concerning John Huang.397

The last immunized witness was Kent La, a business associate of Ted Sioeng. An agreement with the Justice Department has prevented the Committee from releasing the transcript of Mr. La’s deposition. At a Committee hearing, however, Rep. Waxman stated: “The four witnesses . . . don’t know anything about transferring technology to China. They don’t know anything about possible campaign contributions from the Chinese Government.”398

Ironically, after insisting on the importance of the immunized witnesses, the majority substantially delayed public access to their

395 Rep. Shadegg, House Committee on Government Reform and Oversight, Business Meeting (Apr. 23, 1998). Nora and Gene Lum are Democratic fundraisers convicted of making conduit contributions to various Democratic campaigns. They also ran the Asian Pacific Advisory Council, an organization supportive of the 1992 Clinton/Gore campaign, and appear to have mishandled funds raised by that organization.
397 Mr. Wong’s testimony concerning John Huang was limited to his knowledge that Mr. Huang was employed at the Department of Commerce, and that he had never spoken with Nora Lum about any meetings she had with Mr. Huang at the Department of Commerce. Id. at 102–103.
testimony. At a Committee hearing on August 4, 1998, Democratic Rep. Jim Turner moved to make public the depositions of Ms. Lee, Ms. Wu, and Mr. Wong. Chairman Burton initially opposed this motion, stating his view that “it is premature to release those [depositions] right now.” Shortly thereafter, he reversed himself and agreed to release the depositions on August 14, 1998. The depositions, however, were not released until nearly a month later. Moreover, the majority abruptly and without explanation canceled the hearing scheduled for September 10, 1998, at which Ms. Wu was supposed to testify.

G. PRESIDENT CLINTON DID NOT “ENDORSE” THE CANDIDACY OF A FOREIGN LEADER IN EXCHANGE FOR CAMPAIGN CONTRIBUTIONS

At a Committee hearing on October 8, 1997, Chairman Burton released a “proffer” his staff had obtained from Nora and Gene Lum, two Democratic fundraisers who pled guilty to facilitating illegal conduit contributions in 1994 and 1995. Chairman Burton alleged that if immunized, the Lums’ testimony would show that “there was real corruption in the financing of campaigns in this country and that this corruption may have affected our foreign policy and possibly our national security.” Specifically, the Lums’ proffer suggested that during the 1992 campaign, then-candidate Clinton “endorsed” the candidacy of a foreign leader in exchange for a campaign contribution. This proffer was widely reported in the press.

To investigate this allegation and other allegations involving the Lums, the Committee sent out almost 200 information requests—close to one-sixth of the total information requests for the entire investigation. The Committee’s sprawling inquiry into the Lums resulted in the receipt of over 40,000 pages of documents, 50 audiotapes, and a videotape, and involved numerous depositions.

This extensive investigation, however, uncovered no evidence to substantiate the proffer’s dramatic allegations. In fact, the investigation uncovered so little evidence to corroborate the allegations that the majority’s final report does not even discuss the Lums. There has been no public acknowledgment by Chairman Burton of his failure to substantiate the well-publicized proffer.

H. THE COMMITTEE FAILED TO SUBSTANTIATE THE EXISTENCE OF A “MASSIVE SCHEME” TO FUNNEL FOREIGN CONTRIBUTIONS INTO THE U.S.

Perhaps the most significant allegation made during the campaign finance investigation was the allegation that there was a conspiracy between the Chinese government and the Clinton Administration to violate federal campaign finance laws and improperly influence the outcome of the 1996 presidential election. At the

399 Id. at 6.
400 Proffer of Nora and Gene Lum to the Committee on Government Reform and Oversight (Aug. 22, 1997).
401 Story of a Foreign Donor’s Deal with ’92 Clinton Camp Outlined, Washington Post (Oct. 9, 1997); Robert Novak, And Next Up, the Bean-Spillers, Washington Post (Oct. 13, 1997); Hawaiian Couple to Get Immunity for Testimony before Burton Panel, Roll Call (Oct. 9, 1997).
outset of the investigation, Chairman Burton raised the possibility of such a conspiracy, stating:

If the White House or anybody connected with the White House was selling or giving information to the Chinese in exchange for political contributions, then we have to look into it because that’s a felony, and you’re selling this country’s security—economic security or whatever to a communist power.  

A few months later, Chairman Burton alleged the existence of a “massive” Chinese conspiracy:

We are investigating a possible massive scheme . . . of funneling millions of dollars in foreign money into the U.S. electoral system. We are investigating allegations that the Chinese government at the highest levels decided to infiltrate our political system.

Although the Committee’s investigation veered off in many different directions, the allegation of a Chinese conspiracy remained the Committee’s primary focus. To prove this allegation, the Committee subpoenaed over 1.5 million pages of documents, took hundreds of hours of depositions, and spent millions of taxpayer dollars. None of the witnesses deposed by the Committee, however, corroborated the existence of such a conspiracy. In fact, as discussed above, even the witnesses who the majority alleged would have “direct knowledge” of a Chinese conspiracy, such as Irene Wu and Nancy Lee, turned out to have no such knowledge. Not one of the over 1.5 million pages of documents subpoenaed by the Committee provided evidence of a Chinese conspiracy.

It is, of course, nearly impossible to prove a negative. In this case, the minority cannot prove that there was not a secret conspiracy between the Chinese government and the Clinton Administration to violate federal campaign finance laws. Nonetheless, no evidence provided to the Committee substantiates the claim that the Administration was “selling or giving information to the Chinese in exchange for political contributions.” If there was a “massive” Chinese conspiracy to influence American elections, it eluded detection by the Committee.

I. OTHER UNSUBSTANTIATED REPUBLICAN ALLEGATIONS

There were many other unsubstantiated allegations made by Republican leaders during the course of the Committee’s campaign finance investigation. These include:

• The Allegation That the Clinton Administration Was Selling Burial Plots in Arlington National Cemetery. In November 1997, numerous Republican leaders drew on unsubstantiated reports by conservative radio talk shows and publications to accuse the Clinton Administration of selling burial plots in Arlington National Cemetery for campaign contributions. Speaker Gingrich, Sen. Arlen Specter, and other Republicans called for an immediate investiga-
tion, and Chairman Burton declared his intention to investigate the matter. These allegations, however, turned out to lack any foundation in fact. An independent investigation by the GAO determined that political contributions played no role whatsoever in the granting of Arlington Cemetery waivers.

- The Allegation That Secretary of Energy Hazel O'Leary Sold Access to a Meeting. In August 1998, several Republican leaders called for an independent counsel to investigate allegations that former Energy Secretary Hazel O'Leary had, in effect, “shaken down” Johnny Chung by requiring him to make a donation to the charity Africare as a precondition to a meeting with her. For example, Rep. Gerald Solomon, the Chairman of the House Rules Committee, criticized the Attorney General for being “intransigent” in refusing to appoint an independent counsel. An investigation by the Department of Justice, however, found “no evidence that Mrs. O'Leary had anything to do with the solicitation of the charitable donation.” In fact, it turned out that Secretary O'Leary's first contact with Mr. Chung occurred after Mr. Chung had made his contribution, making the allegation factually impossible.

- The Allegation That the President and the First Lady Conspired with the DNC to Steal the President's Christmas Card List. After an extensive investigation by the Committee and the Subcommittee on National Economic Growth, Natural Resources and Regulatory Affairs, Rep. David McIntosh alleged that he had evidence that the President, the First Lady, and other individuals were involved in the “theft” of government property and resources, specifically the President’s Christmas card list and other information from the White House database. According to the majority report on the matter, the Committee acted to “expose the evidence of the President’s possible involvement in the theft of government property and his abuse of power.” In fact, as documented in detail in the minority views, not one witness deposed or interviewed by the Committee supported Rep. McIntosh’s allegations.

- The Allegation That the Justice Department Retaliated Against Chairman Burton. On September 14, 1997, Chairman Burton alleged on national television that the Justice Department was investigating him for possible campaign fundraising violations in retaliation for his efforts to investigate President Clinton. Chairman Burton stated that “it's kind of sad and scary . . . that you're having agencies of the federal government going after almost anybody

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405 West Denies He Broke Any Rules on Arlington Cemetery Waivers, Washington Times (Nov. 21, 1997).
406 Burton to Probe Plots-for-Politics Allegations, Indianapolis Star News (Nov. 21, 1997).
408 GOP Lawmaker Seeks Counsel to Probe O'Leary-Chung Ties, Buffalo News (Aug. 22, 1997).
409 Id. at 592(b) of Results of Preliminary Investigation (Dec. 2, 1997).
410 Id. This fact was also discovered by the Committee's own investigation. Shortly after the allegations against Secretary O'Leary became public, Chairman Burton appeared on national television to announce his intent to investigate the charges. CBS's Face the Nation (Aug. 24, 1997). Ultimately, the Committee deposed several individuals, including Secretary O'Leary, and scheduled a hearing into the matter. Upon discovering that the allegations were false, the majority canceled the hearings but never publicly cleared Secretary O'Leary of wrongdoing.
412 Id. at 556 (Minority Views).
who's looking into allegations against this president and this administration.\textsuperscript{413} Although it is true that the Justice Department is investigating Chairman Burton's fundraising practices, the Department's investigation was triggered by allegations by lobbyist Mark Siegel that Chairman Burton had pressured him for campaign contributions.\textsuperscript{414}

Many other sensational but unsubstantiated allegations regarding the Clinton Administration were made by Committee Republicans in the 104th Congress. These allegations included the following:

- **The Allegation That the White House Directed the IRS and FBI to Investigate Political Enemies.** Numerous Republicans alleged that the White House misused the IRS and the FBI to investigate and harass the White House travel office employees. For example, Rep. John Mica charged that the travel office firings "involved the abuse of the FBI and the IRS."\textsuperscript{415} Rep. Dan Burton claimed that "somebody at the White House was talking to the IRS about an investigation. That is illegal."\textsuperscript{416} Rep. Christopher Shays alleged that "the White House misused the FBI and the Justice Department to go after an innocent man."\textsuperscript{417}

These allegations were not supported by the evidence. The General Accounting Office determined that "FBI and IRS officials' actions during the period . . . were reasonable and consistent with the agencies' normal procedures" and that there was "no evidence that White House staff made any contact with IRS about the Travel Office matter."\textsuperscript{418} The Department of Justice Office of Professional Responsibility found that the FBI acted properly throughout the travel office investigation.\textsuperscript{419} The Department of the Treasury Inspector General also determined that there was no contact between the White House and the IRS.\textsuperscript{420}

- **The Allegation That the White House Illegally Fired the Travel Office Employees.** Republicans also alleged that the White House fired the employees of the White House travel office so that White House travel business would be given to Harry Thomason, a Clinton political supporter. For example, the Committee report concluded that "the motive for the firings was political cronyism: the President sought to reward his friend, Harry Thomason, with the spoils of the White House travel business."\textsuperscript{421} Similarly, Chairman Clinger alleged, "When the White House wanted to find a base for
political friends seeking further business with the Federal Government, they chose the White House Travel Office.”

These allegations were not supported by the evidence. The FBI and the Department of Justice determined that there was substantial evidence of financial mismanagement in the travel office, including the deposit of approximately $54,000 in checks and $14,000 in cash into the travel office director’s personal bank account. This finding was supported by an independent review conducted by KPMG Peat Marwick. The allegations were also reviewed by a federal grand jury, which found sufficient evidence to indict the travel office director.

- **The Allegation That the White House Collected FBI Files for an “Enemies List.”** During the Filegate investigation, many Republicans alleged that the White House acquired the FBI files of former employees to create a list of political enemies. The Committee report, for example, found that “many of the individuals were political appointees of the Reagan and Bush administrations. This leads to the possibility that the Clinton administration was attempting to prepare a political ‘hit list’ or ‘enemies list’ with the most sensitive and private information.” Rep. Dan Burton charged that one “could only deduct [sic] that they were going to be used for political purposes.” Despite these allegations and four days of hearings on the FBI file issue, however, the Committee uncovered no evidence that these files were ever used for any political purpose.

- **The Allegation That Vince Foster Was Murdered.** In a floor speech on November 20, 1995, Chairman Burton revealed that he and other Republican members had conducted their own investigation into the death of Deputy White House Counsel Vincent Foster. According to Chairman Burton, this investigation raised the possibility that Mr. Foster had been murdered. In fact, however, independent investigations by the Federal Park Police, Independent Counsel Robert Fiske, and Independent Counsel Kenneth Starr all concluded that there was no evidence of any wrongdoing in connection with Mr. Foster’s tragic suicide.

Unfortunately, these unsubstantiated allegations have been given legitimacy by the irresponsible use of the congressional oversight process. As Rep. Waxman stated at one Committee hearing, “Our committee has been the leader in creating a new species of

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424 Letter from KPMG Peat Marwick to Associate Counsel to the President William H. Kennedy III (May 17, 1993) (reprinted in Committee hearing transcript, 631 (Oct. 25, 1995)).
427 Congressional Record, H13636 (Nov. 20, 1995).
429 Attention Conspiracy Theorists! Hartford Courant (July 18, 1997); Fiske Won’t Bring Charges Over High-Level Contacts; Report Clears Ways for Hill Hearing on Whitewater, Washington Post (July 1, 1994); Starr Report Rules Out Foul Play in Foster Death, Los Angeles Times (Feb. 23, 1997).
congressional oversight. The basis for an accusation is no longer limited to whether something actually happened; the new standard is that it could have happened. Then the burden shifts to the accused to disprove it.”

### III. THE MAJORITY REPORT CONTAINS LITTLE NEW INFORMATION

#### A. INTRODUCTION

After two years and $7.4 million, the Committee on Government Reform and Oversight has issued a lengthy majority report that includes virtually no new information.

At the outset of the investigation, Chairman Burton predicted that this investigation would be “much bigger than Watergate was” and alleged that the Committee’s investigation would disclose a “massive scheme of funneling millions of dollars in foreign money into the U.S. electoral system” that was orchestrated by the “Chinese Government at the highest levels.” Two years later—after issuing 1,285 information requests, taking 161 depositions, and receiving 1.5 million pages of documents—Chairman Burton is unable to substantiate these allegations. Indeed, the majority report does not demonstrate that even one official of the White House knowingly participated in a scheme to solicit illegal campaign contributions.

The majority report’s only fresh allegation is its claim that the DNC and other Democratic organizations have accepted $1.8 million in additional questionable contributions. Of the $1.8 million, however, only a small portion seems genuinely suspect. The genuinely suspect DNC contributions are far less than the $1.1 million in suspect contributions from foreign sources that Republicans have yet to return.

The majority blames its lack of success on alleged White House and DNC stonewalling. But while the White House and DNC may have been slow in producing some documents, the majority ultimately received every White House and DNC document and took every deposition of White House or DNC officials that the majority sought.

The following discussion is the minority’s evaluation of the majority report. The primary allegations in each chapter in the majority report are contrasted with the facts in the record before the Committee.

#### B. EVALUATION OF CHAPTER II OF THE MAJORITY REPORT

**Majority Allegation:** One hundred and twenty witnesses have invoked their Fifth Amendment rights, fled the country, or otherwise refused to cooperate with this Committee.

**The Facts:** It is true that many witnesses refused to cooperate with the Committee’s investigation, but the majority’s estimate overstates the numbers. For example, the majority’s list includes

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431 PBS’s The NewsHour with Jim Lehrer, (Feb. 25, 1997).
432 Chairman Burton, Congressional Record, H4097 (June 20, 1997).
433 The list of these 120 witnesses can be found on the majority’s webpage at http://www.house.gov/reform/oversight/finance/fled.htm.
14 witnesses who have cooperated fully with congressional investigations after receiving immunity from the Congress. Seven of these witnesses on the list—David Wang, Joseph Landon, Manlin Foung, Kent La, Irene Wu, Larry Wong, and Nancy Lee—were granted immunity by this Committee, and they have provided sworn testimony to this Committee. Seven other witnesses on the list—Zie Pan Huang, Siuw Moi Lian, Man Ya Shih, Yi Chu, Man Ho, Huetsan Huang, and Yue Chu—were granted immunity by and cooperated with the Senate. At least three other witnesses the majority claims failed to cooperate have, in fact, been interviewed by the Senate Governmental Affairs Committee or this Committee, including Johnny Chung, Jessica Elnitiarta, and Charlie Chiang.

The majority lists 18 individuals as having “left the country.” This is also misleading. In fact, some of those people actually live abroad for legitimate reasons and did not leave the country to avoid the campaign finance inquiry. For example, Ming Chen, a Beijing restaurateur, appears on the majority list even though he has resided abroad since before the campaign finance controversy began.

As another example, the majority lists Lei Chu, Laureen Elnitiarta, Sundari Elnitiarta, Yopie Elnitiarta, Didi Kurniawan, John H.K. Lee, Felix Ma, Agus Setiawan, Subandi Tanuwidjaja, Suryanti Tanuwidjaja, Susanto Tanuwidjaja, and Dewi Tirto as having left the country. While these individuals apparently reside outside of the United States, there is no evidence that they have left the country to flee this Committee’s investigation. In fact, according to deposition testimony, many reside abroad for legitimate business purposes.

The majority implies that the inability to interview or depose the listed individuals has severely hampered its investigation. There is

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435 Deposition of David Wang, House Committee on Government Reform and Oversight (Oct. 6, 1997). All depositions referenced in this section, unless otherwise noted, were taken by the House Committee on Government Reform and Oversight. Deposition of Joseph Landon (Sept. 29, 1997); Deposition of Manlin Foung (Sept. 29, 1997); Deposition of Nancy Lee (July 29, 1998); Deposition of Kent La (July 22, 1998); Deposition of Irene Wu (July 28, 1998); Deposition of Larry Wong (July 27, 1998).

436 The majority notes on its website that this witness was given immunity by the Senate. According to Senate hearing testimony, this witness’s name is actually Xiping Wang. Senate Governmental Affairs Committee, Hearing on Campaign Fund-raising, 105th Cong., 1st Sess. (July 29, 1997).

437 Huetsan Huang, Siuw Moi Lian, Xiping Wang, and Yue Chu were given immunity by the Senate Governmental Affairs Committee on June 27, 1997. Donor Probe Veers Toward Bipartisanship, Los Angeles Times (July 24, 1997). The deposition testimony of these witnesses is publicly available. See Deposition of Siuw Moi Lian, Senate Committee on Governmental Affairs (Aug. 20, 1997); Senate Deposition of Huetsan Huang (Aug. 20, 1997); Senate Deposition of Man Ya Shih (Aug. 20, 1997); Senate Deposition of Yi Chu (Aug. 7, 1997); Senate Deposition of Man Ho (Aug. 6, 1997); Senate Deposition of Yue Chu (July 9, 1997).

438 Committee interview of Johnny Chung (Nov. 14, 1997).


440 Yue Chu, Ming Chen’s wife, testified in the Senate that her husband has been employed in Beijing since October 1995. Senate Governmental Affairs Committee, Hearing on Campaign Fund-raising, 105th Cong., 1st Sess. (July 29, 1997).

441 For example, three of Ted Sioeng’s children who appear on the list live abroad running the family business: Sandra Elnitiarta in Hong Kong; Laureen Elnitiarta in Jakarta; and Yopie Elnitiarta in China. Deposition of Robert Prins, 96 (Jan. 27, 1998).
little evidence, however, that many of the 120 witnesses would have any significant information to contribute. The majority claimed that four of the immunized witnesses—Irene Wu, Nancy Lee, Larry Wong, and Kent La—had essential information, but when their depositions were taken, the Committee learned that they had virtually no significant information. Many of the other witnesses listed by the majority are also likely to be unimportant. For example, 11 individuals listed by the majority are Buddhist nuns who were reimbursed for campaign contributions they made to the DNC. Three of these nuns testified before the Senate. The other eight would have no new information about the conduit scheme in which they unwittingly participated.

Majority Allegation: The White House has intentionally sought to delay this Committee’s investigation by refusing to turn over documents and by asserting frivolous privileges.

The Facts: While it is true that there are instances in which the White House has been slow to turn over materials subpoenaed by this Committee, such as the videotapes made by the White House Communications Agency, there is no evidence that the White House has intentionally sought to obstruct the Committee’s investigation. To the contrary, the White House has produced over 70,000 pages of documents to the Committee; 49 present and former White House employees and volunteers have provided deposition testimony to this Committee; and nine present and past White House employees have testified publicly at Committee hearings. According to a GAO survey, White House personnel spent a total of 55,106 hours responding to congressional campaign finance investigations at a cost of over $2 million dollars.

There are currently no outstanding disputes over document production issues between the White House and this Committee. Thus, contrary to the majority’s claim of obstruction, the majority has, in fact, received every document it sought. Moreover, contrary to the

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442 See, e.g., House Committee on Government Reform and Oversight Opening Statement by Chairman Burton, Business Meeting (June 23, 1998); Opening Statement by Chairman Burton, House Committee on Government Reform and Oversight, Business Meeting (Apr. 23, 1998).
443 See Part II.F of this report.
444 Man Ho; Man Ya Shih; and Yi Chu.
445 See Seow Fong Ooi; Hsiu Chu Lin; Jie Chi Rung Wang; Judy Hsu; Jie Su Hsiao; Hsiu Juan Tseng; Hsin Chen Shih; Yumei Yang.
446 According to Michael Madigan, Senator Thompson’s chief counsel during the Senate campaign finance investigation, the three nuns who testified were the nuns who “would be the best able to tell the story as to what happened that day at the Apr. 29, 1996 fundraiser.” Senate Governmental Affairs Committee, Hearing on Immunity for Witnesses in Hearings on Campaign Fund-Raising, 105th Cong., 1st Sess. (July 18, 1997).
447 Loretta T. Avent; Brian Bailey; Mark Bartholomew; Charles Benjamin; Jackie Bellanti; Erskine Bowles; Lanny Breuer; Kelly Crawford; Brooke Darby; Nancy Hernreich; Cheryl D. Mills; Dimitri Niosis; Jennifer O’Connor; Alice Pushkar; Jack Quinn; Gina Ratliffe; Frank Reeder; Evan Ryan; Michael Schmidt; Marsha Scott; Joseph Simmons; Doug Sohnke; Ann Stock; David Strauss; Alan Sullivan; Patsy Thomasson; Jodie R. Torkelson; Laura Tauman; Erich Vaden; Kim Widness; Margaret Williams; James B. Wright.
448 Lanny Breuer; Kelly Crawford; Brooke Darby; Nancy Hernreich; Cheryl D. Mills; Dimitri Niosis; Charles F.C. Ruff; Robert Suettinger; Margaret Williams.
majority report, the White House never invoked executive privilege over either documents or testimony.\footnote{The issue of executive privilege did arise during Bruce Lindsey’s deposition when Mr. Lindsey was asked about a conversation he had had with the President. See Deposition of Bruce Lindsey, 53–55 (Sept. 8, 1997). During the deposition, Mr. Lindsey telephoned White House Counsel Charles Ruff, who advised Mr. Lindsey not to answer the question at that time. The White House later determined that it would not invoke executive privilege in this matter. When the Committee continued Mr. Lindsey’s deposition, he answered all of the Committee’s questions and did not assert executive privilege. See Deposition of Bruce Lindsey, 3–12 (Apr. 29, 1998).}

\textit{Majority Allegation:} The Democratic National Committee’s document production has been slow and disorganized, thus hampering the Committee’s investigation.

\textit{The Facts:} The DNC produced an extraordinary amount of information to Congress. In the last two years, the DNC received subpoenas from six separate congressional committees. To respond to the requests from campaign finance investigations, the DNC spent over $6 million on document production, as well as an additional $8.8 million on legal fees.\footnote{Minority staff phone interview of Paul Palmer (Debevoise & Plimpton) (Sept. 23, 1998).} The DNC examined more than nine million pages of documents,\footnote{Letter from Judah Best to Chairman Burton (July 23, 1997). This document and other documents related to this subsection are attached to this report as Exhibit 7.} and produced over 600,000 pages of documents to the Committee, including some of the DNC’s most sensitive documents such as donor lists. Moreover, 24 current and former DNC employees provided either deposition or hearing testimony to this Committee.\footnote{This resulted in the production of only 18,695 pages of documents.}

This Committee’s document requests to the DNC were particularly burdensome. The Committee’s first subpoena alone included 69 different requests with more than 290 different subparts and demanded that the DNC produce in less than three weeks all documents on these subjects from time periods dating as far back as 1991.\footnote{The DNC examined more than nine million pages of documents, and produced over 600,000 pages of documents to the Committee, including some of the DNC’s most sensitive documents such as donor lists. Moreover, 24 current and former DNC employees provided either deposition or hearing testimony to this Committee.} The Committee also served five different sets of interrogatories on the DNC, all with similarly short and arbitrary deadlines.\footnote{For example, the Committee’s fifth set of interrogatories included approximately 572 different inquiries and document requests.} For example, the Committee’s fifth set of interrogatories included approximately 572 different inquiries and document requests.

In contrast to the inordinate burden placed on the DNC by Committee subpoenas, interrogatories, and document requests, the Republican National Committee received only a single, narrowly drafted document request from the Committee.\footnote{C. EVALUATION OF CHAPTER III OF THE MAJORITY REPORT}

The majority report purports to identify $1.8 million in “illegal” or “suspect” contributions that it asserts should be disgorged by the DNC and various Democratic state parties. As detailed below, the
majority's primary legal theory has been undermined by a recent federal court opinion, and the majority's $1.8 million estimate is substantially inflated. Even under the majority's legal theory, only a small portion of the $1.8 million seems genuinely suspect. These possibly suspect DNC contributions are far less than the $1.1 million in suspect contributions from foreign sources that the RNC has yet to return.

**Majority Allegation:** The DNC consistently fails to return inappropriate contributions.

**The Facts:** The DNC has returned contributions when it has had a good faith basis to believe that the contributions are illegal or otherwise inappropriate. In fact, the DNC returned over $3 million in suspect contributions received during the 1996 election cycle. The DNC returned over $1.2 million because either the DNC determined after its own internal review of the contributions that it lacked sufficient information to evaluate the propriety of the contribution or the DNC considered the contribution to be inappropriate. For example, the DNC refunded $366,000 in soft money contributions from Johnny Chung and companies associated with Mr. Chung and $253,000 from Pauline Kanchanalak long before the Justice Department began to investigate either Mr. Chung or Ms. Kanchanalak.

**Majority Allegation:** It is illegal for the DNC to accept soft money contributions from foreign sources.

**The Facts:** The legal cornerstone of the majority's claim that the DNC must return $1.8 million in suspect contributions is the majority's assertion that it is illegal to accept "soft money" contributions from foreign sources. A recent federal district court decision, *United States v. Trie*, however, has called this assertion into doubt.

The court in *Trie* ruled that the restrictions in the Federal Election Campaign Act ("FECA") apply only to "hard money." "Hard money" is money that has been donated exclusively to finance a federal election campaign and is subject to the provisions of FECA. All other money donated to a political party is known as "soft money." Soft money is deposited by a political party in a "non-federal" account and can be used to pay for state and local campaigns, as well as party building activities and generic issue advertising. According to the *Trie* decision, soft money donations are not subject to FECA's annual contribution limits or to FECA's other prohibitions, including its prohibition on foreign contributions and conduit contributions.

The overwhelming majority of the $1.8 million identified in the majority report as suspect foreign contributions is soft money, not hard money. Thus, if the holding in the *Trie* decision is correct,
most of the DNC contributions that the majority asserts should be returned are in fact legal.

**Majority Allegation:** The DNC has retained $1.8 million in contributions from foreign sources.

**The Facts:** Even if the majority’s legal theory is correct, its conclusion that the DNC should return $1.8 million is unfounded. There is simply insufficient factual evidence to call most of the contributions identified by the majority into question.

Examples of specific contributions that the majority contends should be returned are discussed below.

1992 Contributions from James and Aileen Riady. The majority states that $450,000 in contributions made by James and Aileen Riady during the 1992 election cycle are “suspect” and should be returned. This $450,000 represents 25% of all the contributions the majority argues should be returned or disgorged. As the majority report concedes, however, “James and Aileen Riady were permanent residents at the time of their contributions.” They were therefore legally entitled to contribute to political campaigns. Section 441e of FECA, which prohibits contributions from “foreign nationals,” specifically excludes persons lawfully admitted as “permanent residents” from the definition of “foreign national.” Thus, U.S. “permanent residents” like the Riadys could lawfully make campaign contributions to the DNC in 1992.

The majority argues that instead of following the provision of FECA that allows permanent residents to contribute, the DNC should be governed by the definition of a different term, “foreign principal,” which is defined in a federal law governing the registration of “foreign propagandists.” This is an argument that has never been adopted by a court or by the Federal Election Commission.

1992 Contributions from John and Jane Huang. The majority asserts that John Huang and his wife Jane contributed $35,800 in “suspect” monies to the DNC, the DSCC, and a Democratic state party in 1992. The majority has no direct evidence suggesting that the Huangs’ 1992 contributions are illegal. Instead, the majority argues that since Mr. Huang is under investigation for his role in soliciting potentially improper contributions in the 1996 elections, the DNC must return contributions made by Mr. Huang and his wife in prior election cycles.

This reasoning is not persuasive. Mr. and Mrs. Huang were American citizens with significant assets at the time their 1992 contributions were made. Mr. Huang has not been convicted of any illegal activities. The fact that Mr. Huang is under investigation for his role in raising money in the 1996 campaign does not prove that contributions he and his wife made four years earlier are illegal.

Contributions from Kent La. The majority’s assertion that the DNC should return a $50,000 contribution from Kent La, who is...
president of a Los Angeles-based import company, is simply unfair. The majority has selectively and unfairly cited only certain evidence to conclude that Mr. La illegally contributed to the DNC. This conclusion—and the evidence on which it is based—are specifically refuted in Mr. La’s sworn deposition, which the majority knows cannot be released under an agreement with the Department of Justice.

**Contributions from the Sioeng Family.** The majority report states that the DNC should return $300,000 in contributions to the DNC made by relatives of Ted Sioeng and businesses owned by members of the Sioeng family. As the majority report concedes, each member of the Sioeng family who contributed to the DNC is a legal permanent resident who was lawfully permitted to make the contribution. The family is wealthy, has substantial business interests in the United States, and appears to possess sufficient assets to make each of the contributions. Moreover, the majority is applying a double standard to contributions from the Sioeng family. The majority asserts that the DNC should return its contributions from Mr. Sioeng’s relatives and Sioeng-related businesses, but finds nothing improper with the $50,000 contribution that a Sioeng-related company gave to the National Policy Forum, a subsidiary of the RNC.

**Contributions from Lippo Employees.** The majority labels as “suspect” $160,000 in contributions made to the DNC in 1992 by various American employees of companies affiliated with the Lippo Group and those employees’ spouses. In each instance, the nub of the majority’s analysis is that: (1) each of the individuals is described as a “Lippo Executive”; and (2) the majority cannot identify the ultimate source of the funds used to make the contributions. Employment by the Lippo Group, however, does not disqualify an American citizen from making a political contribution.

**Contributions from Pauline Kanchanalak and Duagnet Kronenberg.** The majority states that $374,000 in contributions to Democrats from Pauline Kanchanalak and Duagnet Kronenberg should be returned. What the majority neglects to mention, however, is that most of this money has already been returned or, in the case of certain state parties, has already been committed to be returned. The DNC refunded $253,500 to Ms. Kanchanalak in November 1996, when news of possible campaign fundraising improprieties appeared. The DNC returned $114,000 to Ms. Kronenberg in July 1998 following her indictment. Of the $290,000 contributed to state Democratic parties, most has already been returned, while the remainder is in the process of being returned.

**Contributions That Warrant Further Investigation.** About 5 percent of the contributions identified in the majority report do appear to be questionable. While some of these contributions may be legal

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468 See discussion at Part III.D.4 of this report.
469 Sioeng family contributions to Republicans are discussed further in Part IV.B.3 and Part IV.B.4.
470 The individuals accused by virtue of their association with the Lippo Group are: Joseph and Donna Chiang; Ricor and Brenda Da Silveira; David and Christina Yeh; Felix and Mary Ma; and Joseph Sund.
471 DNC Returns Third Contribution Linked to Fired Fund-raiser, Minneapolis-St. Paul Star-Tribune (Nov. 21, 1996); Michael Fletcher and Thomas Edsall, DNC to Return $100,000, Washington Post (July 21, 1998).
under the Trie decision, these contributions warrant additional scrutiny by the DNC in light of the evidence presented in the majority report. These contributions include the contributions of Lei Chu, J & M International (Jack Ho), Chee Kein Koh, Hsiao Jie Su, Sy Zuan Pan, and the American Great Ground Group.

Majority Allegation: The Republican party has returned all suspect foreign contributions it has received.

The Facts: Contrary to the majority's assertion, the Republican party has not returned all suspect foreign contributions. In fact, of the $2.8 million in foreign contributions accepted by Republicans, more than $1.1 million has not been returned. Suspect foreign funds that Republican campaign organizations have not returned include:

- $782,460 of a $2.1 million contribution from Hong Kong businessman Ambrous Young to the National Policy Forum (NPF), a subsidiary of the RNC;
- a $25,000 contribution from the Pacific Cultural Foundation, which is affiliated with the Taiwanese government, to the NPF;
- $95,000 of $205,000 in contributions from German citizen Thomas Kramer to the Florida Republican party;
- $215,000 of $500,000 in foreign contributions funneled to the RNC through Michael Kojima.

In addition to these suspect foreign contributions, the RNC has not returned a $50,000 contribution by a Sioeng family company to the NPF. Using the standards the Chairman has applied to the DNC, this contribution should also be returned.

The evidence that Republicans accepted foreign contributions is discussed in detail in Part IV.B of this report.

D. EVALUATION OF CHAPTER IV OF THE MAJORITY REPORT

1. Allegations Relating to the Riady Family and John Huang

The discussion of the Riady family and John Huang in the majority report largely rehashes, without adding significant new evidence, the allegations made against the Riadys and John Huang two years ago when the Committee's investigation first began. Despite extensive efforts, the Committee has uncovered no significant evidence of wrongdoing on the part of the Riady family or John Huang.

Majority Allegation: The Clinton administration changed major U.S. policies to benefit the Riadys.

The Facts: Without evidentiary support, the majority reaches the conclusion that the Riadys may have influenced U.S. policies, such as "MFN . . . and access to Vietnam."

In fact, however, the Clinton administration's decision to grant most-favored nation (MFN) status to China, which each year has been supported by congressional majorities, and to reopen diplomatic relations with Vietnam were based on important economic, national security, and foreign policy considerations. It may be true, as the majority notes, 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." But this does not mean that the Riadys influenced the Administration's deci-
sions. There are many American corporations that support MFN and contribute soft money to both the Republican and Democratic parties, but that does not mean that the politicians who support MFN were illegally influenced by the corporation’s donations.

Majority Allegation: There was impropriety in the Lippo Group’s hiring of two officials who left the Administration.

The Facts: The majority provides an extensive discussion of the Lippo Group’s hiring of Mark Middleton and Webster Hubbell—each of whom was hired under a consulting contract—but fails to describe how their hiring has any bearing on campaign fundraising improprieties. The majority report speculates that improper factors underlay the Lippo Group’s hiring of Mr. Middleton and Mr. Hubbell. The evidence, however, suggests that the Lippo Group had legitimate business reasons to hire both individuals, and the majority has failed to produce any evidence demonstrating that the hires were improper.

A native Arkansan, Mr. Middleton became acquainted with the Riadys through family and friends well before the President Clinton was elected. In 1992, Mr. Middleton worked on the Clinton campaign, and from 1992 to 1995 Mr. Middleton served as an aide to former White House Chief of Staff Mack McLarty. One of his primary responsibilities was to serve as Mr. McLarty’s liaison to the business community. By the time Mr. Middleton left the Administration, he had developed contacts throughout Washington and Asia. It is not surprising, and certainly not illegal, that the Lippo Group would hire a well-connected individual with whom the Riadys were previously acquainted.

Similarly, the majority has been unable to produce any evidence to support Chairman Burton’s frequent allegations that the Lippo Group’s hiring of Webster Hubbell was improper or illegal. From what the Committee has learned, it appears that the Riadys, like other Hubbell friends and associates, hired Mr. Hubbell in 1994 to perform legitimate contract work, rather than for some illegitimate purpose.

Mr. Hubbell was a lawyer for the Riadys in the 1980s, and he represented their company very successfully in a multi-million dollar dispute. In the mid-1980s, James Riady was a permanent resident of the U.S. living in Little Rock and was president of a banking company, Worthen Bank International. Mr. Hubbell was a litigation partner at the Rose Law Firm in the same city. In 1985, Worthen lost over $50 million in the collapse of a New Jersey-based government securities firm, Bevill, Bresler, & Schulman. This

473 James Riady was a prominent member of the Arkansas business community. In the 1980s, the Riadys teamed up with a prominent Arkansas investment firm Stephens, Inc. to purchase a Little Rock bank, Worthen Bank International. Mr. Middleton’s brother Larry works for Stephens, Inc. Blind Ambition, National Journal (June 7, 1997); see also Deposition of Douglas Buford, 64 (Oct 23, 1997) (testimony that Mark Middleton knew the Riadys).
474 Id.
475 Id. (“Middleton was adept at parlaying his White House connections into private work . . . Middleton’s White House job made for an easy transition into the private sector”).
476 Id. Because key witnesses are unavailable, the Committee has not been able to determine precisely what work Mr. Hubbell was hired to perform for the Riadys or subsidiaries of their company, the Lippo Group. There are indications that Mr. Hubbell may have performed actual work for the Riadys in 1994; for example, he traveled to Indonesia at least once.
477 See, e.g., Arkansas Bank May Have Lost $52 Million: Losses from Bevill Failure Continue to Escalate, American Banker (Apr. 15, 1985).
was a devastating percentage of Worthen’s capital, and it hired the Rose Law Firm to recollateralize the company and to recover the lost money through litigation. Mr. Hubbell spearheaded the litigation, and eventually recovered nearly the full amount lost. Given this history, it is not surprising that, after Mr. Hubbell resigned from the Justice Department and was looking for work, he would seek out the Riadys or that they would offer to contract with him for consulting work.

The testimony of Douglas Buford, an Arkansas lawyer who has represented the Lippo Group, sheds additional light on the hiring of Mr. Hubbell. Mr. Buford has been a friend of Mr. Hubbell’s since the two were undergraduates and then law students together at the University of Arkansas. Mr. Buford testified that Mr. Hubbell called him after leaving the Department of Justice, told Mr. Buford he was doing consulting work, and asked Mr. Buford whether the Lippo Group would be able to hire him. Mr. Buford passed Mr. Hubbell’s request on to the Lippo Group by calling John Huang (then a top Lippo employee in Los Angeles). When Mr. Buford called Mr. Huang, he specifically said that he was communicating on behalf of Mr. Hubbell and not the White House or anyone else.

**Majority Allegation:** John Huang engaged in suspicious political fundraising activities.

**The Facts:** The majority report describes in great detail the fundraising activities of John Huang during the 1996 election cycle, including an event-by-event description of Mr. Huang’s attendance at various fundraising events with the President. Nearly all the information provided in the majority report, however, has been reported on extensively by the press, beginning two years ago. The report also details many of the foreign nationals who attended fundraising events with Mr. Huang. That information has also been extensively covered by the press, and is also discussed in great detail in the report of the Senate Governmental Affairs Committee’s campaign finance investigation, which was concluded at the beginning of this year.

There are some important questions about John Huang that need to be addressed. However, these questions are not answered in the majority report, and this Committee’s record indicates it is not the right body to address them.

2. **Allegations Relating to Charlie Trie**

Between 1994 and 1996, Charlie Trie, his family, and his businesses contributed a total of $220,000 to the DNC. As a volunteer fundraiser, Mr. Trie is also credited with raising approximately $500,000. Following the appearance of press stories in the fall of

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479 Minority staff interview of C. Joseph Giroir (Apr. 30, 1997).
480 See, e.g., Worthen Banking Corp.: Bank Receives $2.1 Million from Bankruptcy Estate, Wall Street Journal (Dec. 11, 1989) (stating that Worthen had recovered a total of $32.8 million from the bankrupt estate of Bevill, Bresler, and Schulman, as well as $20 million from insurance companies); Minority staff interview of C. Joseph Giroir (Apr. 30, 1997).
481 Deposition of Douglas Buford, 55.
482 Id. at 51.
483 Id.
484 Id. at 53–54.
In 1996, these Trie-related contributions came under scrutiny by the DNC, the Department of Justice, and congressional investigators. Independently, as a result of an internal audit, the DNC decided to return all of Mr. Trie's contributions and many of the contributions raised by him.\textsuperscript{486}

**Majority Allegation:** Charlie Trie made conduit contributions to the DNC.

**The Facts:** There is substantial evidence that Charlie Trie and Antonio Pan made conduit contributions. These allegations were first investigated and disclosed by the Senate Governmental Affairs Committee. In fact, the Senate held a hearing on this topic on July 29, 1997, during which Yue Chu and Xiping Wang, two acquaintances of Mr. Trie's, testified that they had made conduit contributions at the behest of one of Mr. Trie's employees, Keshi Zhan. Moreover, on January 28, 1998, the Department of Justice indicted Mr. Trie and Mr. Pan for defrauding the DNC and the Federal Election Commission through illegal contributions.\textsuperscript{487}

The majority report adds little to what is already known about Mr. Trie's activities. The report contains no evidence indicating that the DNC engaged in a conspiracy with Trie to collect conduit campaign contributions. Moreover, the Justice Department indictment of Mr. Trie indicated that the DNC was a victim of Mr. Trie's fraudulent schemes, not a participant in them.\textsuperscript{488}

**Majority Allegation:** Charlie Trie's political contributions were funded by the Chinese government.

**The Facts:** The Committee's investigation uncovered no information to support Chairman Burton's allegation that Charlie Trie made conduit contributions on behalf of the Chinese government.\textsuperscript{489} The majority's main evidence that Mr. Trie might have been funneling money from the Chinese government is the fact that some of the money wired into Mr. Trie's accounts originated from accounts at the Bank of China.\textsuperscript{490} These transfers are not new news and were investigated extensively by the Senate Governmental Affairs Committee.\textsuperscript{491}

By themselves, these foreign bank funds do not demonstrate that Mr. Trie received money from the Chinese or any other foreign gov-


\textsuperscript{487} Indictment, United States v. Trie and Pan (D.D.C. Jan. 28, 1998). This document and other documents related to Charlie Trie are attached to this report as Exhibit 9.

\textsuperscript{488} Id. at 6 (Trie and Pan "[d]evise[d] and intend[ed] to devise a scheme and artifice to defraud the DNC and to obtain property from the DNC by means of false and fraudulent pretenses, representations and promises"); see also Senate Minority Report, at 5270 ("There is no evidence before the Committee that any DNC officials were knowingly involved in Trie's misdeeds").

\textsuperscript{489} On June 20, 1997, Chairman Burton alleged that there was a "massive scheme . . . of funneling millions of dollars in foreign money into the U.S. electoral system" that may have been perpetrated by "the Chinese Government at the highest levels." Chairman Burton, Congressional Record, H4097 (June 20, 1997). The Chairman had earlier suggested that Charlie Trie was part of a "cast of characters" who might have put "America's national security . . . in jeopardy by foreign money that may have found its way into the Democratic National Committee's campaign coffers." Chairman Burton, Congressional Record, H1913 (Apr. 29, 1997). The Senate Minority Report found no evidence that Mr. Trie might have been working for the Chinese government. See Senate Minority Report, 270 ("The evidence before the Committee does not establish that the government of the People's Republic of China provided money to Trie or directed Trie's actions").

\textsuperscript{490} Rep. Barr stated on a news program that "communist Chinese money was funneled into DNC coffers" through "Bank of China accounts in Macao through John Huang and David Wang." Transcript from CNN Crossfire (Dec. 3, 1997).

\textsuperscript{491} Senate Majority Report, 2525–27; Senate Minority Report, 5272–73, 5293–94.
ernment; it is equally, if not more, likely that these funds came from an individual account holder at the Bank of China. As Rep. Barrett stated at a Committee hearing: "It is wonderful to put the innuendo on the table that . . . money came from the Bank of China, but that doesn't mean that it is necessarily Chinese government money. But that is what these hearings are. They are innuendo after innuendo." 492

Although the Bank of China is owned by the Chinese government, the Bank's U.S. counsel explained: "The fact that a Chinese company is state-owned does not mean that it is state-run, and in the Bank's case, it has always strongly maintained its independent status and avoided political involvement, both in China and around the world." 493 The Bank has conducted business with major American corporations such as Visa International, Inc., Price Waterhouse, and Morgan Stanley. Moreover, "[m]ost U.S. firms with a presence in China routinely open an account with the Bank of China." 494 There is simply no reason to believe that an account at the Bank of China—even if the account is at the Beijing branch office—is substantially different from an account at Citibank or Chase Manhattan.

Manlin Fong, Mr. Trie's sister, was asked about the allegations that Mr. Trie was an agent of the Chinese government. She called the allegations "ridiculous." 495 She also explained that her brother would make a very unlikely spy: "Ninety percent of the time he left the house, he couldn't even find his key. He is not a spy material, I guarantee you." 496

**Majority Allegation:** Charlie Trie's political contributions were funded by the Lippo Group.

The Facts: Sometime in 1995 or early 1996, approximately two hundred $1,000 travelers checks ($200,000 in total) were purchased from Bank Central Asia (BCA) in Jakarta, Indonesia. 497 The checks appear to have been purchased by someone associated with Charlie Trie and were deposited in numerous persons' accounts during the spring of 1996; some of the checks may have been used for conduit contributions. 498 The majority has suggested that Charlie Trie and Antonio Pan may have received this money from the Lippo Group. 499
Like the wire transfers from the Bank of China, however, there is no evidence that these travelers checks came from the Lippo Group or the Indonesian government. Indeed, there is no evidence to this point that the checks were even paid for with foreign funds. Presumably, any individual could walk into a Bank Central Asia branch—whether or not the individual had an account at the bank—and purchase travelers checks.

**Majority Allegation:** Charlie Trie was appointed to the Bingaman Commission to reward him for his fundraising.

**The Facts:** In the case of Mr. Trie's appointment to the Bingaman Commission, the Committee uncovered no evidence of any illegal or unethical activity. Rather, the depositions of persons involved in the appointment process established that Mr. Trie's appointment occurred for the same reasons that numerous other persons are named to presidential commissions: Mr. Trie appeared to fit the qualifications that the Administration was seeking; Mr. Trie was known to persons close to President Clinton; and Mr. Trie had long supported the President.

In past administrations, many prominent supporters and contributors of the President were appointed to advisory committees. For instance, during the Bush administration, dozens of “Team 100” members—individuals who contributed at least $100,000 to the Republican National Committee—were appointed to commerce and trade panels. At least six Team 100 members served on the President's Export Council, which advised the President on trade matters. At least three others were appointed to the Advisory Committee for Trade and Policy Negotiations, which advised the United States Trade Representative.

To support its theory about Charlie Trie, the majority relies almost exclusively on notes from its interviews of Steve Clemons, a former aide to Senator Bingaman, who formulated the idea for the Commission. What the majority report fails to note, however, is that: (1) Mr. Clemons himself publicly repudiated the statements attributed to him by the majority; and (2) the statements that Mr. Clemons supposedly made during the majority's interviews are contradicted by more than ten witnesses who provided sworn testimony to this Committee.

All witnesses deposed by the Committee denied that the appointment was intended to reward Mr. Trie for his fundraising. The most important testimony on this matter came from Charles Duncan, associate director of the White House Office of Presidential Personnel (OPP), and Phyllis Jones, former assistant United States

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501 Id. These Team 100 members included: manufacturer Donald Bollinger; developer Max Fisher; investor Robert W. Johnson IV; financier Henry Travis; and corporate lawyer Gerald Parsky.
502 These Team 100 members included: Brown-Forman CEO W.L. Lyons Brown; developer Trammell Crow; and Goodyear Chairman Stan Gault.
503 After the majority's interview notes of Mr. Clemons were made public in February 1998, Mr. Clemons stated that “the notes have significant inaccuracies and misrepresentations about the important matters which were discussed.” Statement of Steven C. Clemons (Feb. 25, 1998). Because the minority was not invited to the interviews of Mr. Clemons, it cannot confirm the accuracy of the majority's notes. The majority's decision to make the notes public also violates the spirit of an agreement reached with the Senate in February. See Letter from Rep. Waxman to Speaker Gingrich (Feb. 27, 1998). At that time, the majority had sought to call Mr. Clemons as a hearing witness but was prevented from doing so by Senator Lott and Senator Daschle. Although Chairman Burton said he agreed with the Senate's decision, his staff subsequently released its interview notes of Mr. Clemons.
Trade Representative for intergovernmental affairs and public liaison, both of whom were involved in the selection of commissioners. Mr. Duncan and Ms. Jones testified that Administration officials wanted to form a group of qualified commissioners that were diverse in their viewpoints, ethnicities and party affiliation.\footnote{See, e.g., Deposition of Phyllis Jones, 21–22 (Feb. 11, 1998) (USTR always tried to form committees with members from diverse backgrounds, including ethnicity and business size).} Both testified that they had thought Mr. Trie was “qualified” for the position because he was both an Asian American and a small businessman who had experience in Asian trade.\footnote{Deposition of Charles Duncan, 90–91 (Aug. 29, 1997) (“I felt at that time Mr. Trie did have knowledge of trade barriers with Asian countries. . . . This 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”); Deposition of Phyllis Jones, 60 (“it was because he was a small business person and he was Asian American and that we needed some more Asian Americans on the committee, because in order to study about Asia you would think you would want to have some Asian Americans on there to help with that perspective”).}

This Committee also deposed three friends of the President with whom Mr. Duncan spoke about Mr. Trie’s appointment: Bob Nash (OPP director); Ernest Green (investment banker and prominent recommender of minority candidates to the Administration); and Lottie Shackleford (an Arkansas resident and DNC official). All three of these deponents testified that there was nothing unusual about Mr. Trie’s appointment.\footnote{Along with the other members of the “Little Rock Nine,” Mr. Green was awarded a congressional gold medal, pursuant to a bill approved by the full House on Oct. 9, 1998. The bill had 302 co-sponsors, including 11 majority members of this Committee.}

**Majority Allegation:** Democratic contributor and fundraiser Ernest Green (1) may have made a $50,000 contribution in February 1996 to assist Wang Jun, the head of a large Chinese conglomerate, in attending a White House coffee; (2) may have been reimbursed by Mr. Trie for this contribution; and (3) may have deposited this money into his bank accounts in a way to avoid filing currency transaction reports.

**The Facts:** Speculation is the sole basis for this allegation. The majority’s allegations about Mr. Green are unsubstantiated and appear calculated to impugn his reputation.

Mr. Green is a prominent figure in the civil rights community and a distinguished African American leader. As one of the “Little Rock Nine,” Mr. Green helped integrate Arkansas public schools in the 1950s.\footnote{See Deposition of Bob Nash, 91–92 (Sept. 4, 1997) (said he knew Mr. Trie was involved in the restaurant business, in international trade, and was “a very competent business person”); Deposition of Ernest Green, v.1, 127 (Dec. 17, 1997) (recalled recommending Mr. Trie to Mr. Duncan); Deposition of Lottie Shackleford, 51–53 (Apr. 14, 1998) (recalled saying something positive about Mr. Trie to Mr. Duncan).} In three days of sworn deposition testimony before both this Committee and the Senate, Mr. Green repeatedly denied the many allegations made in the majority report.\footnote{Speculation is the sole basis for this allegation. The majority’s suggestion that Mr. Trie reimbursed Mr. Green for his $50,000 contribution to the DNC in February 1996 has no

\footnote{Although the majority discounts Mr. Green’s testimony, it offers no concrete evidence to the contrary.}

The majority’s suggestion that Mr. Trie reimbursed Mr. Green for his $50,000 contribution to the DNC in February 1996 has no
The majority claims that Mr. Green made $38,000 in "mysterious cash deposits," on top of $11,500 he acknowledged receiving from Mr. Trie. Because this $49,500 closely approximates the $50,000 that Mr. Green contributed, the majority report jumps to the conclusion that the two are related.

In fact, the majority report overlooks several important facts. First, the $38,000 in cash deposits identified by the majority is based on the majority's arbitrary decision to analyze only deposits made between December 15, 1995, and February 28, 1996. When one examines Mr. Green's bank account statements beyond this two and a half month window, one sees a consistent pattern of Mr. Green making large cash deposits. The majority conveniently overlooks these deposits.

Second, Mr. Green is a prominent investment banker with Lehman Brothers and possesses ample assets to make his own campaign contributions. In 1995 alone, Mr. Green's bonus was $350,000. The majority also overlooks the fact that five days before Mr. Green made his $50,000 contribution, he received $114,961.70 from Lehman Brothers as the first installment of his 1995 bonus.

Finally, Mr. Green had a long history of contributing to political campaigns. In fact, Mr. Green was a political appointee in the Carter Administration, a managing trustee of the DNC, and a close friend of President Clinton. Mr. Green also began contributing to the Democratic party and Democratic candidates well before he ever met Mr. Trie in the Fall of 1994. According to FEC records, Mr. Green's history of making political contributions dates back to at least December 1979.

There is also no support for the allegation that Mr. Green structured cash deposits he made into his account in order to avoid filing currency transaction reports. Mr. Green denied this allegation during his deposition, and the majority report presents no concrete evidence to the contrary.

3. Allegations Relating to Johnny Chung

Johnny Chung, a Taiwanese-born American citizen, contributed $366,000 to the Democratic National Committee during the 1996 election cycle, directly and through his California-based company Automated Intelligent Systems Inc. (AISI), a California-based fax broadcasting company. In the mid-1990s, Mr. Chung actively began to expand his business interests to include ventures with business people from China and other Asian countries. Also in the mid-1990s, Mr. Chung began making political contributions, and he...
began bringing his actual and prospective business partners to political events. In March 1998, Mr. Chung pled guilty to illegally contributing about $28,000 to two Democratic political campaigns through his employees and their associates.

Majority Allegation: Johnny Chung made conduit contributions to the DNC.

The Facts: It is true that Mr. Chung broke the law on two occasions by using other persons as donors (or “conduits”) for his money. Through conduits, Mr. Chung donated about $20,000 to Clinton/Gore ’96 and about $8,000 to Senator Kerry’s campaign. However, it appears that the campaign committees that received these contributions had no knowledge that Mr. Chung was violating the law.

The Committee discovered no significant information about Mr. Chung’s conduit contributions that was not uncovered by the Department of Justice or by the press. On March 16, 1998, the Department of Justice filed a criminal information against Mr. Chung describing Mr. Chung’s conduit contributions to Clinton/Gore and Senator Kerry. Mr. Chung pled guilty to the charges. The key facts charged in the criminal information were as follows.

• Mr. Chung came to a September 21, 1995, Clinton/Gore event with approximately twenty guests. The next day, in order to pay for his guests, Mr. Chung caused $20,000 of his own money to be contributed to Clinton/Gore, disguised as $1,000 checks from twenty separate people.

• Mr. Chung instructed one of his employees, Irene Wu, to recruit conduit contributors by asking them to write individual checks for $1,000 from their own accounts. Mr. Chung then directed that cash be withdrawn from his own account, and he had Ms. Wu reimburse each of the conduit contributors with $1,000 in cash.

• Mr. Chung then directed Ms. Wu to deliver the conduit checks to Clinton/Gore representatives.

• Mr. Chung also made $8,000 in conduit contributions to Senator Kerry’s campaign through his company’s employees in September 1996.

Between March and August 1998—after Mr. Chung was charged by the Justice Department—the Committee deposed four people on the subject of the conduit contributions that Mr. Chung had been charged with and admitted. Two of these people—Kimberly Ray and Karen Sternfeld—were employees of the Clinton/Gore ’96 campaign at the time Mr. Chung made his conduit contributions. Two others—Irene Wu and Nancy Lee—were employees of Mr. Chung at this time. None of these witnesses added any significant information to the publicly reported accounts of what Mr. Chung did. The witnesses provided no evidence that Clinton/Gore

517 Criminal information filed against Johnny Chung (C.D. Cal. Mar. 16, 1998). This exhibit is attached to this report as Exhibit 10.
518 Id. at Count Three, para. 6–7.
519 Id. at Count Three, para. 7–9.
520 Id. at Count Three, para. 10.
521 Id. at Count Three, para. 1–8.
522 Deposition of Kimberly Ray (July 30, 1998); Deposition of Karen Sternfeld (Mar. 10, 1998).
523 Deposition of Irene Wu (July 28, 1998); Deposition of Nancy Lee (July 29, 1998).
'96 or the DNC knew that these contributions were illegal. They also knew nothing about the source of Mr. Chung's money.

Majority Allegation: Johnny Chung had “unusual access” to the Clinton administration.

The Facts: Mr. Chung made approximately 50 visits to the White House. This is a level of access that would surprise and disturb most Americans. From 1994–1996, Mr. Chung was able to visit officials at the White House, the Department of Energy, the Department of Treasury, the Securities and Exchange Commission, and the Department of Education, as well as an official at the Federal Reserve Bank in New York. Mr. Chung aggressively sought such visits, and in one case was persistent enough to cause an official to hang up the phone on him.

There is, however, no evidence in the record suggesting that Mr. Chung received any government contracts or grants or asked for any changes in law or policy. Rather, Mr. Chung's visits to Administration offices were either photo opportunities or instances where Mr. Chung and guests received public information. As one witness testified, it appeared that "he was showing off for the guests that he brought."

Moreover, the record before the Committee establishes that Mr. Chung also had occasional access to high-ranking Republican officials. Photographs were presented to the Committee that showed Mr. Chung with Speaker Newt Gingrich, former Senator Bob Dole, New Jersey Governor Christine Whitman, California Governor Pete Wilson, Virginia Governor George Allen, and Illinois Governor Jim Edgar.

Majority Allegation: Johnny Chung used foreign money to make political contributions.

The Facts: As discussed above, Johnny Chung has pled guilty to making almost $30,000 in illegal conduit contributions. There is no evidence in the record to this point, however, linking these contributions to foreign sources.

Mr. Chung, who is an American citizen, also made over $300,000 in contributions to the DNC. These contributions were returned by the DNC in early 1997, before the Committee began to seriously investigate Mr. Chung. Mr. Chung's bank records show that on several occasions the funds used to cover these contributions were wired into his bank account from foreign banks. The evidence in the record to this point, however, does not establish that these were foreign funds. If Mr. Chung legitimately earned the money

524 Mr. Chung also appears to have arranged additional meetings at the Department of Commerce and with the U.S. Ambassador to China, which were not explored in detail in Committee depositions. A private citizen and Democratic activist helped Mr. Chung arrange these two meetings. See, e.g., Deposition of Lynn Cutler, 50–65, Exhibit 12 (Dec. 2, 1997).
525 Deposition of Corlis Moody, 83 (Dec. 5, 1997).
526 For example, Mr. Chung's half-hour meeting at the Securities and Exchange Commission was a routine one at which agency representatives provided information they routinely provide to the public in person and over the telephone. Deposition of Brian J. Lane, 18–19, 28–29 (Jan. 20, 1998).
527 Deposition of Sandra Rinck, 67 (Sept. 3, 1998).
528 House Committee on Government Reform and Oversight Hearings on Johnny Chung: His Unusual Access to the White House, His Political Donations, and Related Matters, 105th Cong., 1st Sess. 67–73 (Nov. 13, 14, 1997).
529 DNC press release (June 27, 1997); Senate Majority Report, 783.
530 Senate Majority Report, 786.
Majority Allegation: Johnny Chung received money from Chao-Ying Liu, the daughter of a retired Chinese general, that was intended for political contributions.

The Facts: This allegation comes from press reports stating that in the course of cooperating with the Department of Justice prior to sentencing, Mr. Chung told the Justice Department that Ms. Liu gave him $300,000 for campaign contributions. The Committee has obtained no evidence to this point confirming Mr. Chung’s assertions. To the contrary, when Mr. Chung and his attorney met with Committee members in November 1997, Mr. Chung provided an account of his activities that differs significantly from what he reportedly told the Department. Unfortunately, a confidentiality agreement that Mr. Chung has refused to waive prevents Committee members from discussing what Mr. Chung and his attorney told them in November 1997.

The credibility of Mr. Chung’s allegations should also be viewed in the context of his August 1997 claim that former Energy Secretary Hazel O’Leary conditioned a meeting with Mr. Chung on his willingness to make a $25,000 contribution to one of her favorite charities. As discussed in Part II.H, subsequent investigations by the Attorney General and this Committee revealed that Mr. Chung’s claim was erroneous.

Majority Allegation: DNC officials knew or should have known that Mr. Chung’s contributions were suspect.

The Facts: Mr. Chung is an American citizen who ran a legitimate U.S. business. There was no reason for the DNC to be suspicious of the initial contributions he made in 1994. After Mr. Chung began to bring Chinese foreign nationals to DNC events, there were warning signals that the DNC should have recognized. For example, the DNC could have been more vigilant in examining the possible connection between Mr. Chung’s $50,000 contribution to the DNC in March 1995 and the foreign guests with whom he attended a presidential radio address that month. There is no evidence in the record, however, indicating that the DNC affirmatively encouraged Mr. Chung to violate any federal campaign laws—or even had knowledge that he was violating these laws.

Majority Allegation: Johnny Chung may have committed immigration fraud.

The Facts: The majority report alleges that Mr. Chung may have defrauded the federal government with respect to immigration matters. The deposition testimony of Mr. Chung’s assistant Irene Wu does provide limited support for this allegation. Ms. Wu testified that Mr. Chung set up the companies for three reasons: to make it easier for his Chinese partners to visit the U.S., to better enable them to eventually get residency, and to explore business opportu-
nities. There is, however, no evidence that any of Mr. Chung’s partners actually became U.S. citizens or permanent residents. Moreover, any sort of fraud on the INS, even if established, would appear to have no significant relationship to the Committee’s campaign finance investigation. In fact, if Mr. Chung formed companies with Chinese nationals to help them with visas and eventual U.S. residence, that may explain why Mr. Chung had contact with and received money from these Chinese citizens.

4. Allegations Relating to Ted Sioeng

Ted Sioeng (also known as Sioeng San Wong) was a central figure in the campaign fundraising investigation because of his close ties to the Chinese government and the substantial contributions made by his family and businesses to the Democratic National Committee (DNC), the Republican-affiliated National Policy Forum (“NPF”) and California Treasurer Matt Fong, who is also the Republican Senatorial nominee in California. Mr. Sioeng’s relationship with Matt Fong and the NPF is dealt with in Part IV.B.4.

Majority Allegation: Ted Sioeng worked, and perhaps still works, on behalf of the Chinese government.

The Facts: According to press accounts, U.S. intelligence agencies have developed “credible” information that Mr. Sioeng “acted on behalf of China to influence U.S. elections with campaign contributions.”

According to one account: “The FBI suspects the Chinese may have used Sioeng as a ‘cutout’—a front man to make illegal contributions appear legitimate: the Feds traced the [Matt] Fong money from Chinese sources into Sioeng-controlled businesses.”

Federal investigators have also “focus[ed] intensively on Sioeng’s cigarette business and whether it might have been used as a conduit for Chinese government funds to U.S. political campaigns.” These press stories note, however, that there is “no information showing Sioeng, his family or companies received any benefit from political parties or officials as a result of their donations.”

While the record before the Committee does not refute these press reports, the record to this point also does not support the assertion that such close ties exist between Mr. Sioeng and the Chinese government. Similarly, the evidence uncovered by this Committee does not support the majority’s assertion that Ted Sioeng “worked, and perhaps still works, on behalf of the Chinese government.” During the course of its investigation into Ted Sioeng, the majority deposed 13 witnesses familiar with Mr. Sioeng’s business and political activities. None of the 12 witnesses whose depositions have been made public provided testimony that supports the allegations that Mr. Sioeng is an agent of the Chinese government.

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534 Deposition of Irene Wu, 220.
535 Senate Panel is Briefed on China Probe Figure; Officials Say Evidence May Link L.A. Businessman to Election Plan, Washington Post (Sept. 12, 1997). Through his attorneys, Mr. Sioeng has adamantly denied these allegations. See Attorney Statement on Behalf of Jessica Elnitiarta and Ted Sioeng (May 23, 1997) (“Mr. Sioeng is not, and has not been, a political agent of the Chinese or any other government”).
536 The FBI Zeros in on Exactly How China Secretly Funneled Money into American Politics, Newsweek (May 19, 1997).
537 Senate Panel is Briefed on China Probe Figure, Washington Post (Sept. 12, 1997).
538 Id.
539 The thirteenth witness is Kent La, a business associate of Mr. Sioeng. The Department of Justice has objected to releasing his deposition transcript.
Most of the witnesses deposed by the Committee had little relevant information about Mr. Sioeng or his business or political activities. To the extent that these witnesses had first-hand knowledge of Mr. Sioeng’s activities, they testified as follows:

- No witness had any knowledge as to whether Mr. Sioeng or any member of his family was an agent of the Chinese government or was acting at the direction of the Chinese government.
- No witness had any knowledge about Mr. Sioeng engaging, either directly or indirectly, in political lobbying efforts in the U.S. on behalf of the Chinese or any other government.
- No witness had any knowledge about the Chinese government trying to funnel money into the U.S. through any of Mr. Sioeng’s companies.
- Several witnesses testified that Mr. Sioeng’s desire to cultivate good relations with local Chinese government officials was driven by economic, and not political, reasons. No witness thought that Mr. Sioeng’s connections to the Chinese government were unusual for a businessman with substantial business interests in China.
- No witness questioned the legitimacy of Mr. Sioeng’s businesses.

Although Mr. Sioeng appears to have some relationships with Chinese government officials, the testimony suggests that these connections are at the local and provincial level, rather than at the national level. For instance, Johnny Ma, a sometime-business associate of Mr. Sioeng’s, testified that Mr. Sioeng was an “honorary” advisor to two provinces but that such a connection was not unusual for an entrepreneur doing business in China. As Mr. Ma explained, “[w]hoever has business there, almost everyone has some relationship with the government.”

Several witnesses contradicted the majority’s allegation that Mr. Sioeng acted as an agent of the Chinese government. Cary Ching, the president of Grand National Bank, testified: “[I]t’s kind of unthinkable for me personally to think [Sioeng] would act in the ca-

540 See, e.g., Deposition of Cary Ching, 116 (Feb. 11, 1998); Deposition of Lily Wong, 44 (Feb. 11, 1998) (Wong said she would be “surprised to learn” that Mr. Sioeng worked for the Chinese government because “[h]e’s a businessman and he’s independently wealthy”); Deposition of Daniel Wong, 127–35 (Mar. 12, 1998); Deposition of Robert Prins, 93 (Jan. 27, 1998) (“Q: Do you have any reason to believe whatsoever that Mr. Sioeng is an agent of the Chinese government or any other government? A: No, I would have no reason”); Deposition of Haddi Kurniawan, 85 (Apr. 14, 1998); Deposition of Boa Bang Hunyh, 49 (Apr. 15, 1998); Deposition of Gary Locke, 65 (July 7, 1998).

541 See, e.g., Deposition of Daniel Wong, 140 (Mar. 12, 1998); Deposition of Robert Prins, 96–97 (Jan. 27, 1998) (“I don’t think Ted is that political. . . . I think Ted was looking out for how could he perhaps buy a future favor from [two Cambodian politicians], not from us”).


543 See, e.g., Deposition of Daniel Wong, 126 (Mar. 12, 1998); Deposition of Robert Prins, 94 (Jan. 27, 1998) (“Q: Do you find Mr. Sioeng’s support of the Beijing government unusual for a businessman who has substantial business interests in China? A: Not really”).

544 See, e.g., Deposition of Robert Prins, 93–94 (Jan. 27, 1998).

545 Deposition of Johnny Ma, 71–72 (Feb. 12, 1998). Mr. Ma also testified that he thought Mr. Sioeng had a connection with the national government in Beijing because Mr. Sioeng “quite often traveled to Beijing” and “[o]therwise why would he travel to Beijing?” Id. at 87–88. Even assuming that only people with government connections travel to Beijing—a highly questionable assumption—Mr. Ma later conceded that he had no first-hand knowledge of Mr. Sioeng’s relationship with the national government. Id., 104 (“Q: Do you have any firsthand knowledge . . . of his connection to the Beijing government? . . . A: No, I do not”).

546 Deposition of Johnny Ma, 72–73 (Feb. 12, 1998); see also Letter from N.T. Wang (senior research scholar at Columbia Univ.) to Rep. Waxman, Nov. 10, 1997 (“Since China is still in a transitional period, communication with Chinese government officials is a routine business matter and is totally unrelated to a business person’s ideological or political inclination”). This document and other documents related to Ted Sioeng are attached to this report as Exhibit 11.
capacity of an agent. . . . I would be very surprised for people as outspoken as Mr. Sioeng would serve best in the capacity of a secret agent.” Glenville Stuart, a business associate, called these allegations “ridiculous” and “preposterous” and stated that “knowing [Sioeng], he would be a very poor agent.” Daniel Wong, the former mayor of Cerritos, CA, was adamant in his belief that Mr. Sioeng was not a Chinese agent:

Ted Sioeng doesn’t campaign. He’s not doing any political thing. He doesn’t even speak English well enough to influence any senator or congressman. . . . That means that he was not working for the Chinese government as an agent, as a spy, like 007, to get the documents or important stuff.

If anything, he was lobbying China for his own good.

Similarly, Johnny Ma testified: “I don’t think that Chinese Government would hire him as a spy or person like him because that would seem to be—Chinese Government would be quite stupid to hire him . . . [b]ecause, from my knowledge, it seem to me Mr. Sioeng’s intention was to try to make money off from Chinese Government, try to make money from China.”

There also was no evidence to support the majority’s allegations that Mr. Sioeng organized charitable activities in the Los Angeles Asian American community at the behest of the Chinese consulate in Los Angeles. None of the witnesses deposed was able to provide first-hand testimony on this connection. However, several witnesses thought that Mr. Sioeng’s activities were not unusual for a businessman trying to cultivate business contacts in China. According to Daniel Wong, Mr. Sioeng, like other Chinese entrepreneurs, was motivated to undertake such charity efforts for economic reasons: “He was doing that so he gain his influence in these smaller or poorer state or provinces so they can get his business deal.” Johnny Ma expressed a similar opinion: “Everybody wants to have some kind of relationship with the consulate so that they can go into China and to do business in China.”

If indeed Mr. Sioeng does work for the Chinese government, the only high-level U.S. government official with whom he had a substantive policy discussion was Speaker Gingrich. As the majority report notes, Mr. Sioeng and the Speaker “talked generally about the relationship between the United States and the PRC” at a July 1996 meeting. In contrast, there is no evidence that Mr. Sioeng had any comparable discussions with either President Clinton or Vice President Gore at any of the DNC functions that Mr. Sioeng attended.

Majority Allegation: Contributions made to the DNC by Ted Sioeng’s family and businesses are illegal because they were either funded from foreign sources or directed by Mr. Sioeng.

The Facts: In making these allegations, the majority is clearly applying a double standard. The majority asserts that the Sioeng-related contributions to the DNC are illegal and should be re-

549 Deposition of Johnny Ma, 79 (Feb. 12, 1998).
551 Deposition of Johnny Ma, 94 (Feb. 12, 1998).
552 Majority Report Chapter IV, Part D.
turned, but that the Sioeng-related contributions to the National Policy Forum, a subsidiary of the RNC, are lawful and need not be returned. In fact, the only Sioeng-related contribution that clearly came from a foreign source is the $50,000 contribution that Mr. Sioeng personally gave to Matt Fong, when Mr. Fong was seeking to retire his campaign debt from his 1994 race to become California state treasurer. Mr. Sioeng’s contributions to Republicans are discussed in detail in Part IV.B.4 of the minority report.

The Sioeng-related contributions to the DNC were made by: (1) Mr. Sioeng’s daughter Jessica Elniitiarta, who is a legal resident and allowed to make campaign contributions; and (2) the family’s U.S. companies, Panda Estates and Panda Industries, which are allowed to make soft money contributions. These contributions totaled $250,000. There is no evidence in the record that demonstrates that any of these contributions were illegal.

The Sioeng family enterprise has sizeable assets in the U.S., including several companies and a large hotel in Hollywood. These companies and real estate holdings appear to generate more than enough income in the U.S. to support the $150,000 in contributions made by Panda Industries and Panda Estates to the DNC in July 1996. Ms. Elniitiarta also apparently has substantial personal assets to support her $100,000 contribution to the DNC in February 1996. Indeed, one witness, Daniel Wong, testified he had no doubt that Ms. Elniitiarta and the companies made the political contributions with their own funds. The majority speculates that money was transferred from overseas accounts into the Sioeng family’s U.S. accounts for the purpose of making political contributions. These allegations, however, appear to be based on pure conjecture.

There is also no evidence to support the allegation that political contributions made by Ms. Elniitiarta or the family’s companies were in fact directed by Mr. Sioeng. None of the depositions provided any evidence to support the allegation that Mr. Sioeng was directing the political contributions of either his daughter or the companies. To the contrary, according to the deponents, Ms. Elniitiarta, while only in her early thirties, is a competent businesswoman who ably handles the family businesses, including Panda Estates and Panda Industries. She is responsible for the day-to-

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553 Robert Prins testified that four of Mr. Sioeng’s five children are involved in the family’s business, with each child handling operations in a different country. Deposition of Robert Prins, 96 (Jan. 27, 1998).
554 According to one witness, Daniel Wong, Mr. Sioeng claimed to have $3 billion in assets in 1992. Deposition of Daniel Wong, 46 (Mar. 12, 1998). Although that claim is probably an exaggeration, it is clear that Mr. Sioeng and his family have substantial assets.
555 In 1994, Jessica Elniitiarta stated in a loan document that she had a net worth of $8.3 million, with an annual income of $200,000. Personal Financial Statement of Jessica Elniitiarta (July 26, 1994); see also Letter from Judah Best to Richard D. Bennett (Mar. 24, 1998) (“Additional inquiry has shown that both Ms. Elniitiarta and Panda Estates Investments Inc. have substantial assets in the United States.”), Attorney Statement on Behalf of Jessica Elniitiarta and Ted Sioeng (May 23, 1997) (“All of [Elniitiarta’s] contributions have been lawful and properly documented.”), Deposition of Glenville Stuart, 120 (Feb. 18, 1998) (testified that he thought the Metropolitan Hotel, which is owned by the Sioeng family, was “profitable”).
557 Deposition of Matt Fong, v. 1, 62 (Mar. 2, 1998) (Sioeng “was very proud that his children were independent business owners and partners of his and they were operating their own enterprises; that Jessica ran a hotel . . . .”), Deposition of Cary Ching, 118 (Feb. 11, 1998) (Jessica operates “pretty independently” of father); Deposition of Lily Wong, 77 (Feb. 11, 1998) (Jessica is in charge of Panda Estates); Deposition of Daniel Wong, 80 (Mar. 12, 1998) (“Q: It was your impression that [Jessica] was in charge of Ted Sioeng’s business here in the U.S.? A: Yes, and his son.”), Deposition of Johnny Ma, 76 (Feb. 12, 1998) (“Q: Do you know who runs his busi-
day decisions of the family’s American operations and has been known to overrule her father. One business associate Glenville Stuart stated: “Jessica is like the big boss. She runs everything I’m sure.”\textsuperscript{558} According to Robert Prins, the president of Iowa Wesleyan College, Ms. Elnitiarta controls the family’s “California West Coast responsibilities” and is involved in all of the family’s business decisions.\textsuperscript{559} Ms. Elnitiarta’s control over the companies has apparently increased in recent years.\textsuperscript{560} Glenville Stuart similarly testified that Ms. Elnitiarta has “veto power” over her father’s decisions.\textsuperscript{562} In sum, based on the depositions conducted by this Committee, there appears to be no support for the majority’s suggestion that Ms. Elnitiarta made political contributions at her father’s directions.

E. EVALUATION OF CHAPTER V OF THE MAJORITY REPORT

Chapter V of the majority’s report alleges that the Department of Justice and the Federal Election Commission failed to vigorously pursue campaign finance violations. The facts, however, show that the Department of Justice’s Campaign Finance Task Force has actively investigated and prosecuted campaign finance violations. Similarly, given its limited resources, the FEC has also done its best to enforce federal election laws.

The Justice Department Task Force, organized in late 1996, is comprised of over 120 staff including over 20 attorneys and 45 FBI agents.\textsuperscript{563} At the December 9, 1997, Committee meeting, Attorney General Reno described the Task Force’s accomplishments to date: “More than 1 million pages of documents have been obtained, hundreds of interviews have been conducted, and agents have been dispatched across the country and around the world to track down leads.”\textsuperscript{564} As of October 1, 1998, the Task Force obtained six guilty pleas\textsuperscript{565} and had indicted seven others in connection with its investigation.\textsuperscript{566}

The FEC has had between 200 and 400 enforcement cases pending at any given time over the last five years. Its compliance budget from Congress, however, was only $10.5 million for fiscal year 1998 and its enforcement staff was limited to 24 staff attorneys, 5 assistant general counsels, 12 paralegals, and 2 investigators.\textsuperscript{567}
This has forced the FEC to dismiss or take no action on 77% of all the cases it received over the past three years. The recent efforts of Congress to hamstring the FEC are discussed in more detail in Part V of this report.

The majority’s allegations of malfeasance at the Department of Justice and the FEC do not concern the 1996 election campaign. Rather, they arise from activities in the 1994 and 1992 election campaigns. This retreat in time caused Rep. Waxman to observe, “it seemed to me, that what we were supposed to be investigating are abuses from the 1996 election. . . . At this rate, Mr. Chairman, it will probably be some time in June, I expect, that we’ll be focusing on the 1960 election, and I suppose the topic will be whether President Kennedy stole that election.”

1. Allegations Relating to Jorge Castro Barredo and Charles Intriago

Majority Allegation: Jorge Castro made foreign conduit contributions to the DNC in the 1992 campaign.

The Facts: On April 30, 1998, the Committee held a hearing entitled, “Venezuelan Money and the Presidential Election.” At the hearing, the Committee heard evidence that in 1992, two U.S. citizens acted as conduits for $50,000 in campaign contributions from a Venezuelan company. The Committee’s first witness, Jorge Castro, testified that he and his aunt, Maria Sire Castro, each contributed $20,000 to the Democratic National Committee and $5,000 to two separate state Democratic parties in 1992. Mr. Castro and Ms. Sire Castro are both U.S. citizens. Mr. Castro further testified that he and Ms. Sire Castro were reimbursed for their contributions through Mr. Castro Llanes’s Venezuelan company. Thus, it appears that conduit contributions were made during the 1992 Presidential campaign.

Majority Allegation: Charles Intriago, the attorney who solicited the contributions from Mr. Castro, knew that the contributors would be reimbursed from foreign funds.

The Facts: Charles Intriago, a Miami attorney, former congressional staffer, and assistant U.S. attorney, has acknowledged that he solicited the contributions from Mr. Castro, but maintains that he did not know that the contributions were going to be reimbursed.
from foreign funds. According to his attorney, “Charles Intriago . . . solicited contributions from a number of well-off American citizens with whom he was acquainted, and who he believed had the personal financial capability to make such contributions.”

There is evidence in the record that supports Mr. Intriago’s position. At the hearing, Mr. Castro acknowledged that the conduit scheme was designed to make the contributions appear legal. According to the hearing testimony:

Mr. WAXMAN. Well, it would appear to the Democratic party, to President Clinton, the Clinton-Gore campaign, or anybody who got your money that you are a U.S. citizen writing a check to the Democratic party.

Mr. CASTRO. That is correct.

Mr. WAXMAN. On the surface, to them, it would appear to be legal.

Mr. CASTRO. That is correct.

Furthermore, by his own admission, Mr. Castro had the financial resources to make the contributions. In other words, no one would have any reason to suspect that the contributions came from a foreign source.

The majority’s “evidence” that Mr. Intriago knew that the contributions were illegal was limited to the testimony of Mr. Castro and a fax from Mr. Intriago found by Mr. Dawson in Mr. Castro’s office “instructing Castro Barredo to make conduit contributions.” This characterization of the fax, however, is factually inaccurate. The fax only specified the names of campaign committees and amounts of money to be contributed to each; it did not refer in any way to Mr. Castro being reimbursed through his grandfather’s company. In fact, Mr. Castro testified that he asked Mr. Intriago to send the fax with the exact instructions on where Mr. Castro should direct his contributions.

The most persuasive evidence implicating Mr. Intriago is Mr. Castro’s testimony. Mr. Castro, however, is not necessarily a credible witness. In February 1997, Mr. Castro, his grandfather, and his uncle were convicted of bank fraud and larceny which cheated depositors out of approximately $55 million. Mr. Castro had used the bank’s assets to purchase sports cars, an airplane, a yacht, and other luxuries. At the trial, Assistant District Attorney Preiss described Mr. Castro as someone “who thought [he] could fool other people.” Moreover, Mr. Castro’s motives could be suspect because he did not “volunteer” information about the conduit contributions until after his conviction. Mr. Castro brought up the contributions at a debriefing with prosecutors at which he attempted to show that he wanted to cooperate with prosecutors. In return, at his sentencing on December 15, 1997, Assistant District Attor-

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573 Majority counsel Richard Bennett asked Mr. Castro: “In terms of your own personal financial situation in 1992, were you in a financial position to make contributions totaling $25,000 in September 1992?” Mr. Castro replied, “I was.” Id. at 12.
574 Majority Report, Chapter V, Part A, Section III.
ney Dawson told that court that Mr. Castro had provided the prosecuting attorneys with useful information. This led the judge to give Mr. Castro a reduced sentence of only 3½ years in prison instead of the possible maximum sentence of 40 years. Mr. Castro also testified that he was appearing at the Committee’s hearing because the majority promised to write a letter on Mr. Castro’s behalf to the New York State Department of Correctional Services in an effort to get Mr. Castro into a work release program. Mr. Castro testified at the hearing as follows:

Mr. BARRETT. The reason you are here today is you want to get out of jail, isn’t it?
Mr. CASTRO. The reason I’m here today is?
Mr. BARRETT. You want to get out of jail.
Mr. CASTRO. Correct.
Mr. BARRETT. There’s really no other reason other than that.
Mr. CASTRO. Go down deep, that’s the reason. 576

Majority Allegation: The Castro family received “red carpet treatment” from the Clinton Administration.

The Facts: According to the majority report, Orlando Castro Llanes “received red carpet treatment from the Clinton Administration over the coming year,” including attending President Clinton’s inauguration in 1993, a White House reception for DNC donors, and a meeting with the State Department regarding Mr. Castro Llanes’ business interests. 577

The evidence, however, does not support the accusation that Mr. Castro Llanes received any special treatment from the Clinton administration as a result of his grandson’s campaign contributions. In fact, Mr. Castro testified that the Castro family did not receive any special treatment at the inauguration. When asked by majority counsel if he and his family attended one of the inaugural balls, Mr. Castro replied, “Not the inaugural ball. It was the big—the small gathering in front of the Capitol Hill with about 3 million other people.” 578

Similarly, it appears that Mr. Castro Llanes’s visit to the White House was limited to a large reception attended by hundreds of people. 579 The State Department meeting also appears to be nothing more than a courtesy meeting arranged through Mr. Intriago’s connections. 580 There is no evidence that the meeting was related to the Castro contributions or that the State Department took any action in response to that meeting.

Majority Allegation: The Justice Department ignored the evidence of the illegal conduit contribution scheme involving Mr. Castro.

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576 House Committee on Government Reform and Oversight Hearing on Venezuelan Money and the Presidential Election, 105th Cong. 2d Sess., 52 (Apr. 30, 1998). See also Letter from Chairman Burton to Commissioner Glenn S. Goord (New York State Department of Correctional Services) (May 1, 1998).
577 Majority Report, Ch. V, Part A, Section II (A). The report also alleges that Mr. Castro Llanes was “seeking to have Intriago appointed U.S. ambassador to Venezuela.” Majority Report, Ch. V, Part A, Section I(A). There was no evidence presented to show that Mr. Intriago either sought, or was considered for, this position.
578 Id. at 31.
579 Id.
580 Id. at 31.
The Facts: The facts show that the Justice Department did investigate the evidence gathered by the Manhattan District Attorney and, at the time of the Committee hearing, the Justice Department’s investigation had not been closed.

In May 1997, an assistant U.S. attorney and agents from the FBI and the IRS met with Mr. Preiss and Mr. Dawson from the Manhattan District Attorney’s office in New York. That summer, the case was transferred to the Justice Department Task Force and assigned to another attorney, who also met with Mr. Preiss and Mr. Dawson about the case. More recently, the Justice Department sent FBI agents to interview Mr. Intriago and his former assistant, Wendy Brown, and interviewed members of the Castro family.581

The majority’s allegations are based on a letter from the Justice Department to the Manhattan District Attorney which said that the Justice Department “had concluded that there is at this time no further role for [Mr. Castro] to play in matters under investigation by the Task Force.”582 The letter was a response to a call from Mr. Preiss to the Justice Department asking if the Justice Department wanted the Manhattan District Attorney to request the trial judge to delay Mr. Castro’s sentencing and was not indicative of the Justice Department’s interest in pursuing the case. In fact, according to the Justice Department, the case is still under investigation. It is not unusual for the Justice Department to take considerable time to build a strong case or to decide that the evidence against certain individuals is insufficient. For example, there was evidence that Charlie Trie had made illegal contributions during the 1996 campaign as early as October 1996, yet Mr. Trie was not indicted until January 28, 1998—15 months after the allegations surfaced.

Regrettably, Chairman Burton never gave the Justice Department an opportunity to respond to his accusations and clarify the record. When asked at the hearing why the Justice Department was not invited to testify, Chairman Burton assured the Committee that the Justice Department would be invited to a subsequent hearing.583 The Justice Department, however, was never given an opportunity to respond to these accusations.

Majority Allegation: The contributions were made from “drug money” and Jorge Castro was in danger of physical harm for his testimony.

The Facts: Chairman Burton made additional unsubstantiated allegations the night before the April 30, 1998, hearing on CNN’s Larry King Live. On that program, Chairman Burton stated, “Tomorrow we’re going to have a hearing. We’re bringing in a fellow who laundered $50,000 from Venezuela. We think part of it might have been drug money. Mr. Morgenthau, the district attorney in New York—a Democrat—referred some of this information to us. We finally got this fellow in a safe prison so he wouldn’t be stabbed or hurt when he testified.”584

581 Minority staff phone interview of Robert Plotkin (April 1998).
582 Letter from Lee Radek (Justice Department public integrity section chief) to Robert Morgenthau (Manhattan district attorney) (Oct. 17, 1997).
584 Chairman Burton, CNN’s Larry King Live (Apr. 29, 1998).
These accusations were discredited at the hearing. When asked about the accusation that the contributions may have come from drug money, Mr. Preiss, the assistant Manhattan district attorney, testified that “there was nothing at all that was related to that.”

Similarly, Mr. Preiss testified that Mr. Castro never expressed any concerns about his safety other than general concerns about being a cooperating witness while in prison. In fact, when Mr. Castro was asked if someone had attempted to stab him while in prison, he replied, “That’s incorrect.”

2. Allegations Relating to Thomas Kramer and Howard Glicken

Howard Glicken is a Democratic fundraiser from Florida. Mr. Glicken was investigated by the FEC for his role in soliciting illegal foreign campaign contributions from German national Thomas Kramer. Ultimately, the FEC decided not to pursue any action against Mr. Glicken, primarily because of a lack of resources and the fact that the statute of limitations was about to expire on his violations. The Department of Justice campaign finance task force obtained a guilty plea from Mr. Glicken in July 1998.

**Majority Allegation:** The FEC decided not to proceed against Mr. Glicken because of his ties to the Vice President.

**The Facts:** The overwhelming weight of the evidence produced at a Committee hearing on March 31, 1998, indicated that the FEC’s decision not to proceed against Mr. Glicken was not the result of improper political influence. In fact, FEC General Counsel Larry Noble testified that the decision not to proceed against Mr. Glicken was approved by a unanimous vote of the Commission’s Republican and Democratic commissioners.

In this case, the FEC had already obtained major fines against the contributors (Mr. Kramer and his secretary, Terri Bradley), the only recipient of the illegal contributions that refused to return the improper funds (the Republican party of Florida), and the law firm that represented Mr. Kramer in immigration matters (Greenberg, Traurig, et al.). Mr. Noble testified that, faced with a large caseload and few resources to handle that caseload, he decided to recommend that the FEC not pursue any of the solicitors of Mr. Kramer’s contributions to both Democrats and Republicans:

If you look at the file on this case, we did not search out any of the other solicitors. There were a lot of contributions made here. We can assume that there were a lot of solicitors, both on the Democratic and the Republican side, who solicited contributions from Mr. Kramer. We don’t have the resources to go after every one of those. We had to make a decision early on in the case of what we were going to do, and you have to take it at the time of that case of what we were dealing with. In terms of just resources, we were averaging 319 cases in any given month

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587 Id. at 74.
588 Id. at 81.
589 Id.
from that year . . . of which we activated only about a third.\textsuperscript{590}

According to Mr. Noble, part of the reason resources were not available to pursue Mr. Glicken was the Commission’s determination to address allegations of wrongdoing in the 1996 election cycle:

When we discuss how to proceed on these cases, we’re aware that we can only handle a very limited amount—a very limited number of investigations, and, frankly, at the time this came up last summer, we knew that we are already dealing with large cases coming in from the 1996 election. Remember, these contributions are from 1993, 1994. We are trying to get out of the 1993, 1994 cycle and we have to look at where the resources are going to go.\textsuperscript{591}

Mr. Noble also explained why the Commission would be unable to complete its investigation into Mr. Glicken before the expiration of the statute of limitations:

If you look at the procedures in the statute that we have to follow, we have figured out that not counting any work the FEC does, we have to take approximately 120 to 130 days to get a case through. That’s not counting any investigation, any writing of reports. We know, as a practical matter, based on our experience, that it would take us a long time to get that case [the Glicken case] through, unless it was going to settle early.\textsuperscript{592}

Finally, Mr. Noble explained why reference had been made to Mr. Glicken’s relationship with the Vice President:

Mr. WAXMAN. Your statement said that this man was, “a prominent Democratic fundraiser including his potential fundraising involvement in support of Vice President Gore’s expected Presidential campaign, it is unclear that this individual would agree to settle this matter short of litigation.” Now that’s all one sentence, but do you think he’s not going to settle the litigation because he’s a friend of Gore’s?

Mr. NOBLE. Our experience has been that the more prominent somebody is, the higher the profile that he is, that they are going to fight you more.\textsuperscript{593}

No evidence was produced at the hearing calling into question Mr. Noble’s assurances that no improper factors had been taken into account in the decision not to proceed against Mr. Glicken.

Majority Allegation: The FEC was negligent in failing to refer the Glicken matter to the Department of Justice.

The Facts: Federal law prohibits the FEC from referring any matter to the Department of Justice without first conducting its own investigation. 2 U.S.C. § 437g (a)(5)(c) prohibits a referral to the Justice Department absent a “finding of probable cause” by the Commission. A “finding of probable cause” by the Commission can

\textsuperscript{590}Id. at 40.
\textsuperscript{591}Id. at 63–64.
\textsuperscript{592}Id. at 80.
\textsuperscript{593}Id. at 101–102.
only occur after a lengthy administrative procedure, including an investigation, mandated by the FEC's authorizing statute. As explained by the witnesses at the Committee's hearing into the matter, such an investigation could not have been completed before the statute of limitations had run.

During the Committee's hearing on March 31, 1998, Mr. Noble and Lois Lerner, associate general counsel at the FEC, testified as follows:

Mr. Burton. If it's a criminal activity involving campaign contributions of this type, it should have been referred to the Justice Department for action, and you didn't do it.

Ms. Lerner. We can't do it under the statute. We can only do what the statute allows us to.

Mr. Noble. Mr. Chairman, we would've violated our law had we referred Mr. Glicken over without finding probable cause to believe.

Mr. Burton. But the probable cause, you know——

Mr. Noble. It's a formal finding by the Commission. This is not just something we decide is probable cause. We have to put a case before the Commission and we have to put the evidence before the Commission and say there's probable cause. And they have to vote by four votes that there's probable cause.

F. EVALUATION OF CHAPTER VI OF THE MAJORITY REPORT

The minority's discussion of the controversy surrounding the Department of Interior's denial of the Hudson casino application is discussed in Part II.C of the minority report.

IV. A REVIEW OF QUESTIONABLE REPUBLICAN CAMPAIGN FINANCE PRACTICES

The majority report describes in detail allegations relating to conduit contributions to the Democratic Party, foreign contributions to the Democratic Party, Democratic contribution-for-access incidents, and other purported Democratic campaign finance improprieties. There is no question that the major political parties have exploited a campaign finance system riddled with loopholes. And there is no question that Democrats have received illegal campaign contributions.

Unfortunately, the majority report addresses only one side of the story. It fails to discuss the many serious allegations of questionable campaign finance practices by Republicans. This section of the minority report discusses several examples of Republican abuses: conduit contributions; foreign contributions; enhanced access derived from contributions; policy benefits that may be a result of campaign contributions; and other questionable campaign practices.

594 2 U.S.C. § 437g.
A. CONDUIT CONTRIBUTION SCHEMES AND REPUBLICAN CAMPAIGNS

Although the Committee’s investigation focused on conduit contributions to Democratic candidates and campaigns, one of the most serious allegations involving illegal conduit contributions in the 1996 campaign actually involves Republicans. In the case of the conduit contribution schemes involving Charlie Trie and Johnny Chung, there is little evidence that the candidates and parties receiving the contributions were aware of the conduit scheme. There is, however, specific and credible evidence that a senior Republican member of Congress, Majority Whip Tom DeLay, and a Republican congressional candidate, Brian Babin, knowingly participated in a scheme to funnel illegal conduit contributions to Mr. Babin’s campaign.

The allegations involving Mr. DeLay and Mr. Babin, as well as evidence of four other conduit contribution schemes involving Republicans, are discussed below.

1. The Prohibition on Conduit Contributions

The Federal Election Campaign Act (FECA) limits the amount that an individual can give to a candidate in any federal election to $1,000.\textsuperscript{596} To prohibit wealthy individuals from circumventing this limitation, FECA prohibits persons from contributing money through others:

\begin{quote}
No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person.\textsuperscript{597}
\end{quote}

FECA also states in pertinent part:

\begin{quote}
For purposes of the limitations imposed by this section, all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate. The intermediary or conduit shall report the original source and the intended recipient of such contribution to the Commission and to the intended recipient.\textsuperscript{598}
\end{quote}

Both Republicans and Democrats have violated the conduit contribution provisions of FECA. As Rep. Waxman noted, “Conduit payments are, of course, illegal; unfortunately, they’ve also become much too common.”\textsuperscript{599} In the fall of 1997, the Federal Election Commission was investigating 27 conduit payments involving 214 individuals. The FEC had also assessed fines in 21 other conduit contribution cases involving the 1992, 1994, and 1996 election cam-

\textsuperscript{596} 2 U.S.C. § 441a.
\textsuperscript{597} 2 U.S.C. § 441f.
\textsuperscript{598} 2 U.S.C. § 441a (a)(8).
\textsuperscript{599} House Committee on Government Reform and Oversight, Hearing on Conduit Payments to the Democratic National Committee, 105th Cong., 1st Sess., 12 (Oct. 9, 1997).
paings. The total fines assessed by the FEC against the 108 participants in the 21 completed cases was $335,000.600

2. Conduit Contribution Scheme Involving Majority Whip DeLay, Peter Cloeren, and Brian Babin

In the typical conduit contribution scheme, the organizers of the scheme and the participants know that it is occurring, but the candidate may be unaware that the contributions the campaign is receiving may be illegal. The Committee learned of only one instance where there is specific and credible evidence that the candidate knew that he was receiving illegal conduit contributions. This episode concerns Brian Babin, the Republican congressional candidate in the Second District of Texas in 1996, and Peter Cloeren, the organizer of the scheme who acknowledged his responsibility and was fined $200,000. Mr. Babin is also alleged to have enlisted Majority Whip Tom DeLay's help to facilitate Mr. Cloeren's illegal conduit scheme and to encourage the scheme's participants to continue to violate federal election laws.

The allegations concerning Rep. DeLay, Mr. Babin, and Mr. Cloeren were the focus of a front page story in the August 5, 1998, edition of The Hill.601 Citing a complaint filed with the FEC, The Hill reported that Rep. DeLay and his staff had advised Mr. Cloeren on ways to funnel illegal campaign contributions to Mr. Babin's campaign through "additional vehicles."602 These additional vehicles allegedly included Triad Management Services, Inc., an organization that has previously been accused of illegally earmarking contributions to Republican candidates.603 According to The Hill article, Mr. Cloeren followed Rep. DeLay's advice and suggestions, and contributed monies to Triad, Triad-related entities, and other Republican candidates with the full knowledge that those entities would give the money Mr. Cloeren contributed to them to Mr. Babin's congressional campaign.604

On August 6, 1998, all the Democratic members of the Committee (with the exception of Rep. Jim Turner, who recused himself) wrote to Chairman Burton to request that Chairman Burton schedule hearings in September 1998 to investigate the allegations that Majority Whip DeLay, the third-ranking Republican in the House, may have advised Mr. Cloeren on how to funnel illegal conduit contributions to Mr. Babin's campaign and to investigate substantial evidence of improprieties relating to Triad.605

Chairman Burton did not schedule the hearing requested by the Democratic members. In fact, he did not even respond to the letter of August 6, 1998. As a result, the minority staff made its own attempt to investigate these serious allegations. According to press accounts, these allegations concerning Rep. DeLay are also currently the subject of an ongoing criminal investigation by the Department of Justice Campaign Finance Task Force.606

600 Id.
602 Id.
603 Id.
604 Id.
605 Id.
As part of its investigative efforts, the minority staff obtained an affidavit from Mr. Cloeren that provides considerable additional detail about his dealings with Mr. Babin, Rep. DeLay, and others. In this sworn affidavit, Mr. Cloeren states that in late 1995, Mr. Babin asked him to raise $50,000 to help finance Mr. Babin’s primary campaign in Orange County, Texas—a rural area consisting primarily of Democratic voters and blue-collar workers. Mr. Cloeren states that he told Mr. Babin that he could give Mr. Babin a corporate check. According to Mr. Cloeren, Mr. Babin responded that he did not care where the money came from as long as the money came from individuals, and that Mr. Cloeren should “work with loyal employees” to contribute money to the Babin campaign. Mr. Cloeren says that he agreed to do so and asked various employees and their families to contribute $1,000 to Mr. Babin with the understanding that Mr. Cloeren would reimburse them.

According to Mr. Cloeren’s affidavit, Mr. Babin asked Mr. Cloeren to find additional donors to fund Mr. Babin’s run-off and general election campaigns. Mr. Cloeren says he discussed the legality of the corporate reimbursement scheme with Mr. Babin, and Mr. Babin told him that “everyone” raised campaign money this way and that neither Mr. Cloeren nor Mr. Babin “would get caught.” Mr. Cloeren then raised $58,000 for Mr. Babin’s campaign through this conduit contribution scheme from his employees.

Mr. Cloeren states that Majority Whip Tom DeLay came to campaign for Mr. Babin in August 1996, and personally urged Mr. Cloeren to raise more money for Mr. Babin’s campaign. According to Mr. Cloeren’s affidavit, on August 29, 1996, following a Babin campaign event, Rep. DeLay sat next to Mr. Cloeren at a country club luncheon. Mr. Cloeren states that during the lunch, Rep. DeLay told Mr. Cloeren that Mr. Babin’s campaign needed additional money because Mr. Babin’s Democratic opponent (now Representative Jim Turner) was receiving money from “liberal interest groups” such as labor unions and trial lawyers. Mr. Cloeren says that he replied that he could not raise more money.

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607 Affidavit of Peter F. Cloeren, House Committee on Government Reform and Oversight (Aug. 6, 1998), para. 4–5 (hereafter “Cloeren Aff.”) (attached as Exhibit 6).
608 Id. at para. 6.
609 Id.
610 Id. at para. 6–9.
611 Id. at para. 8, 11, 13.
612 Id. at para. 12.
613 This amount was determined by examining the FEC’s List of Receipts and Expenditures for the Babin campaign. As part of his cooperation with the government, the government agreed to hold Mr. Cloeren responsible for $37,000 of the $58,000. Press accounts uniformly attribute this lower total as the amount of the illegal conduit contributions Mr. Cloeren funneled to the Babin campaign. See, e.g., Questions for Tom DeLay, The Hill (Aug. 12, 1998); Dems Call for Probe of Charge that GOP Laundered Funds, The Hill (Aug. 12, 1998); Phone Tapes Implicate Candidate, FEC Witness Says, Houston Chronicle, A37 (Aug. 7, 1998); Texas Donor: GOP Evaded Law—House Leader Among Those Said to Have Advised Exceeding Limits, The Hill (Aug. 5, 1998).
614 Cloeren Aff. at para. 17. At Mr. Babin’s request, Mr. Cloeren paid the $1,320 cost of Rep. DeLay’s transportation to and from the August 29, 1996, Babin campaign event. Mr. Cloeren paid for the travel with corporate monies which constituted an in-kind contribution to Mr. Babin’s campaign under Federal election law. Neither Mr. Babin nor Rep. DeLay reported this contribution on their respective FEC disclosure reports, which constitutes a separate violation of the campaign finance laws and regulations. Almost two years later, Mr. Babin wrote Mr. Cloeren to say that it “has come to [my campaign’s] attention” that Mr. Cloeren has paid for the air charter for Rep. DeLay and reimbursed Mr. Cloeren for the cost of Rep. DeLay’s travel. See id. at para. 14–15, and Exs. C, D.
615 Id. at para. 17.
for Mr. Babin because he, Cloeren, had “run out of vehicles.”  

According to Mr. Cloeren, Rep. DeLay responded specifically that “it would not be a problem” for Rep. DeLay “to find additional vehicles” for Mr. Cloeren since Rep. DeLay knew of some organizations and campaigns which could serve as these vehicles.  

Mr. Cloeren states in his affidavit that Rep. DeLay then turned to his campaign manager, Robert Mills, and stated that additional money could be funneled to Mr. Babin’s campaign through Triad and other congressional campaigns. Mr. Cloeren states that Rep. DeLay told Mr. Cloeren that his aide, Mr. Mills, would follow-up with Mr. Cloeren on the details.

Mr. Cloeren states that others present at this lunch also heard Rep. DeLay discuss with Mr. Cloeren and Mr. Mills how Mr. Cloeren could use “additional vehicles” to funnel even more money to Mr. Babin’s campaign. Minority staff investigators learned that two of Mr. Cloeren’s employees, Paul Peveto and Mike Lucia, were present at the lunch, and at least one of them told Mr. Cloeren that he heard the “vehicle” discussion between Rep. DeLay, Mr. Cloeren, and Mr. Mills.

Mr. Cloeren says that he received a call from Robert Mills the day after the August 1996 lunch to follow up on Rep. DeLay’s suggestions. According to Mr. Cloeren, Mr. Mills gave Mr. Cloeren the names of two campaigns to which he could contribute. Mr. Cloeren states that Mr. Mills told Mr. Cloeren that these campaigns, in turn, would make matching donations to Mr. Babin’s campaign.  

Mr. Cloeren states that the two campaigns Mr. Mills identified for Mr. Cloeren were those of Senator Strom Thurmond and Stephen Gill, a candidate for Congress in Tennessee.

FEC records substantiate Mr. Cloeren’s statements. They show that on September 30, 1996, Thurmond donor Gayle O. Averyt made a $1,000 contribution to the Babin campaign, and during October 1996, several Gill campaign donors with close links to Triad contributed $1,000 to the Babin campaign. Then, on November 1, 1996, Mr. Cloeren contributed $1,000 to the Gill campaign and on November 5, 1996, he contributed $1,000 to the Thurmond campaign.

According to Mr. Cloeren, Mr. Mills also told Mr. Cloeren in their telephone call following the August 1996 lunch meeting that an additional way Mr. Cloeren could get money to Mr. Babin’s campaign was to give money to certain groups who would then turn around...
and contribute matching donations to Mr. Babin's campaign. Mr. Cloeren says that Mr. Mills specifically told Mr. Cloeren that Mr. Mills knew of certain organizations which would agree to take any contribution Mr. Cloeren made and then earmark Mr. Cloeren's money for Mr. Babin's campaign.626

After his telephone conversation with Mr. Mills about how to give additional money to Mr. Babin's campaign without appearing to give money directly to Mr. Babin, Mr. Cloeren says that he received further telephone calls to pressure him to contribute money to groups that would agree to give Mr. Babin's campaign the identical amount that Mr. Cloeren donated to the groups. Mr. Cloeren states that he received these follow-up calls from Mr. Babin, Carolyn Malenick—who identified herself to Mr. Cloeren as the head of Triad Management Services, Inc.—and Walter Whetsell, a Babin campaign consultant.627

Mr. Cloeren recalls one phone call where Mr. Whetsell told him that a Triad affiliate, Citizens for Reform, had already made its "pre-arranged contributions" to Mr. Babin's campaign.628 Based on this phone call, Mr. Cloeren says that he and his wife each donated $10,000 to Citizens for Reform on November 1, 1996.629 According to his affidavit, the only reason that Mr. Cloeren made these contributions was to benefit the Babin campaign. Mr. Cloeren states that Mr. Babin, Carolyn Malenick, and Mr. Whetsell each told Mr. Cloeren that the entire $20,000 contribution Mr. Cloeren and his wife made to Citizens for Reform would go to help the Babin campaign. Mr. Cloeren also states that Triad President Carolyn Malenick specifically told him that his contributions to Citizens for Reform would be used exclusively to produce campaign commercials to help Mr. Babin's campaign, and that Mr. Babin's campaign knew that the monies Mr. Cloeren donated to Citizens for Reform would be used for this purpose.630

In search of even more "vehicles" to funnel money to his campaign, Mr. Babin personally solicited Mr. Cloeren for a $5,000 contribution to a PAC named Citizens United Political Victory Fund ("Citizens United"), according to Mr. Cloeren.632 Mr. Cloeren says that Mr. Babin told Mr. Cloeren that Citizens United would send $5,000 to Mr. Babin's campaign if Mr. Cloeren donated $5,000 to Citizens United.633 Mr. Cloeren says that he made a $5,000 donation to Citizens United on October 14, 1996, with the intent of benefiting Mr. Babin's campaign for Congress.634 FEC records show that Citizens United contributed $5,000 to Mr. Babin's campaign on the same day that Mr. Cloeren says that he made his $5,000 donation to Citizens United.635

According to Mr. Cloeren's affidavit, Mr. Babin, Ms. Malenick, and Mr. Whetsell all used the names Citizens for Reform, Citizens

626 Cloeren Aff. para. 21.
627 Id. at para. 22, 23, 25.
628 Id. at para. 23.
629 Id.
630 Id.
631 Id.
632 Id. at para. 24.
633 Id.
634 Id.
635 FEC Disclosure Reports of Brian Babin for Congress '96 and Citizens United Political Victory Fund.
United, and Triad interchangeably. Mr. Cloeren says that Ms. Malenick, Mr. Babin, and others led Mr. Cloeren to believe that Triad was the umbrella name for all these different groups. Mr. Cloeren states that Mr. Babin also told Mr. Cloeren that Triad and Citizens for Reform were the same entity, and that the various other non-campaign organizations which could send money to Mr. Babin that the two had discussed “all ran together.”

Mr. Cloeren says that he had never before made a financial contribution to a Congressional campaign and had virtually no knowledge of the campaign finance laws before becoming involved in the Babin campaign. Mr. Cloeren states in his affidavit:

I would not have participated in the conduit contributions scheme if Mr. Babin had not suggested it to me. I would not have given any of my money to the Triad entity Citizens for Reform, Citizens United, or to the campaigns of Senator Thurmond and Mr. Gill if I had not been told that these groups would effectively use every dollar I gave them for the Babin campaign.

Rep. DeLay, Mr. Babin, and others implicated by Mr. Cloeren have specifically denied these allegations. Because Chairman Burton has refused to investigate these issues, the members of the Committee are not in a position to evaluate all the facts. Nonetheless, it is clear that Mr. Cloeren’s allegations provide specific and credible evidence of wrongdoing by Rep. DeLay. A full and fair examination is needed to learn what Rep. DeLay and his staff knew about the role of Triad and other groups who violated federal election laws, and whether the Majority Whip and his staff counseled and facilitated others to evade the strictures of the election law.

3. Conduit Contribution Scheme Involving Thomas Stewart

Thomas J. Stewart, the Chief Executive Officer of the multi-billion dollar Services Group of America company organized and participated in another conduit scheme that benefitted Republicans. This multi-year scheme funneled $120,000 to ten Republican candidates between 1990 and 1996. Similar to the other conduit contribution schemes discussed in this section, the Stewart/Services Group conduit contribution scheme involved illegally reimbursing employees and their spouses and family members for contributions they made to candidates and to political action committees. Unlike the alleged conduit contribution scheme involving Rep. DeLay, Mr. Cloeren, and Mr. Babin, however, there is no evidence that any of the candidates who received the illegal contributions knew that the monies they received were illegal conduit contributions.

636 Cloeren Aff., para. 25.
637 Id. at para. 25.
638 Id. at para. 25.
639 Id. at para. 1–2.
640 Id. at para. 31.
642 Tycoon Fined $5 Million for Illegal GOP Gifts, Portland Oregonian (Mar. 18, 1998).
Mr. Stewart devised the illegal conduit contribution scheme with Dennis J. Specht, the Chief Financial Officer of Food Services of America (FSA). FSA is a subsidiary of the Services Group of America. Mr. Stewart and Mr. Specht arranged for FSA employees to receive bonuses with the understanding that this money would be contributed to specific candidates or to the company’s own political action committee, which would then itself direct the money to the candidates. Mr. Specht also served as treasurer of Service Group of America’s PAC. One FSA employee confirmed at a deposition that he had received a $1,000 bonus in 1990, but had been required to send that $1,000 to Service Group’s PAC.

Mr. Stewart, Mr. Specht, and FSA all pled guilty on March 18, 1998, to the criminal charges filed against them relating to this conduit contribution scheme. FSA pled guilty to 24 misdemeanor counts of federal election law violations, and was fined $4.8 million for its participation in the conduit contribution scheme. Mr. Stewart and Mr. Specht each pled guilty to one count of violating the federal election laws; each was fined $100,000, ordered to serve a 60-day sentence of home confinement, ordered to perform 160 hours of community service at soup kitchens and homeless shelters, and placed on probation for one year. Mr. Stewart also agreed to pay a fine to Washington State for his violation of state election laws.

Less than six months after Mr. Stewart pled guilty to his criminal violation of the federal election laws, Speaker Newt Gingrich and other politicians attended a GOP picnic at Mr. Stewart’s home. Speaker Gingrich refused to provide the press with his views about the propriety of holding a Republican fund raiser at Mr. Stewart’s island home, and “walled himself off from reporters after arriving by private helicopter.”


In a conduit contribution scheme that began in 1991 and lasted into 1995, Republican activist Simon Fireman provided approximately $94,000 in conduit contributions to Republicans. Mr. Fireman founded a company called Aqua-Leisure in 1970, and succeeded in turning it into one of the world’s largest distributors of aquatic sports equipment. Mr. Fireman became an active Republican during the Reagan administration, and was appointed to the Board of Directors of the Export-Import Bank both by Presidents Reagan and Bush.

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644 Id.
645 Id.
646 Id.
647 Id.
650 Id.
651 Senate Minority Report, 7375.
652 Id. Mr. Fireman had originally been a Democrat and was appointed to several Presidential trade committees by President Carter and President Reagan.
Mr. Fireman first began funneling conduit contributions during the 1992 election cycle. During that election cycle, Mr. Fireman committed to raise money for the Bush-Quayle campaign. According to Carol A. Nichols, Mr. Fireman’s executive assistant, when Mr. Fireman found it difficult to meet the fund raising amounts he had promised, he devised a scheme to solicit Aqua-Leisure employees and to reimburse them for the contributions they would make to the Bush-Quayle campaign.653 Under this scheme, Mr. Fireman provided approximately $21,000 to his employees at Aqua-Leisure Industries, Inc., so that the employees could contribute to the 1992 campaign of President Bush and Vice President Quayle.654 Ms. Nichols stated that Mr. Fireman met with her to discuss which Aqua-Leisure employees could be solicited to make contributions.655 Once an employee agreed to participate, Ms. Nichols collected a personal check from the individual and reimbursed them with cash from an account Mr. Fireman controlled.656 Mr. Fireman also loaned money from Aqua-Leisure’s corporate account to a non-employee who, in turn, gave that money to a separate set of contributors to make contributions to the Bush-Quayle campaign.657 Mr. Fireman also funneled $24,000 to the RNC in 1992 by giving Aqua-Leisure money to six individuals who used the money to make separate $4,000 contributions to the RNC.658

Mr. Fireman continued to funnel conduit contributions to Republicans in the 1996 election cycle. In 1995, Mr. Fireman became a national vice chairman of Senator Bob Dole’s presidential campaign finance committee. During the time he served as a Dole finance committee vice chair, Mr. Fireman was also orchestrating a scheme to funnel $69,000 to the Dole campaign through conduit contributors. Mr. Fireman also loaned additional money to an unidentified individual, so that the individual could recruit additional persons to participate in the illegal conduit contribution scheme.659 Mr. Fireman hoped that he would obtain a position in a Dole administration as a reward for his largesse. The criminal information to which Mr. Fireman pled guilty stated that “one goal and objective, among others, of Simon C. Fireman’s secret scheme to funnel money to the Presidential campaign of Robert C. Dole was to obtain . . . a position with the United States government.”660

Mr. Fireman entered a guilty plea to 11 counts of the criminal information, and he and his company agreed to pay a $6 million fine. Aqua-Leisure Industries pled guilty to 70 counts concerning the scheme, and Carol Nichols pled guilty to one count of conspiracy relating to the scheme.661

655 Id.
656 Id.
657 Id.
658 Id.
659 Id. The information identified the outside individual as “an individual known to the United States Attorney.”
660 Id.
661 Id. at 7375.
The Senate minority report noted that the criminal investigation of Mr. Fireman revealed that Mr. Fireman may have funneled some foreign money to the Dole campaign through his conduit contribution scheme. Mr. Fireman formed a trust in Hong Kong, known as Rickwood Ltd., in 1985. Mr. Fireman acknowledged in his guilty plea that he used the trust to conceal certain expenditures that he wished to make. The criminal information recited that the Rickwood trust maintained a U.S. bank account, but received wire transfers from Hong Kong. The Hong Kong funds originated from Greyland Trading Company, a Hong Kong-based company which Mr. Fireman had acquired in 1988. All of the money used to reimburse the Aqua-Leisure conduit contributors came from the Rickwood trust bank account, and was withdrawn in a way to avoid detection and reporting by the bank where the account was maintained.

The criminal investigation of Mr. Fireman’s conduit contributions to the Dole campaign produced no evidence that anyone at the Dole campaign knew that Mr. Fireman may have been contributing foreign money to the campaign and no evidence that the Dole campaign knew that the contributions from the Aqua-Leisure Industries employees were illegal conduit contributions. Indeed, Senator Dole disclaimed any knowledge that the contributions had been illegal and stated, “[i]n this business, you don’t know who’s giving you money. . . . We turned it over to the FEC.”

5. Conduit Contribution Scheme Involving Empire Sanitary Landfill

The Dole campaign and other 1996 and 1994 Republican campaigns—including the campaigns of Representatives Bill Paxon and Jon Fox—received illegal conduit contributions from Empire Sanitary Landfill, Inc., in Scranton, Pennsylvania. The upper management of the company solicited campaign contributions from Empire Sanitary’s employees, family members, and business associates in addition to contributing monies themselves. Management reimbursed themselves and the donors they had solicited with cor-
porate funds, thereby disguising from the various campaigns that Empire Sanitary was the true source of the donated monies. These actions violated the federal law that bars corporations from donating money to a political campaign, as well as the law that bars individuals from contributing to a campaign in the name of another person. Empire Sanitary pled guilty to a 40-count criminal information relating to the illegal conduit contribution schemes on October 7, 1997. As part of its plea agreement, Empire Sanitary agreed to pay an $8 million fine.

The alleged principals of the Empire Sanitary conduit contribution scheme were named in a 140-count indictment relating to the contribution scheme, and are still awaiting trial.

6. Conduit Contribution Scheme Involving DeLuca Liquor & Wine Ltd.

Ray Norvell, the vice president in charge of Nevada operations for DeLuca Liquor & Wine, Ltd., orchestrated another scheme to funnel illegal conduit contributions to the Dole campaign. DeLuca Liquor & Wine, Ltd., is a Las Vegas company which is one of Nevada’s largest distributors of liquor, wine, and beer. Five DeLuca employees and their spouses contributed a total of $10,000 to the Dole campaign during a three-day period in May 1995. According to press accounts, at least two of the contributors admitted that DeLuca had given them the money to make the contributions.

Mr. Norvell pled guilty in June 1998 to two misdemeanor counts of violating the federal election laws: one count for making an illegal campaign contribution and one for causing the name of another person to be used in connection with a campaign contribution. Mr. Norvell was fined $100,000, and his plea agreement provided that DeLuca would not be prosecuted for reimbursing Mr. Norvell and the other DeLuca employees for their illegal conduit contributions to the Dole campaign. At the time he devised the criminal conduit contribution scheme, Mr. Norvell thought that he had merely been clever. Mr. Norvell told a newspaper reporter that he knew federal election law prohibited corporate contributions, so he devised a scheme that he believed circumvented the law. “I gave them $5,000 extra salary to give to political campaigns and also charities. . . . It’s not illegal, I hope. . . . I know you can’t give company checks.”

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671 Id. Just as with the Fireman/Aqua-Leisure Industries illegal conduit contributions discussed in this section, there is no evidence that any of the campaigns receiving illegal contributions from Empire Sanitary knew that the contributions were problematic. Id., 7377.
672 2 U.S.C. § 441b(a).
674 Id.
675 Also named in the indictment were business associates of Empire Sanitary and a Pennsylvania state representative in whose district Empire Sanitary did business. See, Indictment, United States v. Renato P. Marians, Michael L. Serafini, Leo R. Del Sierra, Alan W. Stephens, Robert Giglio, and Frank Serafini, U.S. District Court for the Middle District of Pennsylvania, reprinted in Senate Minority Report, 7439-7498.
677 More Donations to Dole Campaign Possibly Illegal: Candidate Was Not Aware of Company’s Actions, Aide Says, Kansas City Star (Sept. 29, 1996).
679 Id.
680 Id.
681 More Donations to Dole Campaign Possibly Illegal, Kansas City Star (Sept. 29, 1996).
The Senate minority report analyzed documents subpoenaed by the Senate Governmental Affairs Committee which showed that DeLuca had issued checks for $2,000 each to five of its employees on May 18, 1995. The corporate payment stub for one of the checks contained the notation “Campaign-Dole.” Between May 19 and May 22, 1995, each of the five employees who had received the checks, and their spouses, contributed $1,000 to the Dole campaign. Thus, within four days, the $10,000 that DeLuca had issued to its employees had made its way to the Dole campaign.

Michelle McIntire, the spouse of a DeLuca employee who contributed to the Dole campaign, told reporters that she would not have given money to the Dole campaign if DeLuca had not paid for the donation. Ms. McIntire stated, “[DeLuca] gave us the money. That was something the company wanted [my husband] to do, and so that’s what we did. It’s not anything that is uncommon.”

The Senate minority report did not uncover any evidence that anyone from the Dole campaign knew that DeLuca had illegally reimbursed its employees for the political contributions they made to the Dole campaign.

B. REPUBLICANS HAVE RECEIVED FOREIGN CAMPAIGN CONTRIBUTIONS

The majority report extensively discusses various allegations of foreign contributions to Democratic campaign committees. There is, however, extensive evidence that Republicans have also received foreign campaign contributions. Indeed, to the extent that it is illegal to receive foreign campaign contributions, the evidence of Republican wrongdoing is in important respects more serious than the evidence of Democratic wrongdoing. Republican Congressman Jay Kim is the only elected official to be convicted of knowingly soliciting illegal foreign campaign contributions. Additionally, the only specific and credible evidence implicating the head of a political party in a scheme to solicit contributions from foreign sources involves Haley Barbour, the former Chairman of the Republican National Committee (RNC). This evidence suggests that Chairman Barbour personally solicited a $2.1 million loan guarantee from billionaire Hong Kong industrialist Ambrous Tung Young for the benefit of the RNC.

There is also substantial evidence that of the $2.8 million in foreign contributions accepted by Republicans, approximately $1.1 million has not been returned. Foreign funds that appear to remain in Republican coffers include:

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682 Senate Minority Report, 7379. Four of the checks—including the check with the “Campaign-Dole” notation—were consecutively numbered. Id., 7499–7502.
683 The five DeLuca employees were: Ray E. Norvell, Dale McIntire, Kenneth W. Leslie, Bruce Kobrin, and James P. O’Connor. Id., 7379.
684 Id.
685 More Donations to Dole Campaign Possibly Illegal: Candidate Was Not Aware of Company’s Actions, Aide Says, Kansas City Star (Sept. 29, 1996).
686 Id.
687 Senate Minority Report, 7379. When it learned that the DeLuca campaign contributions might be illegal conduit contributions, a spokesperson for the Dole campaign commented, “the campaign has been most vigilant in our fund-raising efforts and we’re completely unaware of DeLuca’s procedures and actions.” Some Las Vegas Contributions to Dole Campaign May Be Illegal, Fort Worth Star-Telegram (Oct. 2, 1996).
688 A recent federal court decision has held that it is not illegal to accept soft-money contributions from foreign sources. See United States v. Trie, Crim. No. 98±0029, Slip. Op. (D.D.C Oct. 9, 1998). The implications of this decision are discussed in Part III and V of this report.
• $782,460 of a $2.1 million contribution from Hong Kong businessman Ambrous Young to the National Policy Forum (NPF), a subsidiary of the RNC; 689
  • a $25,000 contribution from the Pacific Cultural Foundation, a group affiliated with the Taiwanese government, to the NPF; 690
  • $95,000 of $205,000 in contributions from German citizen Thomas Kramer to the Florida Republican Party; 691
  • $215,000 of $500,000 in apparently foreign contributions funneled to the RNC through Michael Kojima. 692

The RNC has also not returned a $50,000 contribution from Panda Industries, Inc., a company associated with Ted Sioeng, to the NPF. The majority report asserts that the DNC must return all Sioeng-related contributions. 693 Under the standard applied by the majority report, this $50,000 contribution to the NPF should be returned as well.

The evidence implicating Rep. Kim, Chairman Barbour, and other Republican leaders in foreign contribution schemes is discussed below.


On August 11, 1997, Rep. Jay Kim (R–CA) and his wife pled guilty to knowingly accepting more than $230,000 in illegal contributions from corporations and foreign donors. Those guilty pleas marked the conclusion of an extensive investigation into the financing of Rep. Kim’s campaigns. This investigation also obtained guilty pleas against five South Korean conglomerates for funneling foreign contributions to the Kim campaign.

A detailed discussion of the convictions obtained against Rep. Kim, his wife, and the South Korean companies can be found in the minority report of the Senate Governmental Affairs Committee. 694 As part of the plea agreement, Rep. Kim admitted to knowingly violating several campaign finance laws, including the ban on foreign contributions. 695 In addition, there was substantial evidence that Rep. Kim attempted to obstruct the FBI’s investigation into his campaign. 696 Furthermore, the evidence showed that he knowingly violated campaign laws even after he knew that he was under investigation. 697

Despite the substantial evidence of serious wrongdoing, Rep. Kim received little criticism and no punishment from Republicans. In 1996, he played a substantial role in the Dole/Kemp presidential nomination.
campaign.\textsuperscript{698} Even after his conviction, however, the House Ethics Committee has not taken any disciplinary action against him, and he has been permitted to retain his chairmanship of a House subcommittee.\textsuperscript{699} Republican silence and inaction regarding Rep. Kim's crimes provides a sharp contrast to the vocal criticism and vigorous investigation that has been directed at Democrats.

2. Foreign Contributions Solicited by Haley Barbour

The Senate Governmental Affairs Committee uncovered substantial evidence suggesting that RNC Chairman Haley Barbour developed and implemented a plan to funnel foreign contributions to the RNC through the National Policy Forum, a subsidiary of the RNC. As stated in the minority report of the Committee:

Starting in 1993, Haley Barbour . . . carried out a scheme to collect foreign money by channeling the funds through the National Policy Forum. . . . The RNC did this by arranging for a foreign businessman to put up collateral for a bank loan to the NPF. Shortly after the NPF received the loan, it transferred more than $2 million to the RNC which, in turn, channeled the money into the 1994 congressional races around the country.\textsuperscript{700}

While Mr. Barbour denies any wrongdoing in connection with the NPF, the Senate minority report sets forth considerable evidence showing Mr. Barbour's heavy personal involvement in the planning and execution of the funneling scheme. Specifically, the Senate minority report notes that:

(1) Mr. Barbour was heavily involved in the formation of the NPF, and subsequently established himself as chairman of the NPF while simultaneously serving as Chairman of the RNC.\textsuperscript{701}

(2) Mr. Barbour pushed the idea of soliciting foreign contributions for the NPF over the objections of the NPF’s president, Michael Baroody, who later resigned.\textsuperscript{702} In a confidential memo explaining his resignation, Mr. Baroody criticized Mr. Barbour’s “fascination” with foreign money and called the ostensible legal separation between the NPF and the RNC a “fiction.”\textsuperscript{703}

(3) Mr. Barbour personally solicited Hong Kong businessman Ambrous Young to provide collateral for the NPF’s loan.\textsuperscript{704}

(4) Mr. Barbour personally raised with Mr. Young the possibility of having the NPF default on the loan so that Mr. Young’s collateral could be used to pay the RNC.\textsuperscript{705}


\textsuperscript{700} Senate Minority Report, 4657.

\textsuperscript{701} Id. at 4660.

\textsuperscript{702} Id. at 4661.

\textsuperscript{703} Id. at 4662–4663.

\textsuperscript{704} Id. at 4665–4666.

\textsuperscript{705} Id. at 4669.
The Senate minority report also finds that Mr. Barbour’s testimony denying any wrongdoing “is riddled with inconsistencies and contradicted by virtually every other witness with knowledge of the loan transaction.” Specifically, the report notes that Mr. Barbour’s claim that he was ignorant of the foreign source of the funds is contradicted by several witnesses, including several high-profile Republicans.

There is compelling evidence that Mr. Barbour and his associates intended that the RNC would use the foreign money contributed to the NPF in the 1994 mid-term elections. The RNC’s chief political strategist, Donald Fierce, told Fred Volcansek, the NPF fundraiser who solicited the contribution from Mr. Young, that the RNC would use the monies in the fall elections. Mr. Volcansek repeated this information to the U.S. representatives of Mr. Young and directly to Mr. Young himself. According to Mr. Volcansek, he told Mr. Young that “his guarantee would allow for the loan to be made and that then the National Policy Forum would be allowed to be in a position to repay the RNC and the RNC would be able to use that money in the ’94 election cycle.”

Mr. Barbour and the NPF maintain that the NPF is legally permitted to accept foreign contributions because it is independent of the RNC. Their position, however, is contradicted by the overwhelming weight of the evidence. In February 1997, the Internal Revenue Service denied the NPF’s tax-exempt organization application because the NPF was a “partisan” organization “designed to promote the Republican Party and politicians affiliated with the Republican Party.” In addition, the bank utilized by the NPF noted that the NPF was “an off-shoot of the Republican National Committee”; Republican fundraisers and donors viewed the NPF and RNC interchangeably; and there were significant irregular-
ilities in the RNC's financial dealings with the NPF. The NPF's "independence" was thus, at best, a dubious legal fiction.

Press accounts indicate that Mr. Barbour is currently under investigation by the Department of Justice for possible perjury before the Senate. Those same accounts also indicate that the Department is investigating the underlying funneling scheme developed by Mr. Barbour.

3. Additional Foreign Contributions Solicited by the NPF

The minority has received evidence that the NPF solicited additional contributions that it knew—or had strong reason to believe—were from a foreign source. This evidence shows that in August 1996, the NPF received a $25,000 contribution from the Pacific Cultural Foundation (PCF), a group affiliated with the Taiwanese government.

The PCF contribution is significant because it is the only example of a foreign government contributing to an American political party. Indeed, documents produced to this Committee indicate that in late February 1996 about how best to apportion among various Republican groups—including the NPF—a $1 million donation from Nevada casino operator Stephen Wynn. Mr. Kellum's memo proposed three possible ways to divide the $1 million to various Republican entities. Two of the options included having Mr. Wynn contribute at least $250,000 to the NPF. The memo noted that there would be "less reported" by the RNC to the FEC if Mr. Wynn donated money to the NPF rather than more directly to the RNC. It thus appears that senior Republican fund raisers believed that a donation to the NPF was equivalent to making a donation to the RNC.

RNC donors also appear to have been told by high-ranking RNC officials that a contribution to the NPF would benefit the RNC. The vice president of federal relations for the Chevron Oil Company seems to have heard this point directly from Mr. Barbour. The Chevron executive wrote Mr. Barbour in May 1996 as follows: "I certainly appreciated the opportunity to visit with you recently and discuss Chevron's contributions to the Republicans Party and related organizations. Pursuant to that discussion, I have enclosed checks [of] $25,000 for the National Policy Forum and $15,000 for the remainder of the funds for the RNC that we agreed to." Deposition of Steven S. Walker, Jr., 146–48 and Ex. 24 (July 1, 1998). The Chevron letter to Barbour closed with the Chevron executive thanking Mr. Barbour for "your willingness to recognize the totality of our efforts on behalf of the Party." Id.

The RNC and the NPF did not maintain an arms-length financial relationship, but instead behaved like a single entity. Unexplained commercial irregularities surround the RNC's initial funding of the NPF in May 1993, and the NPF never followed ordinary commercial practices when it borrowed approximately $2.5 million from the RNC over a 16-month period.

For example, the NPF and RNC signed and executed documents both on May 1, 1993, and May 11, 1993, to reflect the initial $100,000 loan from the RNC to the NPF. Each document appears to reflect that it is the original loan agreement, and there is no indication that the May 11, 1993, documents supersede the May 1 documents. Even though it is a highly unusual commercial practice to have signed documents from different dates reflect the exact same transaction, no NPF witness could explain why the RNC and the NPF executed both documents just 10 days apart. Deposition of Steven S. Walker, Jr., 89–102 and Exs. 15–16 (July 1, 1998). See also Senate Deposition of Kenneth J. Hill, 68, 77–83 (July 11, 1997). It also appears that the NPF violated the conditions of the initial $100,000 loan agreement whether the documents were signed on May 1 or May 11, 1993. The RNC-NPF loan documents required the NPF to provide the RNC with copies of the NPF's certificate of incorporation, articles of incorporation, bylaws, and a resolution of the NPF's board of directors authorizing the NPF to enter into the loan agreement before the RNC signed and executed the loan agreement. Since the NPF was not incorporated until May 24, 1993, the NPF failed to comply with the terms of the loan agreement. Again, NPF witnesses were unable to offer any explanation for why the NPF received $100,000 from the RNC in apparent violation of the terms of the loan agreement and prior to the legal existence of the NPF. Deposition of Steven S. Walker, Jr., 91, 98–100 and Exs. 15–16 (July 1, 1998); Senate Deposition of Kenneth J. Hill, 68–70 (July 11, 1997). Mr. Hill testified that he had "absolutely no idea" how the NPF could have provided documents to the RNC before the NPF came into existence.

Additionally, the NPF made no written requests for any of the $2.5 million in loans from the RNC, did not provide the RNC with any written explanation for how the NPF would use the money, and did not explain to the RNC how the NPF would repay the loan amounts. Deposition of Steven S. Walker, Jr., 100–101, 110 (July 1, 1998). The lack of such basic formalities strongly suggests that the loan transactions between the RNC and the NPF were not commercial arms-length transactions.


NPF officials understood the contribution to be from the Taiwanese government. For example, NPF President John Bolton acknowledged receipt of the contribution in two letters to Michael Hsu, a special assistant at the Taipei Economic and Cultural Representative Office (TECRO), which functions as Taiwan’s unofficial embassy in the U.S.\textsuperscript{717} Similarly, RNC Chairman Haley Barbour wrote to Jason Hu, Taiwan’s representative to the U.S., and thanked him for the contribution.\textsuperscript{718} In his letter to “Ambassador Hu,” Mr. Barbour wrote that PCF’s “willingness to underwrite our Member Trade Briefing is greatly appreciated and enables NPF to continue to develop and advocate good international policy.”\textsuperscript{719}

The combined evidence developed by the Senate investigation and this Committee’s investigation makes the activities of the NPF perhaps the most serious example of potentially illegal foreign contributions making their way into the U.S. electoral system. Unlike the allegations involving the DNC, the evidence involving the NPF directly implicates a national political party, the RNC, and its Chairman, Haley Barbour, in a scheme to solicit foreign campaign contributions.

4. Contributions to Republicans from Ted Sioeng

A major figure in the Committee’s investigation into possible foreign contributions is Ted Sioeng. Chairman Burton has described Mr. Sioeng as “an Indonesian-born businessman who travels on a Belize passport, suspected by committee members of working, along with his family, on behalf of the Chinese Government interests in the United States.”\textsuperscript{720} Mr. Sioeng’s business interests include the export of cigarettes manufactured by the Red Pagoda company, which is owned by the Chinese government, to the United States and other countries. According to Chairman Burton, Red Pagoda cigarettes are “a convenient way to get money into this country”\textsuperscript{721} and could be “used as a vehicle for the Chinese government to funnel money into the United States.”\textsuperscript{722}

News reports have suggested that law enforcement authorities suspect that Mr. Sioeng may have ties to the Chinese government. For example, Newsweek reported that “The FBI suspects that Chinese may have used Sioeng as a ‘cutout’—a front man to make illegal contributions appear legitimate.”\textsuperscript{723} Similarly, the Washington Post reported that law enforcement authorities “had credible intelligence information indicating [Sioeng] acted on behalf of China to influence U.S. elections with campaign contributions.”\textsuperscript{724}

As discussed in Part III, the Committee’s investigation into Mr. Sioeng was inconclusive. The investigation did not substantiate the allegations that Mr. Sioeng is an agent of the Chinese government.

\textsuperscript{717} Id. One of the letters states: “Thank you so much for your generous contribution.”
\textsuperscript{719} Id.
\textsuperscript{720} Rep. Dan Burton, Congressional Record, H3054 (May 12, 1998).
\textsuperscript{721} Id.
\textsuperscript{722} Statement of Chairman Burton, House Committee on Government Reform and Oversight, Business Meeting (May 13, 1998).
\textsuperscript{723} A Break in the Case, Newsweek (May 19, 1997).
\textsuperscript{724} Senate Panel is Briefed on China Probe Figure; Officials Say Evidence May Link L.A. Businessman to Election Fraud, Washington Post (Sept. 12, 1997).
At the same time, the investigation did not conclusively exonerate Mr. Sioeng.

The Committee’s investigation did demonstrate, however, that it was Republicans—not Democrats—who had the closest personal and political ties to Mr. Sioeng. Although Chairman Burton repeatedly denied minority requests to fully investigate the links between Mr. Sioeng and senior Republican leaders, enough evidence was obtained by the Committee to show that Mr. Sioeng has ties to major Republican leaders, candidates, and organizations.

Most of these ties centered around Mr. Sioeng’s relationship with California State Treasurer Matthew K. Fong, a Republican who is currently running for the United States Senate. The Committee’s investigation revealed that Mr. Sioeng and his family were major financial supporters of Mr. Fong’s campaigns, as well as family friends and acquaintances. Indeed, the only contributions made by Mr. Sioeng personally were $50,000 in contributions he made to Mr. Fong. The Committee’s investigation also revealed that Mr. Sioeng enjoyed personal access to Speaker of the House Newt Gingrich.

The majority report concludes that “many fundamental questions remain unanswered” in the Committee’s investigation. The minority agrees that Mr. Sioeng’s activities merit further investigation, but it is his ties to Republicans—not Democrats—that would seem to warrant the closest scrutiny.

a. Ted Sioeng’s Relationship with Matt Fong

The elected official with the closest relationship with Ted Sioeng is California State Treasurer Matt Fong, who is currently the Republican candidate for the U.S. Senate in California. No other elected official—either Democratic or Republican—had a personal relationship with Mr. Sioeng as close as Mr. Fong’s. Moreover, Mr. Fong was the single largest individual recipient of Mr. Sioeng’s campaign contributions.

The Committee took the deposition of Mr. Fong on March 2 and April 9 of 1998. Mr. Fong’s deposition was also taken by the Senate Governmental Affairs Committee on September 19, 1997. According to Mr. Fong, he first met Mr. Sioeng in 1988, at a Republican rally held in Los Angeles. After their initial meeting, the two developed a friendship based on regular contact at Asian-American community events. Mr. Fong told the Committee that the Sioeng family was very active in Chinese community activities and charities, and that he would frequently see them at various community events.

In September 1994, the Sioeng family made its first contribution to Mr. Fong when Jessica Elnitiarta, Ted Sioeng’s oldest daughter, contributed $2,000 to Mr. Fong’s campaign for State Treasurer.

In November 1994, Mr. Fong was elected California State Treasurer. After the election, Mr. Fong’s campaign suffered from a debt of several hundred thousand dollars. As a result, Mr. Fong continued fundraising after the election, soliciting Mr. Sioeng and his

726 Id. at v. 1, 16.
727 Id. at v. 1, 18–19.
728 Id. at v. 1, 21.
family for contributions.\textsuperscript{729} His appeal to the Sioeng family centered around two $100,000 contributions he received in late 1994 from San Diego Chargers owner Alex Spanos. Mr. Spanos, who is of Greek-American descent, had urged Mr. Fong to challenge the Chinese-American community to match the large contributions.\textsuperscript{730} At the end of 1994 and beginning of 1995, Mr. Fong conveyed that challenge to Mr. Sioeng and his family whenever he saw them.\textsuperscript{731}

In April 1995, Mr. Fong visited Mr. Sioeng’s office.\textsuperscript{732} As discussed below, Mr. Fong gave conflicting testimony concerning this April meeting with Mr. Sioeng. It is undisputed, however, that the meeting resulted in $50,000 in contributions to Mr. Fong’s campaign by Mr. Sioeng. Those contributions came in the form of two checks drawn on the account of Sioeng San Wong, which is Ted Sioeng’s Chinese name.

These contributions appear to be illegal under federal law, which provides that it is illegal for a foreign national “to make any contribution of money or other thing of value . . . in connection with an election to any political office.”\textsuperscript{733}

The Sioeng family’s final contribution to Mr. Fong’s campaign was a $50,000 contribution on December 14, 1995, from a Sioeng family company, Panda Estates Investment, Inc. Four days later, Mr. Fong wrote a letter of welcome for an international badminton tournament being hosted and organized by the Sioeng family. Mr. Fong denied that there was any connection between the $50,000 contribution and his letter.\textsuperscript{734}

The $102,000 in total campaign contributions made by the Sioeng family to Mr. Fong’s campaigns make Mr. Fong the largest individual beneficiary of the Sioeng family’s political donations. The relationship between Mr. Fong and the Sioeng family, however, extends beyond the family’s support for Mr. Fong’s political career. The evidence shows that Mr. Fong also maintained a personal relationship with the family. He attended the weddings of two of Mr. Sioeng’s daughters and gave a toast at one of those weddings.\textsuperscript{735} Indeed, Mr. Fong once told the San Francisco Chronicle that Mr. Sioeng was “an old friend.”\textsuperscript{736}

In April 1997, Mr. Sioeng’s political contributions to Mr. Fong’s campaign began to receive significant press scrutiny. Shortly thereafter, Mr. Fong’s campaign returned the contributions.

\textit{b. Ted Sioeng’s Relationship with Speaker Gingrich}

Evidence developed by the Committee demonstrates that through his relationship with Mr. Fong, Mr. Sioeng gained personal access
to Speaker Gingrich. In July of 1995, approximately three months after accepting $50,000 from Mr. Sioeng, Mr. Fong invited Mr. Sioeng to a private meeting with Speaker Gingrich in the Speaker's Capitol office. Mr. Sioeng's initial reaction was "Who's Speaker Gingrich and what's a Speaker?" Mr. Fong explained who Speaker Gingrich was and Mr. Sioeng called back a short time later to ask if his son could also attend the meeting. When Mr. Fong indicated that his son could attend, Mr. Sioeng accepted the invitation. Mr. Fong testified that he extended this invitation to Mr. Sioeng out of gratitude for the large contributions he had received. He also acknowledged his hope that the invitation would make Mr. Sioeng more willing to make contributions in the future.

The meeting with the Speaker occurred on July 12, 1995. Mr. Fong testified that he had an open invitation to stop by the Speaker's office and bring guests. The actual scheduling of the visit, however, was arranged by Steve Kinney. Mr. Kinney served as chief strategist, fundraiser, and pollster for Mr. Fong's 1994 campaign. Mr. Kinney had also previously done fundraising and advance work for Speaker Gingrich. After the meeting, Mr. Fong went to dinner with Mr. Sioeng and his son-in-law.

According to Mr. Fong, "shortly after" the meeting in the Speaker's office, Mr. Kinney asked for, and received, permission from Mr. Fong to approach Fong campaign donors and invite them to events involving the Speaker. Later that month, Mr. Fong was contacted by a member of the Sioeng family, who told him that they had been solicited for contributions by Steve Kinney on behalf of Speaker Gingrich. Mr. Fong indicated that he felt that supporting the Speaker was a good idea.

On July 18, 1995, less than one week after the meeting with Speaker Gingrich, a Sioeng family corporation, Panda Industries, Inc., made a $50,000 contribution to the National Policy Forum, a subsidiary of the Republican National Committee. The day after the contribution, at Mr. Fong's suggestion, Mr. Sioeng was seated next to the Speaker at an Asian-American "outreach event" held in Beverly Hills, California. According to the Chinese language newspaper, the China Press, the central topic of discussion at the event was Sino-U.S. relations, and Mr. Sioeng gave the Speaker a lengthy explanation of his views on U.S. China policy.

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737 Deposition of Matthew K. Fong, v. 1, 65.
738 Id. at v. 1, 68.
739 Id. at v. 1, 68–69; the "son" who attended the meeting was actually a son-in-law.
740 Id. at v. 1, 68; v. 2, 145.
741 Id. at v. 1, 68; v. 2, 145.
742 Id. at v. 2, 145.
743 Id. at v. 1, 65.
744 Id. at v. 1, 6–7.
745 Id. at v. 1, 71–72.
746 Id. at v. 19–20; v. 2, 147 ("Steve Kinney was responsible for my entire fundraising for State Treasurer . . .").
747 Id. at v. 1, 72, 75 Deposition of Steven Kinney, Senate Committee on Governmental Affairs, 7–8 (Sept. 23, 1997).
748 Deposition of Matthew K. Fong, v. 1, 76.
749 Id. at v. 1, 75.
750 Id. at v. 1, 77.
751 Id. at v. 1, 77.
752 State Treasurer Linked to Asian Funds, Records Show, Los Angeles Times (Feb. 25, 1998).
753 China Press (July 22, 1995).
Mr. Sioeng had a similar discussion with the Speaker during their private meeting remains unknown.

Mr. Fong insisted that Mr. Sioeng’s attendance at the Beverly Hills event was “unrelated” to fundraising.\textsuperscript{754} Instead, he testified that the invitation was based on a list of about 20 Asian-American community leaders he provided to the Speaker’s office at their request.\textsuperscript{755}

Mr. Fong acknowledged, however, that his wife Paula received a 10\% commission from the NPF for the Sioeng family’s contribution.\textsuperscript{756} Documents obtained by the Committee show that Mrs. Fong requested the commission on July 28, 1995, in an invoice sent to Joe Gaylord at the Republican National Committee. Mr. Gaylord previously served as one of Speaker Gingrich’s most senior aides.

In December 1995, Speaker Gingrich wrote a letter welcoming participants to an international badminton tournament organized by the Sioeng family.\textsuperscript{757} This letter immediately preceded a $50,000 contribution by a Sioeng family company to the Fong campaign.\textsuperscript{758}

c. Unanswered Questions Regarding Mr. Sioeng’s Relationship With Matt Fong and Speaker Gingrich

Although the Committee took Mr. Fong’s deposition, Chairman Burton refused to pursue the investigation of Mr. Sioeng’s relationship with Mr. Fong and Speaker Gingrich any further. On March 20, 1998, Rep. Waxman wrote Chairman Burton to request that information about Mr. Sioeng be obtained from the Speaker’s office, Mr. Kinney, and Mr. Gaylord. Chairman Burton, however, did not respond to Rep. Waxman’s request. Rep. Waxman also wrote Chairman Burton on June 11, 1998, June 16, 1998, and August 26, 1998, to request a further investigation into Mr. Sioeng’s ties with Speaker Gingrich. Rep. Waxman wrote: “To conduct a fair and impartial investigation into all of Mr. Sioeng’s potentially improper contributions, the Committee must investigate Mr. Barbour, Mr. Gaylord, Mr. Kinney, and others to ascertain their first-hand knowledge of Mr. Sioeng and the nature of the monies they solicited from Mr. Sioeng.”\textsuperscript{759} Chairman Burton again did not respond to these requests.

As a result of Chairman Burton’s refusal to investigate, many important questions remain unanswered. For example, without obtaining information from the Speaker’s office and Mr. Kinney, the Committee cannot determine whether the Speaker knew of Mr. Sioeng’s foreign nationality and his ties to the Chinese government prior to their meeting in the Speaker’s office. Similarly, without obtaining testimony from Mr. Gaylord, Mr. Kinney, and members of the Speaker’s staff, the Committee cannot determine if the Speaker or the RNC knew of Mr. Sioeng’s nationality or his ties to the Chi-

\textsuperscript{754} Deposition of Matthew K. Fong, v. 1, 82.
\textsuperscript{755} Id. at v. 1, 82.
\textsuperscript{756} Id. at v. 1, 89.
\textsuperscript{757} Id. at v. 2, ex. 8.
\textsuperscript{758} Although the Speaker’s letter is not dated, Mr. Fong testified that he helped the Sioeng family obtain welcome letters from the Speaker and California Governor Pete Wilson prior to the Contribution. Id. at v. 2, 102.
nese government when the NPF accepted the $50,000 contribution from Panda Industries, a Sioeng family company.

The Committee also cannot determine whether Mr. Fong testified truthfully about his relationship with Mr. Sioeng. There are several troubling aspects of Mr. Fong's testimony that merit further investigation. For example, Mr. Fong testified that he did not become aware of the $50,000 contribution from one of the Sioeng family's businesses to the NPF until it was reported in the press approximately two years after it was made. This seems implausible, given that (1) his wife received a $5,000 commission on the contribution, (2) the contribution was solicited by his chief fundraiser, Steve Kinney, and (3) Mr. Fong himself was involved in the solicitation of the contribution. Without deposing Mr. Kinney, Mrs. Fong, and others, the Committee cannot assess the credibility of Mr. Fong's denial.

There are also substantial discrepancies in Mr. Fong's testimony that deserve further investigation. One area of Mr. Fong's testimony which involves a clear and unambiguous contradiction is his testimony as to whether he saw a $20,000 contribution check when it was handed to him by Mr. Sioeng. In his Senate testimony, Mr. Fong denied ever seeing the check, stating that it was given to him in a sealed envelope which he gave unopened to his staff. In his House testimony, however, Mr. Fong contradicted his Senate testimony and acknowledged seeing the check.

This changing testimony raises the possibility that Mr. Fong has testified falsely to conform his testimony to his legal defense. It is undisputed that Mr. Fong accepted a contribution from a foreign national. When questioned by Senate investigators, Mr. Fong asserted that he did not knowingly accept a contribution from a foreign national because he thought the contribution came from Mr. Sioeng's son or son-in-law. This defense is called into question, however, by the fact the Mr. Fong personally solicited Mr. Sioeng, not his son or son-in-law, for the contribution; accepted the contribution from Mr. Sioeng, not his son or son-in-law; and thanked Mr. Sioeng, not his son or son-in-law, for the contribution. Mr. Fong's new House testimony allows him to claim that he saw an unfamiliar name, Sioeng San Wong, on the check. According to this version, Mr. Fong can claim that the unfamiliar name led him to the conclusion that the contribution was not from Mr. Sioeng personally.

Other areas of Mr. Fong's testimony also raise questions as to the veracity of Mr. Fong's account. In the Senate, Mr. Fong testified that he informed Mr. Sioeng about restrictions on foreign contributions in response to Mr. Sioeng's confusion as to contribution limits in different jurisdictions. Mr. Fong's testimony before the House on the subject is quite confused. After initially reiterating his Senate testimony that Mr. Sioeng inquired as to the differences
in contribution limits between different jurisdictions, Mr. Fong later testified that he shared the rules when Mr. Sioeng raised the possibility of obtaining contributions from his business partners overseas. When pressed about his inconsistent testimony, Mr. Fong ultimately admitted that he could not recall the specifics of the conversation beyond having shared restrictions on foreign contributions with Mr. Sioeng.

Moreover, Mr. Fong first told House investigators that his meeting with Mr. Sioeng at which he received the $50,000 contribution was unscheduled; then he reversed himself and stated that he had called ahead to schedule the appointment.

In sum, although the majority refused to thoroughly investigate the contributions Mr. Fong received from Mr. Sioeng, the information the Committee did receive raises serious questions and does not support the majority’s premature conclusion that Mr. Fong did not knowingly accept foreign contributions from Mr. Sioeng. The record is clear that:

- Mr. Fong and Mr. Sioeng had a close personal relationship and that Mr. Fong was the only elected official to receive a personal contribution from Mr. Sioeng. In total, the Sioeng family contributed $102,000 to the Fong campaign over a 15-month period.
- Mr. Fong’s testimony to House investigators fundamentally conflicts with his previous Senate deposition. On basic facts—such as whether he actually saw Mr. Sioeng’s check and the circumstances of his meeting with Mr. Sioeng—Mr. Fong has given different answers under oath to identical questions.

In light of the inconsistent and implausible aspects of Mr. Fong’s testimony, it is a possibility he has made false statements under oath. Further investigation is clearly warranted in this matter.

5. Other Foreign Contributions to Republicans

Additional examples of foreign contributions to Republicans, including contributions from foreign governments, have been reported in the press and documented in the Senate minority report. The majority turned a blind eye to this conduct, however, and instead focused solely on foreign contributions to Democratic entities. Examples of foreign contributions to Republicans which were largely ignored by the Committee include:

- **Contributions from Thomas Kramer.** On July 18, 1997, German national Thomas Kramer was fined $323,000 by the FEC for making illegal foreign campaign contributions. This was the largest fine ever imposed by the FEC on an individual. Mr. Kramer contributed more than $400,000 to federal, state, and local campaigns during the 1994 election cycle, including $205,000 to the Florida Republican party. The Florida Republicans were fined $82,000 by the FEC for accepting Mr. Kramer’s contribution, but still refuse to return $95,000 of the contribution. Although the Committee held

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767 Deposition of Matthew K. Fong, v. 1, 24.
768 Id. at v. 1, 24.
769 Id. at v. 1, 57.
770 Id. at v. 1, 28.
771 Id. at v. 1, 48–50.
772 See, e.g., $323,000 Fine Levied for Foreign Contributions, Washington Post (July 19, 1997); Sen, Mack Returned Money to German Businessman Two Years Ago, Gannett News Service (July 18, 1997).
a hearing on Mr. Kramer’s contributions, that hearing focused almost exclusively on his links to Howard Glicken, a Democratic fundraiser.774

- Contributions from Michael Kojima. Michael Kojima was called “America’s worst deadbeat dad” by the Los Angeles District Attorney’s office.774 He contributed $598,770 to the Republican party during the 1992 election cycle, including $500,000 to the President’s Dinner which bought him a seat at President Bush’s table. The money for one $100,000 contribution was written on an account that would have had insufficient funds but for a wire transfer from a foreign corporation that was received before the check cleared. Mr. Kojima brought five Japanese businessmen to the dinner. It has been reported that these businessmen paid Mr. Kojima as much as $175,000 each to attend the event. In return for Mr. Kojima’s contributions, the RNC arranged for 10 meetings between Mr. Kojima and U.S. Embassy personnel in Asia, and wrote at least 15 letters on Mr. Kojima’s behalf. At the time of the contribution, Mr. Kojima was almost a million dollars in debt for failure to pay child support or his business creditors.775

- Contributions to the Jesse Helms Center. The Jesse Helms Center, which was established to honor Sen. Helms, house his archives, and host conservative speakers, solicited at least $325,000 from foreign governments, including a $225,000 contribution from the government of Taiwan in 1993 and $100,000 from the government of Kuwait following the Persian Gulf war in 1991. The Taiwanese contribution followed a conversation between Sen. Helms and a high-ranking Taiwanese official. At the time, Sen. Helms was the ranking minority member of the Senate Foreign Relations Committee.776 Because the Center is a charitable foundation, foreign governments can make contributions that may be prohibited under federal election law, the donors are not subject to federal contribution limits, and the donations are not required to be publicly disclosed.

6. Contributions to Republicans from U.S. Subsidiaries of Foreign Companies

The controversy over fundraising during the 1996 elections began in September 1996, after newspapers reported that Cheong Am America, a U.S. subsidiary of a South Korean company, contributed $250,000 to the DNC. After the discovery of this and other contributions that were subsequently returned by the DNC, RNC Chairman Haley Barbour said, “I’ll tell you right now, you won’t find any contribution like this in our records.”777 In fact, during the 1996 election cycle, the Republican party received far more contributions ($8.4 million) from American subsidiaries of foreign com-

775 Senate Minority Report, 5413–5572.
777 Republicans Return Illegal $15,000 Donation from Canadian Company, Roll Call (Oct. 21, 1996).
panies than did the Democratic party ($4.1 million). Some of the largest contributions to Republicans from foreign corporations include:

- **Brown & Williamson Tobacco Corp.** Brown and Williamson Tobacco Corp., a cigarette manufacturer, is the U.S. subsidiary of British-owned B.A.T. Industries. The company contributed $1 million during the 1996 election cycle, all but $83,000 of it to Republicans.

- **News Corp.** News Corp. is a foreign media conglomerate owned by Rupert Murdoch. Four subsidiaries of News Corp. contributed almost $1 million during the 1996 election cycle, all but $94,000 of it to Republicans.

- **Glaxo Wellcome Inc.** Glaxo Wellcome is a U.S. subsidiary of the British pharmaceutical company of the same name. The company contributed $898,954 in the 1996 elections, including $772,729 to Republicans.

C. THE RELATIONSHIP BETWEEN ACCESS TO REPUBLICAN LEADERS AND CAMPAIGN CONTRIBUTIONS

Political contributions to both the Democratic and Republican Party have substantially increased access for wealthy individuals and organizations to government officials. The practice of providing political contributors special access skews our democratic process. It means that well-funded special interests have more opportunity than the average citizen to make their views known to decision makers and to exert influence on government operations. It is also clearly a bipartisan practice.

1. **The Sale of Access by Republican Congressional Leaders**

   In 1997, even as congressional Republicans leveled public criticism at President Clinton and the Democratic Party regarding contribution-for-access allegations, the Republican Party provided big donors with special access to members of Congress. For example:

   - In February 1997, the RNC rewarded individuals and companies that had contributed $175,000 or more over four years to the RNC with a three-day gathering involving elected Republican leaders. This event, held at the Breakers Hotel in Florida, featured briefings and speeches. Policy makers that attended included Senate Majority Leader Trent Lott, Speaker Gingrich, and House Appropriations Committee Chairman Bob Livingston, among others.

   - In April 1997, Senate Republicans offered $5,000 tickets to a “policy forum” with Majority Leader Lott and other Republican colleagues.
• In May 1997, the Republican National Committee promised contributors who donated or raised $250,000 breakfast and photographs with Speaker Gingrich and Majority Leader Trent Lott.784

• In June 1997, the annual fund-raising dinner of the National Republican Senatorial Committee and the National Republican Congressional Committee offered $100,000 contributors a long list of special benefits, including “a breakfast with the House Republican leadership; a luncheon with the Senate GOP leaders; an ‘afternoon forum’ with Senate Majority Leader Trent Lott . . . and Speaker Newt Gingrich”; and “a predinner reception with congressional GOP leaders.”785

There are many other examples of Republican members of Congress providing special attention and access to big Republican contributors, including some occasions where congressional buildings were used to solicit campaign contributions. For example, as discussed in Part I.A.4.c, the 1995 Republican Senate House Dinner invitation promised contributors direct access to Republican Party leaders in buildings owned by Congress.786 Speaker Gingrich has even allegedly sold access to the State of the Union address to Congress.787

One of the most blatant access-for-contributions schemes is the so-called “season-ticket” program established by the Republican Party for donors who contribute at least $250,000. According to the New York Times, the Republican Party not only offered these contributors “the smorgasbord of perks, like access to the party’s private skybox and a photo session with the Republican nominees” at the Republican convention, but also provided them with special “staff members to help with problems in Washington.”788 A senior executive whose corporation was a “season ticket holder” reportedly stated that the $250,000 season ticket “was pitched as an entree . . . to ‘the best access to Congress.’”789 As the New York Times reported, donors understood the purpose of the special staff to be “to arrange meetings with members of Congress and help them find their way around Washington.”790

2. The Sale of Access by Prior Republican Administrations

The sale of access to big political donors was also common in past Republican administrations. As described in the minority report in the Senate Governmental Affairs Committee’s recent campaign finance investigation, for example, dozens of meetings, dinners, and
receptions were held at the White House for big Republican donors during the Ford, Reagan, and Bush administrations.\textsuperscript{791}

One prominent example involves “Team 100” members, the wealthy individuals that donated over $100,000 to help elect President Bush. Team 100 members consistently received special attention from the Bush Administration. \textit{Common Cause} magazine, which chronicled the substantial access provided to Team 100 members, concluded: “Team 100 has ensured access and influence in the executive branch while seeking and obtaining executive-branch pork barrel hand-outs; vigorous import-export assistance, high-level intervention on regulatory and other matters; appointments to ambassadorships and federal advisory commissions; [and] broad national policies for wealthy Wall Street, oil, real estate, cable television and other interests.”\textsuperscript{792}

3. \textit{Contributions That May Have Influenced Policy Decisions}

Selling access for political contributions is unseemly. Even more disturbing, however, is the fact that special interests, by virtue of their political contributions, have been able to influence and sometimes change public policy decisions. There have been numerous allegations of Republican policy favors in exchange for political contributions in recent years.

One of the most serious examples of an alleged quid pro quo is the $50 billion tax break that Speaker Gingrich and Majority Leader Lott reportedly included in the 1997 budget deal after the RNC received $8.8 million in contributions from the tobacco industry.\textsuperscript{793} This example is discussed in detail in Part I.A.4.a.

Unfortunately, there are many other examples of the Republican Congress granting policy favors to big contributors. For instance, since 1994, Amway Corporation has contributed over $3 million to Republican committees, including $1.7 million in 1994. Amway founder Richard DeVos and his wife also gave $1 million to the RNC in April 1997. According to media reports, these contributions coincided with significant policy decisions. During congressional consideration of the 1997 budget legislation, Speaker Gingrich worked to secure tax breaks that some estimated “could be worth $268 million over the next several years” for Amway subsidiaries.\textsuperscript{794}

Other examples include:

- Oil, energy, and natural resources industries contributed $18.3 million to political parties since the beginning of the 104th Congress; $9.7 million (73%) to Republicans. The 1997 budget deal included a provision to benefit many oil, energy, and natural resource companies by reducing the amount of alternative minimum tax that these companies have to pay by 75% or more. The provision is worth an estimated $18 billion.\textsuperscript{795}

- Texas businessman Harold Simmons and his family contributed at least $1.5 million to Republican candidates and committees

\textsuperscript{791}Senate Minority Report, 7968–77, 8053–56 (appendix to Chapter 28).
\textsuperscript{792}Bush’s Ruling Class, Common Cause Magazine (April/May/June 1992).
\textsuperscript{793}Donors to Campaigns Fared Well in Budget, Washington Post, (Aug. 22, 1997); FEC Records.
\textsuperscript{794}Clinton to Test Veto Power; Congress Nurtured Special Interests in Tax, Spending Bills, New Orleans Times-Picayune, (Aug. 7, 1997); FEC Records.
\textsuperscript{795}Tilting the Balance, Citizen Action (1997); FEC Records.
since 1980. The 1997 budget deal included a provision that would primarily benefit the sale of sugar beet processing plants by Mr. Simmons’s company. Tax experts estimated that $60 million of the provision’s $84 million tax benefit would go to his firm. President Clinton exercised the line-item veto to strike the tax break.\textsuperscript{796}

- Golden Rule Financial Corporation was the top proponent and beneficiary of Medical Savings Accounts (MSAs) as an alternative to the current Medicare system. During the 1994 election cycle, Golden Rule contributed $620,775 to Republican committees, and its chairman and president contributed over $152,000 to GOPAC. Following these contributions, Speaker Gingrich supported MSAs as a part of the 1995 Medicare legislation. MSAs also became a prominent feature of the 1996 Republican platform.\textsuperscript{797}

During the Bush Administration, many policy favors to contributors reportedly were dispensed by the White House Council on Competitiveness.\textsuperscript{798} Operating without public notice or record, under an unwritten “no appeal” rule regarding its decisions, the Council on Competitiveness reviewed numerous federal rules and regulations. According to Bob Woodward and David Broder of the Washington Post, Vice President Quayle and his small council staff changed or attempted to change federal regulations on a range of matters, while “leaving what vice presidential aides call ‘no fingerprints’ on the results of its interventions.”\textsuperscript{799}

Major Republican contributors reportedly had tremendous access to the council. According to the Washington Post, Vice President Quayle and council staff held “closed-door roundtables with business people who [had] made sizable contributions to the local or national GOP” during campaign visits to various cities around the country.\textsuperscript{800} One sample six-month period reviewed by the media showed that each of the 24 petitioners granted a meeting with the Council on Competitiveness had made significant contributions to the RNC, the Bush-Quayle campaign, or both.\textsuperscript{801}

The Council on Competitiveness compiled an extensive record of intervention in federal regulations to benefit major contributors. An article in the Wall Street Journal in October 1992 was titled \textit{Many of Competitiveness Council’s Beneficiaries Are Firms That Make Big Donations to the GOP}. The article described how oil industry interests that had donated hundreds of thousands of dollars to the Republican Party worked with the Competitiveness Council to weaken regulations on handling used motor and lubricating oil.\textsuperscript{802} The article also reported that Indiana pharmaceutical company Eli Lilly & Co. contributed thousands of dollars to the Bush-Quayle campaign and appeared to have “an inside track at the council.” The article noted that, in 1991, “the council asked Lilly to review the council’s plan to revamp the Food and Drug Adminis-
The council’s drug-approval policy—which would greatly benefit Lilly—before the policy was made public.” Also in 1991, the council “asked the EPA to make changes in proposed air-pollution permit rules that jibed almost exactly with requests Lilly had previously made of the EPA.”

Similarly, an article in Time described how the council intervened with the Environmental Protection Agency to narrow the definition of “wetlands,” thereby “satisfying a powerful coalition of farmers and builders and reducing America’s wetlands by as much as 30 million acres.” The article stated: “The council is potentially a political gold mine for Quayle, who often refers businesspeople with complaints about government meddling to his eager staff of deregulators.”

D. TRIAD MANAGEMENT SERVICES ENGAGED IN QUESTIONABLE PRACTICES TO SUPPORT REPUBLICAN CANDIDATES

Triad Management Services, Inc., is a corporation formed in 1996 which purportedly provided political consulting advice and services with the intent of maximizing the effectiveness of contributions from political conservatives. The minority report in the Senate campaign finance investigation, as well as numerous media accounts, suggests that, through Triad, a few wealthy individuals spent millions of dollars to influence and perhaps even change the outcome of certain 1996 federal elections, without disclosing their identities. The Senate minority report concluded that this type of secret effort “fundamentally undermines the spirit and letter of current campaign finance laws.”

Triad’s activities were undertaken exclusively to benefit Republicans.

As discussed in Part I.A.4.e, the minority has repeatedly requested that the Committee investigate Triad, and the Chairman has repeatedly promised to do so. At the November 6, 1997, Committee meeting, Rep. Maloney asked Chairman Burton, “I would like to know when you are going to issue subpoenas to the groups and individuals involved in the Triad Management scheme to violate or evade the campaign finance laws?” Chairman Burton responded, “We are looking at it. And we very well may do that.” At the following hearing, Rep. Barrett asked Chairman Burton, “What about the Triad Management? Are we looking at that, Mr. Chairman?” Chairman Burton replied, “I am going to send a subpoena to Triad. Does that satisfy you?” One month later at another Committee hearing, Rep. Lantos asked FBI Director Louis Freeh to look into Triad’s activities. In response, Chairman Burton stated, “There will be, as I said before, an investigation into the Triad matter.”

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803 Id.
806 Senate Minority Report, 6290.
807 House Committee on Government Reform and Oversight, Hearings on White House Compliance with Committee Subpoenas, 105th Cong., 1st Sess. 204 (Nov. 7, 1997).
808 House Committee on Government Reform and Oversight, Hearings on White House, His Political Donations and Related Matters, 105th Cong., 1st Sess. 89 (Nov. 13, 1997).
Nevertheless, despite the Chairman’s promises and the substantial evidence of campaign finance improprieties, the Committee has not issued one document subpoena or requested any depositions related to Triad.

At the October 8, 1998 Committee meeting, Chairman Burton attempted to explain the Committee’s lack of action on Triad. He stated:

The minority in the Senate worked very hard on the Triad issue. And we received all of the information after the Thompson Committee concluded its investigation. And we received the information on Triad. It was thoroughly investigated by the Senate Oversight Committee. And they found no illegal activities. . . . After you raised the issue before this committee, we did take a thorough look at the report that the Senate sent over to us, and there was no need to duplicate their efforts.810

The Chairman’s statement, however, is in conflict with the facts. The Senate minority report provided substantial evidence indicating that Triad may have engaged in a range of possibly improper or illegal activities, including participating in schemes to evade campaign contribution limits and disclosure requirements, and coordinating with campaigns on political advertising. Moreover, Triad, its affiliates, and other associated persons and entities did not make available to the Senate the information necessary to resolve the serious questions surrounding Triad’s activities. For example, persons with important roles in Triad activities, including Triad president Carolyn Malenick, either refused to be deposed or appeared but would not answer substantive questions. The Senate Committee did not issue orders to enforce Triad subpoenas and did not subpoena a key Triad-related entity.811

Thus, contrary to Chairman Burton’s October 8 remarks, the Senate did not have the opportunity to “thoroughly investigate” Triad, and an investigation of Triad by this Committee would not “duplicate” the work of the Senate. In fact, further investigation is absolutely necessary to fill important gaps that remained when the Senate investigation shut down.

1. Background on Triad

Triad’s purported purpose is to advise clients on making contributions.812 However, evidence indicates that Triad was focused on influencing congressional races. Senator Nickles, appearing in a Triad promotional video, described Triad as follows: “[T]his is a very effective organization that is going in and helping us, in those races that are close, those races that are targeted.”813 In that same video, Ms. Malenick states, “If we need to move, or have $100,000 put in a congressional race tomorrow, where are we going to find

810 Statement of Chairman Burton, Meeting of the House Committee on Government Reform and Oversight, unofficial transcript, 64–65 (Oct. 8, 1998).
811 Senate Minority Report, 6291–93.
813 See GOP Critic of Clinton Filmed Promo, Arizona Republic (Nov. 4, 1997).
Triad and its affiliates were apparently funded primarily by a few wealthy individuals. The Senate minority report states that Pennsylvanian businessman Robert Cone provided a substantial amount of Triad's funding, in payments totaling at least several hundred thousand dollars. Triad also is affiliated with two “nonprofit” organizations, Citizens for Reform and Citizens for the Republic Education Fund, which, according to the Senate minority report, were simply shell companies that have been essentially run by Triad. Two secret trusts, the Personal Trust and the Economic Education Trust, provided the majority of the total contributions received by these groups. The Senate minority report suggests that Mr. Cone funded the Personal Trust, while Charles and David Koch, brothers who control Koch Industries of Wichita, Kansas, funded the Economic Education Trust.

2. Triad’s Alleged Illegal Corporate Contributions

Campaign finance laws prohibit corporations from making contributions, including providing in-kind services, to political candidates. The Senate minority report found that Triad may have violated these prohibitions. The report asserts that “Triad provided political consulting services to numerous Republican campaigns free of charge,” including conducting fundraising and advising campaigns on strategy and fundraising. For example, after his primary visit with one Republican campaign, a Triad representative noted: “In response to their request, I gave them a plan to work out with regards to fundraising, establishing specific financial goals and programs to achieve those objectives.” Further, on at least two occasions a Triad employee, Meredith O’Rourke, reportedly helped then-Senatorial candidate Sam Brownback make fundraising calls at the NRCC offices. Senate investigators were unable to find evidence that any of the campaigns paid Triad for these services.

Triad also may have illegally facilitated fundraising and advocated the election or defeat of candidates through faxes to its clients. For example, one fax describes “Top Tier Races in Need of Cash” and asks for checks payable to committees affiliated with the...
candidates.\textsuperscript{826} Another fax stated that Sheila Frahm, Senator Brownback’s primary opponent, “must be defeated.”\textsuperscript{827} If Triad provided free consulting services to campaigns and advocated for candidates, Triad would appear to have made illegal corporate contributions.

3. Triad’s Alleged Schemes to Evade Contribution Limits

According to the Senate minority report, evidence suggests that Triad was involved with schemes to route contributions to campaigns through PACs from individuals who had contributed the legal maximum. As part of these schemes, Triad apparently encouraged campaigns to provide Triad with the names of “maxed out donors.”\textsuperscript{829} A number of individuals may have participated in schemes with Triad that enabled them to contribute to candidates to whom they had “maxed out.”

For example, in the 1996 election cycle, Robert Riley, Jr., contributed the maximum amount allowed to the campaign of his father, Rep. Robert Riley.\textsuperscript{830} Between May 9 and May 23, 1996, the junior Mr. Riley also made separate contributions of $1,000 to four PACs that are on an internal Triad list, and these PACs soon thereafter made contributions to his father’s campaign.\textsuperscript{831} The younger Mr. Riley told Senate investigators that he “made his contributions on the advice of [Triad president] Malenick.”\textsuperscript{832} The Senate minority report discusses numerous other examples involving other individuals. The campaigns that allegedly may have benefited from contribution routing schemes include the Steve Stockman campaign, the Ray Clatworthy campaign, the Brian Babin campaign, and the campaigns of Rep. J.C. Watts and Senator Brownback.\textsuperscript{833}

4. Triad’s Possible Improper Coordination on Political Advertisements

At a conference in early 1998, Dick Dresner, a consultant who worked with Triad in 1996, reportedly described how individuals can secretly funnel their money into the election process:

Republican consultant Dick Dresner . . . said some very wealthy donors, who want to remain completely anonymous, can establish trusts to distribute their money anonymously to any number of issue-advocacy organizations. Consultants for these organizations then steer this money into very close races, where “your money can be pivotal and the election is just two weeks away.” Even if the anon-
Mr. Dresner’s comments appear to describe the approach that Triad used in funding 1996 political advertisements.

The Senate minority report states that Triad affiliates Citizens for Reform and Citizens for the Republic Education Fund spent between $3 and $4 million on advertising in House and Senate races, including over $1 million on Kansas races. As noted above, the Economic Education Trust and the Personal Trust provided the majority of funding for Citizens for Reform and Citizens for the Republic Education Fund. According to the Senate minority report, evidence indicates that production of at least some of the advertisements involved Triad or its affiliates, in conjunction with vendors, including Mr. Dresner, that were retained by the Economic Education Trust. The donors behind the trust also appear to have provided input into the preparation of these ads. Senate investigators were unable to discern the exact nature of these arrangements, as Mr. Dresner, Triad attorney Mark Braden, and Ms. Malenick refused to appear for depositions or answer substantive questions. However, based on the existing evidence, the Senate minority report suggests that Triad enabled contributors to fund political advertising without having to disclose their identities.

Evidence also suggests that Triad and its affiliates collaborated with campaigns in the preparation of some, if not all, of the advertisements it funded. The Senate minority report asserts that, because of the level of collaboration that occurred and the content of the ads, “Triad’s advertising expenditures constituted disguised contributions to the candidates.” If this is the case, then Triad helped contributors support advertisements while evading contribution limitations and disclosure requirements.

Triad’s advertising effort in Kansas, in particular, deserves examination by the Committee, since the Committee has an ongoing investigation of alleged conduit payments to the Kansas Democratic Party in 1996. The Senate minority report states that Triad and its affiliates allegedly spent close to $1 million on four of the six Kansas federal races in 1996, and that it is likely a few wealthy individuals funded most if not all of that effort. According to the Senate minority report, one of the three House candidates on whom Triad spent money won by less than 2% of the vote; the others won by less than 5%. Further, while the Kansas Senate race between Jill Docking and Sam Brownback was close in October 1996, Senator Brownback won by a 54% to 43% margin after Triad’s last-
minute, $400,000 advertising campaign criticizing Docking. Thus, through Triad, a few individuals may have played a significant role in determining the composition of the Kansas delegation.

The Senate investigation did not have the opportunity to determine definitively the sources of Triad funding and the nature of interaction between Triad and Republican campaigns. It also did not have access to statements that Texas businessman Peter Cloeren made regarding Triad, as discussed above in Part IV.A. Given the serious possible violations that may have occurred involving Triad, and the substantial foundation of evidence already established by the Senate investigation, the Committee’s refusal to pursue these issues is unjustified. The lack of interest by Committee Republicans in issues involving Triad underscores the partisan nature of the Committee’s investigation.

V. THE REPUBLICAN CONGRESS HAS BLOCKED CAMPAIGN FINANCE REFORM AND PLAYED POLITICS WITH THE FEDERAL ELECTION COMMISSION

Our current political landscape is rife with unappealing campaign finance practices. As these views have demonstrated, both Democrats and Republicans have pled guilty to making or arranging illegal conduit contributions. Both Democrats and Republicans have received questionable foreign contributions. And both Democrats and Republicans have provided special access to large contributors in federal buildings.

Unfortunately, many of the most abusive campaign finance practices may not be covered by existing law. As Rep. Waxman wrote in an op-ed at the outset of the campaign finance investigation:

> The real scandal is what's legal and common. It is especially important that we stop the explosive growth of soft money and that we shed light on the new strategies the parties use to get around campaign-finance laws, such as having nonprofit groups finance clearly partisan activities. Our goal should be to understand how the process functions at every step, to expose its flaws and to get rid of the loopholes. This approach may not be popular in Congress, but leaders of both parties must realize that the situation has to change.

One dramatic illustration of the deficiencies in existing law is the recent decision of the United States District Court for the District of Columbia on the legality of foreign “soft money” contributions. The court determined that, under current campaign finance laws, it is legal for a foreign national to contribute “soft money” to a political party. “Soft money” includes donations for generic party-building activities, get-out-the-vote activities, and issue advocacy ads, among other activities. Ironically, the district court decision means that most of the allegedly foreign contributions to Democrats that the majority has spent millions investigating may not even be illegal, even if they were contributed by foreign nationals.

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In fact, soft money donations are completely exempt from almost all of the provisions of federal election law. As the court stated, “it could not be more apparent that . . . Congress intended the proscriptions of the Federal Election Campaign Act to apply only to ‘hard money’ contributions.” Thus, for example, FECA’s limitation on the size of campaign contributions and its prohibition on corporate contributions do not apply to soft money contributions. More than any other factor, it is this exemption for soft money that has tainted our campaign finance system. As the Washington Post has editorialized, “[t]he fundraising excesses of the last campaign almost all had to do with soft money.”

Regrettably, despite the Committee’s investment of two years and over $7 million of taxpayer resources in the campaign finance investigation, the Committee failed to even hold one hearing on soft money or the other evident loopholes in our campaign finance laws, and did not propose even minimal legislation correcting the obvious deficiencies in the current law. Moreover, most Republicans on the Committee voted against meaningful campaign finance reform legislation. They also voted against an effort to strengthen the Federal Election Commission, the entity charged with enforcing campaign finance laws.

A. THE REPUBLICAN LEADERSHIP DEFEATED CAMPAIGN FINANCE REFORM LEGISLATION

At the same time that the Committee was spending millions of taxpayer dollars to focus attention on alleged campaign finance abuses, Republican leaders in Congress worked vigorously to prevent passage of campaign finance reform. The majority of Republican members on this Committee joined their Republican leaders in this effort to defeat reform. Unfortunately, the effort succeeded on September 10, 1998, when, through a procedural vote, the Senate destroyed any remaining chance of passing reform legislation.

1. The Campaign Finance Reform Legislation

The two major comprehensive campaign finance reform bills introduced in this Congress were H.R. 3526, the House legislation known as the “Shays-Meehan” bill, and S. 25, the Senate legislation known as the “McCain-Feingold” bill. One of the main components of both of these bills was a measure to ensure that soft money contributions were subject to FECA restrictions. A third

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445 Id.
446 Id.
447 With respect to contributions to candidates for federal office and to political committees seeking to influence elections at the federal level, FECA imposes the following limits: $1,000 per election to a candidate for federal office; $20,000 per calendar year to a national committee of a political party; $5,000 per calendar year to any other political committee; and $25,000 aggregate limit per calendar year for all federal candidates and committees. 2 U.S.C. §§ 431, 441a(a). While FECA does not impose a cap on contributions to political parties for other purposes—known as “soft money”—these donations may nevertheless end up indirectly influencing Federal elections.
448 Congressional Quarterly Weekly, Senate Vote 264, 2429 (Sept. 12, 1998).
449 The most recent version of the McCain-Feingold bill was Senate Amendment 3554 to S. 2237 (reprinted in the Sept. 8, 1998 Congressional Record). The Shays-Meehan bill was introduced as H.R. 493, but ultimately was considered as a substitute to H.R. 2183. Therefore, references in this report to provisions of the Shays-Meehan bill will cite to H.R. 2183.
450 H.R. 2183, Sec. 101; Senate Amendment 3554 to S. 2237, Sec. 101.
leading bill, crafted by House freshmen, was introduced by Reps. Thomas Allen and Asa Hutchinson. The Allen-Hutchinson bill would restrict soft money and increase disclosure requirements for candidates and groups that run issue advertisements, among other provisions. Passage of soft money restrictions, and the other reform measures contained in these bills, should have been a top priority of this Congress.

2. Republican Efforts to Thwart Campaign Finance Reform

Consideration of campaign finance reform legislation began in the Senate. Supporters of the McCain-Feingold bill first attempted to pass the legislation in the Senate in September and October 1997. After these efforts were rebuffed by Majority Leader Trent Lott, supporters of the McCain-Feingold measure reached an agreement with Senator Lott that the legislation would be brought up by March 6, 1998. In late February 1998, the Senate took up the bill again. However, a filibuster spearheaded by the Republican leadership, ended consideration of the matter, after a 51–48 vote on February 26 fell shy of the 60 votes required to end debate.

The Senate vote demonstrated that the majority of the Senate favored comprehensive reform. As a result, the actions of the Senate Republican leadership to stop consideration of the legislation received widespread criticism. For example, the Washington Post commented:

The defeat of campaign finance reform in the Senate . . . was a failure of the legislative process. . . . The defeat in the Senate . . . was not the process at its best but a charade in which the Republicans sought to kill the bill but escape the blame.

The House proceeded on a slower track. Speaker Newt Gingrich stated on November 13, 1997, that he hoped “to have a fair, bipartisan process for voting” on campaign finance legislation and that House GOP leaders were “committed to having a vote some time in March.” However, on March 26, the Republican leadership postponed floor action on campaign finance legislation. Republicans reportedly were “concerned they might lose control on the House floor,” and would not be able to gain support for Republican-sponsored legislative alternatives to the Shays-Meehan proposal. House Majority Leader Dick Armey stated, “If our guys won’t commit to us on the procedural votes, we’re not putting it (the bill) on the floor.”

Instead of considering the Shays-Meehan legislation, the Republican leadership scheduled floor action on March 30 for alternative legislation under a procedure known as “suspension of the
rules.” 858 This procedure is not commonly used for consideration of controversial measures, as it does not allow for amendments, and it requires two-thirds of a majority for passage of legislation. The vote on the alternative legislation fell far short of the two-thirds majority. 859 This scheduling scheme, however, enabled the Republican leadership to prevent serious discussion of meaningful campaign finance reform while giving the appearance of considering campaign finance legislation.

The March actions by the House Republican leadership drew sharp public criticism. For example, the Washington Post stated:

The House Republican leaders have followed the unfortunate example of their Senate counterparts on campaign finance reform, only even more clumsily. Their goal was to kill the bill but avoid the blame. . . . Republicans have spent a year and a half claiming to be indignant about the fund-raising abuses in the last campaign, which were considerable, and on the part of both parties. But given the chance to change the law to ban the principal abuse, having to do with the raising and spending of so-called soft money, they flinch. . . . The tactic has been to offer up mock reform bills that they could be pretty sure (a) wouldn’t pass, in part because they were written to be offensive to Democrats, and (b) wouldn’t achieve reform if they did pass. 860

Despite the March setback, House supporters of comprehensive campaign finance legislation pressed forward by circulating a “discharge petition” to force the House Republican leadership to take up the legislation on the House floor. Such a petition needs the signatures of 218 House members—the majority of the House. By April 22, the petition had garnered 204 members, including 12 Republicans, and Speaker Gingrich agreed to allow debate on campaign finance reform in May. 861

The discharge petition indicated that a clear majority of the House was likely to support meaningful campaign finance reform. As a result, when the Republican leadership took up the campaign finance legislation in May, the leadership attempted to structure the debate in a manner that would frustrate efforts to pass effective legislation. The Republican leadership allowed debate on comprehensive campaign finance legislation, but at the same time made in order 11 substitutes, a constitutional amendment, and 258 other amendments, and allowed for consideration of additional amendments on the floor, a schedule that promised extended and complicated consideration of the matter. 862 The Los Angeles Times described the Republican leadership’s maneuvering as follows:

Speaker Newt Gingrich and Majority Leader Dick Armey, the Republican chieftains who tried to bury campaign finance reform earlier this year, are at it again. Last week

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858 Congressional Research Service Brief No. 87020.
859 Id.
862 Congressional Research Service Issue Brief No. 87020.
they outlined a cynical plan to deny what the clear majority of House members want: serious consideration of a reform bill sponsored by Reps. Christopher Shays (R-Conn.) and Martin T. Meehan (D-Mass.), the only viable reform legislation before the House at this time. . . . Gingrich and Armey have deviated from the usual House rules to allow debate on unlimited amendments being tacked onto the bill in a blatant attempt to sow confusion among legislators. Incredibly, House Republican leaders all but admit to the subterfuge. Armey, for instance, says he wants campaign reform “out of my life by July 4th,” and Rep. Ray LaHood (R-Ill.) said of his party’s strategy: “We tried squelching it first. Now we’re trying to talk it to death.”

The effort to kill campaign finance reform through endless debate persisted throughout the summer. In late July 1998, the Washington Post described the delaying tactics of the House leadership as follows:

The House is scheduled this week to resume the bizarre debate in which the leadership for two months has tried and failed to kill campaign finance reform, only to come back a week later and try again. . . . It is long past time to allow the vote the leadership has sought to prevent. Majority Leader Richard Armey says he will allow it—next week, after the Senate is safely out of town for the August recess. Then House leaders will only have to stall the bill another month until adjournment. They can stall anything for a month. That’s the plan.

A final vote on the Shays-Meehan bill did not occur until August 6, 1998. The bill passed by a strong majority, 252–179. All but 15 of the 205 Democrats that voted supported the legislation, while the vast majority of Republicans (164 out of 225) voted against the bill.

At this point, however, there was little time left in the session to achieve Senate passage necessary for enactment of the bill. On September 10, hope for comprehensive campaign finance reform legislation in the 105th Congress ended, when the Senate failed to overcome procedural blocks to considering comprehensive campaign finance reform legislation. On this vote, all 45 Democratic Senators voted to end the leadership’s filibuster. Because they were joined by only 7 Republican Senators, campaign finance reform did not receive the 60 votes needed to proceed with consideration of the legislation.

Commentator David Broder succinctly summarized the Republican leadership conduct on the reform legislation:

It was the adamant opposition of the Republican congressional leadership that ultimately stalled campaign finance legislation. Tactics employed by Speaker Newt Gingrich delayed passage of any bill on that side of the Capitol until

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863 Dirty Ploy on Campaign Reform, Los Angeles Times (June 9, 1998).
866 Congressional Quarterly Weekly, Senate Vote 264, 2429 (Sept. 12, 1998).
867 Id.
there were fewer than four workweeks left in this session. That made it easy for a Republican filibuster to stymie action in the Senate.\footnote{David Broder, Renew Efforts on Campaign Finance Reform, Star-Ledger Newark, NJ (Sept. 30, 1998).}

\section*{How Committee Members Voted}

All of the Democrats and the one Independent on the Committee voted for the Shays-Meehan legislation in the House. However, even after two years of rhetoric by Committee Republicans about campaign finance abuses, only seven of the 24 Committee Republicans voted in favor of the bill. Those who voted against campaign finance reform were Chairman Burton and Reps. Hastert, Cox, Ros-Lehtinen, Mica, Davis, McIntosh, Souder, Scarborough, Shadegg, Sununu, Sessions, Pappas, Snowbarger, Barr, Miller, and Lewis. Republicans voting for the measure were Reps. Shays, Gilman, Morella, McHugh, Horn, LaTourette, and Sanford.\footnote{House Votes, Congressional Quarterly Weekly, 2206 (Aug. 8, 1998).}

The purpose of congressional investigations should be to illuminate where reforms in government policies are needed. The Committee's investigation and investigative reporting by the media have amply demonstrated the need for far-reaching campaign finance reform. Sadly, the votes against campaign finance reform by most of the Republican members of the Committee is another demonstration that the goal of the Committee's campaign finance investigation has been to embarrass Democrats—not to improve our campaign financing system.

\subsection*{The Republican Leadership Sought to Hamstring the FEC}

In the face of criticism for their opposition to campaign finance reform, Republican leaders such as Speaker Gingrich have claimed "the problem is lawbreakers, not the campaign finance law."\footnote{Gingrich Assails Democrats for "Illegitimate" Campaign, Atlanta Journal (Sept. 28, 1997). See also Democrats and Clinton, in Surprise Move, Curb Contributions, Vow to Refuse Aliens' Donations, Wall Street Journal (Jan. 22, 1997) (quoting spokesperson for House Majority Leader Richard Armey as stating that campaign finance abuses "don't require changing the law").} Yet, despite their professed outrage at "lawbreakers," Republican leaders have not sought to strengthen FEC enforcement of campaign finance laws. To the contrary, the Republican leadership has sought to hamstring the FEC through removal of the agency’s chief law enforcement official and through inadequate funding.

\subsection*{Efforts to Remove the FEC’s General Counsel}

Republican leaders have worked to pass legislation that would effectively remove FEC general counsel Lawrence Noble from his job. According to media accounts, Mr. Noble is opposed by Republicans because he has encouraged the investigation of Republican fundraising groups that include GOPAC (a political action committee formerly affiliated with Newt Gingrich), the Christian Coalition, and the weekly meeting of business leaders known as the "Thursday Group" that is hosted by House Republican conference chairman John Boehner.\footnote{See, e.g., Panel Votes Term Limits for Top FEC Staffers, The Hill (Sept. 30, 1998); Campaign Reformer Under Attack, New York Times (Sept. 17, 1998); Noble's Cause, The New Republic (July 20/27, 1998); The FEC v. the GOP, National Journal, Inc. (July 11, 1998).} He also reportedly has antagonized Repub-
licans by defending FEC efforts to impose restrictions on the use of soft money in national campaigns.\(^{872}\)

The FEC is comprised of three Republican and three Democratic commissioners. Under current law, the FEC staff director and general counsel can only be removed if four of the six commissioners approve removal. Republican leaders, however, introduced legislation that would limit the terms of the FEC staff director and general counsel to four years unless at least four of the six FEC commissioners vote to reappoint them.\(^{873}\) Under the scheme set forth by the legislation, three commissioners could band together on party lines to force the ouster of a general counsel or staff director who took actions that were unappealing to one party or the other.

In the House, the legislation was proposed by House Oversight Committee Chairman Bill Thomas.\(^{874}\) The House Appropriations Committee Republicans, led by Chairman Bob Livingston, added this provision to the Treasury-Postal appropriations bill in June on a party-line vote.\(^{875}\) The language was removed, however, during House floor consideration of the bill in July on a point of order raised by Rep. Carolyn Maloney on the grounds that this language inappropriately legislated in a general appropriations bill.\(^{876}\)

In the Senate, the legislation was spearheaded by Sen. McConnell, head of the National Republican Senatorial Committee. The Senate considered the measure in July as an amendment to S. 2312, the Treasury-Postal appropriations legislation. The Senate voted on party lines against tabling the amendment, but the bill and amendments were set aside until after the August recess.\(^{877}\) In September, when the Senate again took up Treasury-Postal appropriations legislation, Sen. McConnell dropped much of the controversial language from the amendment, and the bill passed.\(^{878}\)

Despite the rejection of the FEC legislation in both the House and Senate versions of the Treasury-Postal appropriations bill, Republicans in the House-Senate conference on the bill revived the FEC legislation on a party-line vote.\(^{879}\) When the measure was brought to the floor in early October, the House once again voted to block the provision, this time by preventing the bill’s consideration through a procedural vote.\(^{880}\)

Proponents of the measure to limit the general counsel’s term have denied that the FEC legislation targets Mr. Noble. However, GOP sources have acknowledged that they are “hoping to send a serious message” to the FEC.\(^{881}\) One Republican source reportedly stated “It’s not targeted at someone they dislike, but at an enforce-
ment program they don’t like that has been fairly aggressive with important constituencies of the leadership.\textsuperscript{882}

Although the professed goal of the Republican leadership is to strengthen FEC enforcement, the repeated attempts to remove Mr. Noble are designed to have the opposite effect. As the New York Times wrote in an editorial, “At a time when Congress should be moving aggressively to strengthen the Federal Election Commission’s ability to enforce the nation’s campaign finance laws, House Republicans are racing headlong in the opposite direction. . . . The [measure] is nothing more than an attempt to install a do-nothing enforcement staff.”\textsuperscript{883}

2. Efforts to Defund the FEC

In addition to efforts to remove the FEC general counsel, the Republican leadership also has opposed providing the FEC with the financial resources the FEC has requested over the past few years. For example, the FEC asked for $6.6 million in additional funds for FY 1997 and 1998 to hire staff for the heavy caseload resulting from the 1996 election, but congressional appropriators refused this request.\textsuperscript{884} Appropriators provided a funding increase to the FEC for FY 1998, but required that the majority of this amount go toward computer modernization, instead of staffing needs.\textsuperscript{885} Rep. Robert Livingston, chairman of the House Appropriations Committee, explained his position on funding the FEC as follows: “I see no reason to increase their revenue. . . . I think they have become a political organization, they perpetuate their own base, and they don’t do the job they were intended to do. I just don’t believe in these guys.”\textsuperscript{886}

During consideration of the fiscal year 1999 appropriations legislation that funded the FEC, House appropriators again did not provide the full amount requested by the FEC. When the funding measure reached the full House, however, $2.8 million was added to the FEC funds through an amendment sponsored by Reps. Carolyn Maloney and Vince Snowbarger. Only 27 of 223 Republican members that voted supported this amendment, while 186 of 200 Democratic members that voted supported this amendment.\textsuperscript{887} Unfortunately, the vast majority of the Committee Republicans did not support providing the funding requested by the FEC. Only seven of the 24 Republicans on the Committee voted for the amendment to the Treasury-Postal appropriations bill that provided the FEC with an additional $2.8 million. All of the Democrats and the one Independent on the Committee voted in favor of the amendment.\textsuperscript{888} It is an ultimate irony that at the same time that Committee Republicans have spent millions of dollars investigating alleged Democratic campaign finance abuses, they refuse to provide proper

\textsuperscript{882} Id.
\textsuperscript{884} Money Woes Leave FEC Watchdog with More Bark Than Bite, Congressional Quarterly Weekly, 469–70 (Feb. 28, 1998).
\textsuperscript{885} Id.
\textsuperscript{886} Id.
\textsuperscript{887} Congressional Quarterly Weekly, House Vote 287, 1970 (July 18, 1998).
\textsuperscript{888} Congressional Record, Final Vote Results for Roll Call 287 (July 16, 1998).
support to the very agency that is charged with enforcing our campaign finance laws and preventing further abuses.

Henry A. Waxman.
Tom Lantos.
Robert E. Wise, Jr.
Major R. Owens.
Edolphus Towns.
Paul E. Kanjorski.
Gary A. Condit.
Bernard Sanders.
Carolyn B. Maloney.
Eleanor Holmes Norton.
Chaka Fattah.
Elijah E. Cummings.
Dennis J. Kucinich.
Rod R. Blagojevich.
Danny K. Davis.
Thomas H. Allen.
Harold E. Ford, Jr.
The Honorable Dan Burton  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, DC 20515  

January 24, 1997

Dear Mr. Chairman:

Thank you for providing me with copies of letters you have sent to various government agencies and private parties requesting documents relating to alleged campaign fundraising abuses. I look forward to cooperating with you in this important investigation.

Your letters raise some questions, however, regarding how the Committee will handle the documents that it may receive from government agencies and others in response to your requests. In particular, I am concerned about the treatment that the Committee will afford documents that may contain confidential information. For example, at this time I do not know what procedures the Committee will follow to ensure that confidential documents are not inadvertently released, nor the conditions, if any, under which confidential documents (or the contents thereof) may be released by the Committee. I also do not know who will and who will not be provided access to these documents. For example, I do not know if staff of member offices or outside parties will be given access to confidential documents or will be provided information about their contents (I do assume, however, that minority staff will have access to the documents).

It is clear that difficulties may arise if different rules for handling confidential documents apply to different parties. Without a unified set of procedures for handling confidential documents, dozens of separate understandings may be necessary with the many government agencies and private parties who may have confidential documents responsive to your requests. Such a situation could be truly unworkable — and could result in unnecessary delay in obtaining desired documents.

The minority members of the Committee have a strong interest in insuring that the Committee adopt fair and workable procedures for handling documents received during the course of the Committee’s investigation. I request, therefore, that our staffs meet as soon as possible to develop an appropriate set of procedures for handling these documents. Ideally, such
procedures could then be applied uniformly to all documents received in the course of this important investigation.

It is also my desire to be able to join with you on many of the document requests to the Administration and others. A bipartisan understanding on how documents will be handled would, of course, facilitate this.

I do not wish to delay any person’s response to your document requests. However, to avoid the problems that could arise if each of the numerous recipients of your letters separately engages in negotiations with the Committee about how responsive documents will be treated, I suggest that it may be advisable for us to reach an agreement on appropriate procedures before the Committee receives documents under the pending requests.

I would also suggest that our staffs discuss the conditions under which Administration officials and others are interviewed by staff, as I understand that requests for staff interviews have also been made.

In closing, I want to reiterate my desire to cooperate with you in this investigation. The Committee will be providing a great service if we are able to conduct a thorough and bipartisan investigation into campaign finance issues.

Sincerely,

Henry A. Waxman
Ranking Minority Member
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515  

February 5, 1997  

Dear Mr. Chairman:  

I want to thank you again for your public statements pledging a bipartisan approach to our Committee’s work. I share your view and am looking forward to working together. As we begin this process, I want to bring two important organizational issues to your attention.  

The first is the allocation of Committee funding. This is the first time either of us have gone through this process on the Committee, and as you prepare your proposed budget for the Committee on House Oversight, I wanted to make sure you knew some of my preliminary views.  

In the Committee on House Oversight’s Funding Resolution Report for the 104th Congress (Report 104–74, page 7), Chairman Thomas wrote the following:  

To ensure fairness to all Members, the Republicans, when they were in the minority, argued that all committees should allocate at least one-third of resources to the minority. As the new majority, Republicans remain committed to achieving that goal. The Committee is pleased that Republican chairmen have made substantial progress by more than doubling the number of committees that will allocate one-third of resources to the minority—from four committees in the past, to nine committees in the 104th Congress. In addition, under all the current proposed budgets, committees are either at the one-third standard or have increased the allocation of resources to the minority over that allocated in the 103rd Congress. Our goal is to have all Committees, with the agreement of the chairman and ranking minority member, provide at least a one-third allocation of resources, for use by the minority as directed by the ranking minority member, as soon as practicable.
Unfortunately, our Committee did not comply with the one-third allocation formula in the 104th Congress. In 1996, for instance, the Minority was given only 26 (or 24%) of the 113 staff positions assigned to the Committee. Similarly, the Minority's salary allocation ($1,370,000) was significantly below the one-third allocation provided to the Committee.

Although the Committee on House Oversight's official policy is for at least a one-third allocation for the Minority, I don't believe a level above one-third is practicable at this time given the transition that would be needed from the 1996 budget and staff levels. Accordingly, I am only requesting that our Committee follow the minimum House Majority/Minority one-third funding allocation policy for the 105th Congress, and that this allocation be reflected in the budget proposal you submit to the Committee on House Oversight.

If the budget proposal you submit is identical to the 1996 plan, under a one-third allocation the Minority would receive a total of 35 staff positions and approximately $1,691,251 in salary funding. Of course, if you request funding above the 1996 level these figures would increase by one-third.

Complying with the Committee on House Oversight's allocation policy isn't just a matter of fairness; it is essential if Minority members are to participate fully and effectively in the legislative and oversight process. And it is especially important given the thorough and comprehensive investigations on sensitive issues you and Senate Governmental Affairs Committee Chairman Thompson have indicated you will pursue.

The second issue relates to the Majority/Minority ratios for the Committee's seven subcommittees. It is my hope that we can agree to ratios that are fair and that allow every Minority member wishing to serve on two subcommittees the opportunity to do so.

I am enclosing with this letter an attachment that illustrates the party ratios in both the full House, the Committee, and the subcommittee ratios you have proposed. Although Democrats now hold 48% of all House seats, we have only been given 45% of the seats on the Government Reform Committee. Moreover, under your proposed subcommittee ratios, Democrats would receive only 41% of the 78 subcommittee positions.
The Honorable Dan Burton  
February 3, 1997  
Page Three

Ironically, your proposed subcommittee ratios are more imbalanced than last Congress. In the 104th Congress, the minority was awarded over 43% of the subcommittee assignments. This Congress, even though the minority increased its seats in Congress, the minority would be awarded only 41% of the subcommittee assignments. Relative to last Congress, your proposal would cut the number of subcommittee assignments available to the minority by 6 assignments, while cutting the number of subcommittee assignments available to the majority by only 4 assignments.

Aside from whether this proposal is fair, at this time I cannot assess whether it would allow every Democratic member (and Rep. Sanders) an opportunity to serve on two subcommittees. I will not be able to poll the Democratic members for preferences until an estimated five vacancies are filled by new Committee members. As you know, these assignments will not be made until the dispute between the Republican and Democratic leaderships over the ratios for all committees is resolved.

I suggest that we postpone the Committee organization until those assignments are made and that at that time we discuss whether your proposed subcommittee ratios meet the needs of the Minority or whether an adjustment is appropriate. It would also allow our staffs adequate time to discuss the proposed rules for the Committee and resolve any differences we might have. I am confident that any issues relating to ratios and the rules can be quickly and easily resolved.

Thank you for your consideration, and please know that I am ready to discuss these issues at your convenience.

With best wishes. I am

Sincerely,

Gary L. WAXMAN  
Ranking Minority Member
### Ratios in the 105th Congress

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**Committee on Government Reform and Oversight**

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**Proposed Ratios for Subcommittees**

(Republicans to Democrats and Rep. Sanders)

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**Subcommittee Total:**

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The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for taking the time to meet with me on Tuesday. I'm glad we had a chance to talk and that some of the issues we have discussed have already been resolved.

At our meeting you shared with me a memorandum relating to the Committee on House Oversight's official policy of ensuring that the minority should receive a minimum of one-third of the resources allocated to a committee. The memorandum noted that although the minority on the Government Reform Committee did not receive a one-third allocation in 1996, it still received a greater percentage than that given to the Republican minority in the 103rd Congress.

As you know, however, in 1995 the new Republican Majority combined the Committee on the District of Columbia, the Committee on Post Office and Civil Service, and the Committee on Government Operations to make the new Committee on Government Reform and Oversight. According to information provided to the Congressional Research Service from the Republican staff of the House Oversight Committee, these three Committees had a total of 201 staff positions in 1994. The Republican Minority received 48 (or 23.6%) of these slots (see enclosed chart). The actual percentage, in fact, may well have been higher, since CRS relied only on Republican staff members for data.
Nonetheless, the 23.88% is actually higher than what the Democratic Minority of the Government Reform and Oversight Committee received in the 104th Congress. As you know, in the last Congress Democrats received 25 (or 23.81%) of the 105 staff positions allocated to the Committee. Moreover, the actual allocation for salary was significantly less than 23.81%.

These numbers are the reason I take exception to the argument that it should take several congresses for our Committee to reach the one-third allocation formula. I understand the resentment many Members feel about the treatment Republicans received under previous Democratic Chairman of the Government Operations Committee. But the cooperative experiences on the Committees on the District of Columbia and Post Office and Civil Service is relevant. When the Committee staff ratios are aggregated, we not only didn't move forward with a one-third allocation in the last Congress, we actually moved slightly back from what the Republican Minority received in 1994. The unfairness of this result is accentuated by the fact that there are now many more Minority Members of Congress (208 Democrats including Rep. Sanders) than there were in 1994 (177 Republicans).

The debate over funding for the Senate Governmental Affairs Committee is also instructive. Although there is a dispute over how much money should be spent on the Senate investigation, there is a clear agreement that the minority should receive a one-third allocation of the Committee's resources.

I again want to reiterate how important it is for our Committee to join most of the other House committees in complying with the policy of allocating to the minority a minimum of one-third of the Committee's resources. As Chairman Thomas wrote in the 1995 Funding Resolution, "our goal is to have all Committees, with the agreement of the Chairman and ranking minority member, provide at least a one-third allocation of resources, for use by the minority as directed by the ranking minority member, as soon as practicable."

We should comply with the House allocation policy, we should be consistent with the Senate policy (especially since Democrats hold more seats in the House (48%) than in the Senate (45%), and we should recognize that it is essential for the Minority to be treated fairly given the extraordinarily sensitive nature of our work.
The Honorable Dan Burton  
February 10, 1997  
Page Three

I anticipate that given the scope of the pending investigation you will be requesting additional funding from the Committee on House Oversight. Additional resources will make the transition to a one-third allocation less disruptive to our Committee, and I request that you include that allocation in the budget proposal you submit this week.

Again, thank you for your consideration and assistance.

With best wishes, I am

Sincerely,

HENRY A. WAXMAN  
Ranking Minority Member
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a Operates with bipartisan Staff.
b Authorized statutory staff via H. Res 58 in 1983.
c Non-partisan staff are not reflected in these figures.

Source: 1994 Republican Committee Surveys
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Before our Committee formally organized last week, we met and discussed the procedures the Committee would follow in issuing subpoenas. As you know, I believe there is enough evidence of improper and questionable campaign activities by both parties to warrant serious congressional investigation. It is also my view any investigation should be bipartisan, fair, and comprehensive.

Although it has now been less than a week since we adopted the Committee rules, it is clear to me that the procedures we agreed to are not being followed and that the majority is setting a course that will result in partisan conflict, not bipartisan cooperation. In addition to a clear breach of the policy governing Committee subpoenas, the minority has not been given any information about the budget you are submitting for the Committee’s activities, nor have we been assured that we will receive at least a one-third allocation of all resources given to the Committee so that we can fully participate in all investigations and legislation.

In our February 4, 1997, meeting, we discussed the procedure you would follow before authorizing or issuing subpoenas. My staff proposed that in light of problems that arose last Congress, the Committee rules should be changed to require explicitly that you consult with the minority in advance before authorizing and issuing subpoenas. You responded that you did not wish to modify the Committee rules, but that you would not authorize or issue any subpoenas without consulting with me in advance. Indeed, I recall that you said you would track me down for consultation even if I was "off in Rangoon." I told you that given your commitment to consult with me, I would rely on your word and not pursue a change to the Committee rules.

The Committee met to organize on February 12. Prior to the meeting, your staff agreed to a request from my staff that we engage in a colloquy at the meeting to formalize your commitment to consult with me before authorizing or issuing subpoenas. When I raised this issue,
however, you said it would be your policy to provide “notice” to the minority before issuing subpoenas unless “unusual circumstances” were present. This response was different from your prior commitment to me in at least two significant ways. First, “notice” of your intent to issue subpoenas is different than “consultation” about the advisability of issuing the subpoenas. Second, your original commitment to me contained no ambiguous “unusual circumstances” loophole.

I raised these discrepancies privately with you during a break in the meeting. In that conversation, you affirmed your original commitment to consult with the minority before unilaterally issuing subpoenas and explicitly agreed that you would make a “good faith effort” at “consultation” in every instance, without exception. Accordingly, I sought no change in the Committee rules, despite the fact that I think it is a better course in such a sensitive investigation to follow the Senate policy of either having all Committee members vote on whether a subpoena should be issued or obtaining the concurrence of the ranking minority member.

By February 16, however, both the spirit and the letter of the commitment to consult with minority were clearly violated.

The first problem occurred on February 14, when — without a Committee vote or my concurrence — you authorized and issued subpoenas to Webster Hubbell, Mark Middleton, Yah Lin Charles Trie, and John Huang. Although I was given prior notice of your intent to issue these subpoenas, my staff was not provided copies of the actual subpoenas to review until approximately two hours before they were to be issued. This extraordinarily limited time for review obviously made it impossible to engage in any meaningful consultation about the appropriateness of the subpoenas or to make suggestions regarding their scope.1

The second problem became apparent during your February 16 appearance on “Meet the Press.” During your interview you announced that you had signed 20 additional subpoenas — again without a Committee vote or my concurrence — on February 15. Despite your promise to consult with me, neither you nor your staff contacted me or any of my staff prior to your action. I was not given even prior notice — much less a meaningful opportunity to consult with you.

This is an especially important issue because the issuance of a subpoena is an exceptionally serious step. It compels the person who receives the subpoena to provide documents to the Committee against his or her will. The person who receives the subpoena often has to expend tremendous resources to comply with its terms and to hire expensive legal counsel. Failure to comply fully with the subpoena can subject the individual to a number of serious legal consequences, including being held in contempt of Congress.

1 I understand that an unanticipated problem arose for the majority staff in preparing the subpoenas. The appropriate and obvious solution to such a problem, however, would have been simply to delay the issuance of the subpoenas until the next day.
For these reasons, Democrats always proceed with great caution before issuing subpoenas when they control the Committee. In fact, the record is very clear that under a Democratic majority, no subpoenas were issued without either (1) a vote of the Committee authorizing the subpoenas or (2) the concurrence of the ranking minority member. These safeguards provided appropriate checks and balances against the potential abuse of a subpoena being unilaterally issued by the chairman. They insured that subpoenas would not be issued to advance a partisan political agenda or to conduct a “fishing expedition.”

Unfortunately, these elementary checks and balances are not being followed in the DNC/RNC campaign finance investigation. Rather than seeking Committee approval or my concurrence, you are exercising your power to issue subpoenas unilaterally. I don’t dispute that you have this power -- indeed, you may be the only House chairman to have this extraordinary grant of authority. I do think, however, that it would be wise not to break from historical precedent and instead adhere to the prior practice of either voting on subpoenas or issuing subpoenas only with the concurrence of the minority.

It is also essential that the Committee establish bipartisan procedures for handling the documents that you subpoena seek to compel, including procedures for protecting privileged and confidential information. In my view, it is simply premature to compel any person to submit documents to the Committee before those procedures are in place.

I first wrote to you about the need for appropriate procedures on January 24, 1997. As I explained to you in that letter, it is premature to ask for confidential or privileged documents until procedures are in place that assure that such documents will not be leaked to the press or otherwise disclosed without a vote of the Committee. At our February 4 meeting, I gave you proposed procedures for handling documents, including procedures for protecting privileged or confidential documents.

The cornerstone of the procedures I proposed is the principle that privileged or confidential documents cannot be disclosed without a vote of the Committee or the concurrence of the ranking minority member. This principle derives from the House rules and precedent, including House rule XI clause 2(k)(7), which provides that “[n]o evidence or testimony taken in executive session may be released or used in public sessions without the consent of the committee.” As the Parliamentarian’s office has specifically advised, “the chairman has no unilateral authority, not possessed by any other member, to release such material.” House Practice, Committees sec. 16 (emphasis added).

To date, I have not received any definitive response to either my January 24 letter or to the proposed procedures I personally delivered to you on February 4. However, your staff has informally advised my staff that you intend to take the position that you may make a unilateral decision to release publicly any privileged or confidential information provided to the Committee under a subpoena.
Under these circumstances, it is premature for you to issue any subpoenas to any witnesses, regardless of how justified the subpoenas may otherwise be. There is great doubt whether you actually have the legal authority to issue a subpoena to obtain privileged or confidential documents if your intent is to release these documents unilaterally. Moreover, even if you were to have this extraordinary power, it would be unfair to the recipients of the subpoenas to compel them to submit documents to the Committee before the procedures under which the documents will be handled are clearly delineated.

I am taking the time to share my concerns with you because I have been impressed with your repeated statements of bipartisanship and your assurances of fair investigations -- rhetoric that is in fundamental conflict with the actions of these past five days.

If the Committee is to pursue an investigation into alleged campaign finance abuses, the Committee's Democratic minority will be willing to work with you to ensure that the Committee aggressively pursues all legitimate allegations of improper campaign finance activities, no matter where or to whom they lead. With proper procedures in place to handle documents -- including privileged or confidential documents -- I believe we could agree on the appropriateness of issuing subpoenas to witnesses who have relevant information concerning alleged campaign finance abuses, but who have refused to cooperate voluntarily with the Committee. For example, if proper confidentiality procedures were in place, and if the minority had been given a real opportunity to work with you and your staff in advance, I would have supported carefully crafted subpoenas to Webster Hubbell, Mark Middleton, Yuh Lin Charles Trie, and John Huang.

I appreciate your consideration of these concerns, and would be grateful if you would share with me specific information about your plans on addressing these issues and the pending budget issues facing our Committee.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Henry:

Thank you for your letter, which I received yesterday. I appreciate you sharing your concerns with me, and I would like to respond to several points.

When the Committee met to organize last week, we had a colloquy and a private conversation regarding the issuance of subpoenas. I stated that it would be my policy to notify you in advance of issuing subpoenas and consult with you on them. I further stated that in unusual circumstances, which would be very rare, it may be necessary to issue a subpoena without notifying you first, but that you would be notified as soon as possible. I emphasized that, should this occur, it would be in extremely rare circumstances. You expressed your preference for a standard of "concurrence of the minority or a committee vote" before issuing a subpoena, and your discomfort with the exception that I laid out to "prior notification." However, in the end, we shook hands and I thought the matter was resolved.

I was therefore surprised when you stated in your letter that, "The first problem occurred on February 14, when -- without a Committee vote or my concurrence -- you authorized and issued subpoenas to Webster Hubbell, Mark Middleton, Yeh-Lin Charles Trie, and John Huang." Since we hadn't agreed to a standard of "concurrence or a committee vote," I did not consider this a problem.

In order to put the matter in proper perspective, I must point out that our staff did discuss the subpoenas several times. The four subpoenas directed the production of documents which, with only a few exceptions, were the subject of the informal letter requests sent to the same recipients (and copied to your office) weeks ago. In addition, on February 12 we again provided your staff with copies of the letter requests along with copies of the letters from counsel for Messrs. Hubbell, Middleton, Trie and Huang stating that their clients would not voluntarily...

...
produce the documents. While it is true that your staff was provided with final copies of the
proposed subpoenas only a few hours before they were issued, the only specific objection voiced
by your staff was the direction that Webster Hubbell produce all documents showing contacts he
had (if any) with the Chinese Embassy. I saw nothing inappropriate with that request given Mr.
Hubbell’s relationship to the Lippo Group. My staff asked whether the minority needed more
time to review the proposed subpoenas and was told to “go ahead” and issue them.

On the subject of my appearance on “Meet the Press,” I would like to clarify what
happened because there has been some confusion. On the program, I stated that I would be
issuing 20 subpoenas in the coming week, but that I was not at liberty to discuss the details,
because I had not yet consulted with you on them. I stated publicly that I would not issue the
subpoenas until our staffs had an opportunity to sit down and review them. I repeated this on
CNN “Late Edition.” However, on Monday, the Washington Post mistakenly reported that I had
issued the 20 subpoenas over the weekend. My staff director called your staff director at home
on Monday afternoon to assure him that this was not the case, and that we wished to meet to
discuss the subpoenas before any action was taken.

I would like to emphasize that no subpoena was issued before our staffs met Tuesday
afternoon and this morning, when they had an opportunity to extensively discuss the subpoenas.
In addition, I shall continue to make sure that you and your Committee staff will be kept advised
of pending subpoenas, and that we will have a chance to consult on them.

Let me also state that I would like this to be a bipartisan investigation. Our staffs are
currently meeting to determine if we can reach an agreement on how documents should be
handled. I hope that we can come to an understanding. I should inform you that, as I have stated
in the past, it is not my intention to surrender my right as Chairman to release documents if in my
judgement it is necessary. As I have stated, it is not my intention to routinely release documents
in a careless or haphazard manner. However, regardless of how infrequently I intend to use this
power, it would be irresponsible of me to surrender it. Despite our disagreement on this issue, I
hope that we can reach an overall agreement so we can move forward in a bipartisan way.

Thanks again for sharing your concerns. I hope that I have been able to alleviate at least
some of them. If you would like to discuss these issues, please give me a call.

Best Regards,

Dan Burton
Chairman
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman,

Thank you for responding to my February 18 letter. I agree that the minority did receive advance notification that you planned to issue the first four subpoenas. However, I believe that the actual subpoenas were given to the minority at the last moment and with too little time to engage in substantive consultation.

I will not revisit the other points I raised in my previous letter, except to note that the events of the past week have not met the expectations that I had for conducting a genuine bipartisan investigation. Although I hope a cooperative effort will be possible, I am deeply concerned about three threshold issues that will determine how our work proceeds in the months ahead.

First, it is clear to me that we disagree on how our Committee should proceed in issuing subpoenas. I do not believe that you should issue subpoenas unilaterally, absent extraordinary circumstances. I recognize that under the House and Committee rules, you have the power to issue subpoenas without my concurrence or a Committee vote. The issuance of a subpoena, however, is an exceptionally serious measure that compels the person subpoenaed to provide documents to the Committee against his or her will, often at great personal sacrifice and expense. As a matter of prudence, you should not invoke this compulsory process unilaterally.

As you are aware, the Democratic chairmen who preceded you also had the authority to issue subpoenas unilaterally, but they deliberately did not exercise this power. Rather, they issued subpoenas only after obtaining (1) the concurrence of the ranking minority member or (2) a Committee vote. These safeguards, which are also being followed by Senator Thompson in the Senate investigation, provide minimal checks and balances that seek to ensure that the subpoena power is not abused for partisan political advantage. The Committee should follow these same safeguards.
Second, in your letter you assert your view that in addition to having the right to issue subpoenas unilaterally, you also have the right to release unilaterally any documents provided to the Committee under these subpoenas, including documents that contain privileged or confidential information. I do not believe you have this right under the House rules.

If you insist on this course, it will be an extraordinary assertion of power. I know of no legal precedent -- in Congress or in the United States -- for the authority you claim. In essence, you would individually be able to compel through subpoena and then release confidential information without seeking the approval of the Committee. My staff can find no member of Congress who ever proceeded in such a sweeping and unilateral manner. I think it is beyond the scope of your powers as chairman and an unwise position to assert given the sensitive nature of the Committee's investigation. The issue is not whether you or your staff would act carelessly -- the issue is whether any individual should have such enormous power, unchecked by Committee rules or procedures.

Third, I still have no information regarding the budget you are seeking for the Committee or whether you intend to comply with the official House policy of allocating one-third of all resources to the minority. There have been press reports that you will be requesting an amount comparable to Senator Thompson's proposal, along with informal indications that you plan to urge that the minority receive significantly less than a one-third allocation. I think my views on these issues have been made clear in my previous letters. I urge you to provide specific information to the minority as quickly as possible.

As you know, I feel very strongly that it is in our nation's interest that we work together, and I genuinely appreciate the public and private commitment to bipartisanship that you have expressed. But these expressions will have little meaning unless we resolve these three issues quickly. I hope we will find agreement on these important points and that together we will aggressively investigate all improper fundraising activities.

Sincerely,

[Signature]

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform
and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing about several important administrative issues that directly affect the ability of the minority to participate fully in our Committee's work.

Although I still have not received the specific information I requested regarding our Committee's budget, I have just learned that you have, in fact, submitted a budget request to the Committee on House Oversight. It also appears that you have introduced a funding resolution (H. Res. 65). As you know, I was not consulted in the preparation of this budget; our Committee did not debate or vote on the budget; we have no agreement on the percentage of the budget to be allocated to the minority; and I have no copy of the budget.

Our Committee rules are explicit on this point. Rule 18(e) provides that the "Chairman of the full committee shall...[prepare, after consultation with...the minority, a budget for the committee]" (emphasis added). The submission of a budget without consultation of the minority plainly violates this rule.

I want to make clear again—as I did in my letters of February 3, February 10, and February 20—that the minority requests that we receive one-third of the resources allocated to the Committee. This allocation complies with both the official House policy and the allocation Senator Thompson has provided to the minority on his committee.
Mr. Chairman, I once again renew my request that your budget proposal be provided to the minority and that we meet to discuss this issue. Because the minority has no information, it is impossible for the Democrats to plan rationally for the work facing our Committee. It is affecting hiring and salary decisions, the need for adequate work space, and equipment orders. We are being hamstrung--intentionally or not--in our ability to participate in the campaign finance investigation.

On a separate matter, my staff was informed yesterday that several items on the January 26, 1997, equipment list the minority submitted to the Committee have been rejected without explanation. In the last Congress, the minority submitted virtually no equipment requests and, as a result, we have a pressing need for computers, copying machines, telephone and telephone services, and other essential equipment.

It is unclear to me how the minority can do its work without proper equipment or whether you agree that the minority has the right to decide for itself what equipment it needs. If a percentage of the budget is specifically allocated to the minority, it would seem obvious that the minority would have the authority to decide what is the best use of that money. I would also like to discuss this issue with you this week.

On a related issue, I would be grateful if you can share with me a listing--by room number and square footage--of all office space provided to the Committee.

At this point, Mr. Chairman, I am growing concerned on how we are approaching the serious challenge facing us. I have tried repeatedly to make it clear that I want to work with you in the Committee and am committed to aggressively investigating all fundraising abuses. This is not a situation where the minority is attempting to impede your work, but one in which we are anxious to cooperate.

Accordingly, I am puzzled by your actions on the Committee budget and by the slow progress we are making in resolving the issues related to subpoenas and the confidentiality of documents. Our investigation is now underway, but the most fundamental parameters for our work have not been established.

Sincerely,

HENRY A. KANRAN
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee
The Honorable Henry Waxman
Ranking Minority Member
Committee on Government Reform
And Oversight
Washington, D.C. 20515

Dear Henry:

I want to respond to your most recent letter of February 26. Again, I appreciate your offer of cooperation, and I regret that we are having some difficulty in resolving some of these organizational issues.

I am enclosing a copy of our initial budget submission. As you know, this proposal is based on our current staff levels, and does not include resources sufficient for carrying out a number of investigations on the Committee's agenda. As our staff has communicated to yours, we are still developing this second part of our budget. The process has been somewhat complicated because new revelations continue to be reported in the press, forcing us to continually reassess our needs.

On the subject of majority-minority staff ratios, it is my intention to continue former Chairman Clinger's policy of giving the minority 25% of the Committee's staff slots and salary funds. As I have noted to you in our previous meeting, I believe that this is a fair policy, and that this represents considerably more in terms of resources than the minority received when the Democrats were in the majority. As you know, when you and your colleagues in the Democratic Caucus were in the majority, the minority on the Government Reform Committee always received less than 20% of the staff:

* 1994 — 18.3% for the minority
* 1993 — 17.1% for the minority
* 1992 — 15.4% for the minority
* 1991 — 17.2% for the minority

February 27, 1997
In addition, I was informed by the House Oversight Committee that in 1990, the Democratic Caucus approved a policy of giving the minority no more than 20% of the committee staff. In light of this history, I believe that Mr. Clinger was very fair with Mr. Collins, and that I am being very fair with you as well.

I also want to address your continuing concerns about Committee guidelines regarding the release of documents. As I have stated, while I do not intend to make it a regular practice to release documents before hearings are held or reports are issued, I do not intend to surrender the right to do so if it becomes necessary. You have stated your view that House Rule XL, clause 2(17) prohibits a committee chairman from releasing committee documents without a vote of the committee. However, this provision applies specifically to evidence obtained in executive session. It does not apply to other materials. To clarify this, I would point you to a 1984 memorandum issued by House Counsel Steven Ross. The issue at the time was a decision by a Post Office and Civil Service Committee Subcommittee chairman to release documents to a Senate Committee regarding Ed Meese, without a vote, prior to a Senate vote on his confirmation. Mr. Ross wrote:

"That the House, and the full committee have specifically provided for committee or subcommittee approval prior to the release of executive session material indicates a different procedure applies for non-executive session and unclassified material."

This makes it very clear that this rule applies only to executive session material.

As I have stated, I have a strong desire to work with you in a bipartisan manner during this Congress. I will bend over backwards to try to do so. However, I do not think it is fair to ask me to surrender powers that belong to the chairman. If you were in the majority and if you were the Chairman, I think you would take the same position.

Thanks for your understanding. I hope that we can resolve these issues so we can move forward in a cooperative way.

Best Regards,

Dan Burton
Chairman
The Honorable William M. Thomas  
Chairman  
Committee on House Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Sam Gejdenson  
Ranking Minority Member  
Committee on House Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Thomas and Representative Gejdenson:

I am writing in regard to the budget for the Committee on Government Reform and Oversight. I did not receive a copy of the budget submitted to you by Chairman Burton on February 14, 1997, until yesterday. I am strongly opposed to this budget.

Rule 18(c) of the rules of the Committee on Government Reform and Oversight states expressly that "[t]he chairman shall (p)repare, after consultation with the minority, a budget for the committee" (emphasis added). Despite this requirement -- and written requests from me for consultation on February 3, February 10, and February 20 -- Chairman Burton did not discuss the Committee's budget with me before submitting it to you.

The budget submitted by Chairman Burton provides the minority with less than 25% of the staff and resources of the Committee. Although Chairman Burton has told me that his intent is to allocate 25% of the resources to the minority, that level does not meet the goal of the House Oversight Committee, which is "to have all Committees . . . provide at least a one-third allocation of resources for use by the minority as directed by the ranking minority member." Committee on House Oversight, Rept. 104-7, p. 7 (emphasis added).

As described in the Committee's oversight plan, the principal investigation to be conducted by the Committee on Government Reform and Oversight in the 105th Congress will be an investigation into allegations of improper campaign finance activity. This investigation is extraordinarily important, but it is also extremely sensitive and subject to partisan abuse. It could call into question the fundraising activities of both parties, as well as those of the Presidential campaigns and campaigns for individual members.
Given the sensitive nature of the investigation into campaign finance, it is essential that the investigation be conducted in the fairest and most bipartisan manner possible. This requires that the minority receive at least the one-third allocation of staff resources recommended by the House Oversight Committee. The Committee’s investigation will not be fair or bipartisan under the budget proposed by Mr. Burton, under which the majority is given three staff members for every one staff member provided to the minority.

I hope this letter clarifies my views on budget of the Committee. I look forward to working with you to insure that the final budget approved for the Committee is a fair and balanced one.

Sincerely,

Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

March 2, 1997

Dear Mr. Chairman:

I am writing to ask you to join with me in writing former Vice President Dan Quayle, Senator Don Nickles, the Republican Senatorial Inner Circle, and the National Republican Senatorial Committee to seek information about the use of the Vice President's residence for fundraising activities during the Bush Administration.

The Committee is investigating is whether access to the White House and other federal facilities has been improperly used for fundraising purposes. As you stated today on ABC's "This Week" program, if federal officials are "using government facilities or government technology to solicit contributions, then there is a question of legality." In furtherance of this investigation, the Committee has requested -- and received -- hundreds of pages of documents from Harold Ickes and others regarding alleged fundraising activities at the White House.

I have recently received evidence that appears relevant to the Committee's investigation. Specifically, the evidence I have received indicates that the Vice President's residence may have been the site of fundraising events during the Bush Administration. If the information I have received is correct:

1. Vice President Quayle held a reception at the Vice President's residence on September 23, 1990, "in honor of the members of the Republican Senatorial Inner Circle."

2. This event was a fundraising event, in that access was specifically provided to any person who paid "membership dues to the Inner Circle."

3. Individuals who paid the dues necessary to join the "Inner Circle" were explicitly promised that they would have "the opportunity to meet the Vice President and his wife at their home, participate in closed-door briefings with national and
The Honorable Dan Burton  
March 2, 1997  

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international figures, and then top the evening off by joining a Senator, Cabinet member or U.S. Senate candidate for a private dinner.”

The evidence I have received about these fundraising activities includes a letter dated August 31, 1990, from Senator Don Nickles, the chairman of the Republican Senatorial Inner Circle, to nominees for the “Inner Circle.” This letter — portions of which are quoted above — describes the access to the Vice President and other senior administration officials that would be provided to individuals who joined the “Inner Circle.” A copy of this letter is attached.

I believe that the activities described in Senator Nickles’s letter fall squarely within the scope of the Committee’s investigation into improper fundraising activities. Indeed, they appear to be the most explicit evidence of the use of federal property for fundraising that has yet come to light.

Thus, I request that you join with me in sending the attached letters to former Vice President Dan Quayle, Senator Don Nickles, the Republican Senatorial Inner Circle, and the National Republican Senatorial Committee. These letters request documents relating to the fundraising event at the Vice President’s residence, the identity of the attendees at the event, and other information about the event and the “Inner Circle.”

My staff is available to meet with your staff at any time to discuss these requests further.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

Encl.

cc: Members of the Government Reform and Oversight Committee
March 6, 1997

The Honorable Newt Gingrich
The Speaker
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

We are writing to bring to your attention a potentially serious misuse of taxpayer dollars -- the funding of duplicative congressional investigations into alleged campaign finance abuses.

We support a thorough and comprehensive investigation into all alleged campaign finance abuses. But it makes no sense to direct multiple congressional committees to investigate the very same alleged abuses. Multiple investigations are duplicative and wasteful. Congress should do the job right once -- the first time.

Unfortunately, it appears that Congress is about to undertake redundant investigations, thereby wasting millions in taxpayer dollars. In the Senate, Sen. Fred Thompson, the chairman of the Senate Governmental Affairs Committee, has asked for $6.5 million to investigate alleged fund-raising abuses. In the House, news reports indicate that Rep. Dan Burton, the chairman of the House Government Reform and Oversight Committee, will ask for an equivalent amount to investigate the very same activities.

What's more, numerous other House Committees -- including International Relations, Oversight, Rules, Commerce, Banking, and Intelligence -- have also launched investigations into some of the same issues being investigated by Chairman Thompson and Chairman Burton.

This makes little sense. Redundant investigations are inefficient and waste taxpayer dollars. They will generate confusion, not better public illumination.

Moreover, redundant investigations unduly burden federal agencies and private citizens. We expect federal agencies and private citizens with relevant information about alleged campaign finance investigations to provide this information to Congress. It is unfair, however, to ask the agencies and private citizens to respond to duplicative requests from multiple congressional committees that ask for basically the same information. It is also wrong to ask witnesses with relevant information to appear before multiple committees to testify over and over again about the same issues. Private citizens should not have their personal lives needlessly disrupted, nor should senior administration officials be repeatedly distracted from performing the public’s business.

These are not hypothetical concerns. Although the investigations are only just beginning, the Commerce Department has already had to respond to over 35 requests for documents and
other information from nine different House and Senate committees investigating alleged campaign finance abuses. Because each request is worded differently, each request requires individual attention, squandering scarce agency resources and diverting senior management from their statutory duties.

To avoid this needless waste of taxpayer dollars, the congressional investigations into alleged campaign finance abuses should be consolidated into one thorough investigation. Specifically, we urge that either (1) the House committees drop their investigations in deference to the Senate or (2) the House and Senate investigations be combined into a single joint investigation.

We respectfully request that you act promptly to avoid any unnecessary waste of taxpayer dollars.

Sincerely,

[Signatures]
The Honorable Dan Burton
Chairman
Committee on Government Reform
and Oversight
2157 Rayburn House Office Building
Washington, DC 20515

March 7, 1997

Although I want our committee to conduct a thorough campaign finance investigation, I strongly object to the subpoenas you issued to the White House this week. These subpoenas seek the compulsion of records beyond the scope of the available evidence and exceed any recognized legal basis -- to the point where they both threaten the ability of the President and the White House to perform properly their official functions and infringe upon the First Family's privacy.

The issuance of a subpoena is an official action of Congress that compels an individual to submit documents against his or her will. In the judicial context, subpoenas must satisfy three requirements -- relevancy, admissibility, and specificity -- and are limited to production that is not immaterial, unreasonable, oppressive or irrelevant. See United States v. Kernisantine, 885 F.2d 490, 494-95 (9th Cir. 1989). A court also must consider the privacy interests of the subpoena's recipient. See United States v. Dale, 155 F.R.D. 149 (S.D. Miss. 1994). At the very least, the standards for the issuance of a subpoena by Congress should be as stringent as those judicially created standards. Indeed, given the lack of recourse that a recipient of a congressional subpoena has to challenge the reasonableness of the subpoena -- short of being held in contempt of Congress -- Congress should be especially mindful to craft its subpoenas with great precision to reflect the proper scope of the investigation and to minimize unnecessary burdens on the recipient. See United States v. AT&T, 567 F.2d 121, 129 (D.C. Cir. 1977) ("Congress's investigatory power is not, itself, absolute."); Senate Select Comm. v. Nixon, 498 F.2d 725, 733 (D.C. Cir. 1974) (congressional subpoenas that are "too attenuated" will not be enforced).

Your subpoenas to the White House -- issued unilaterally without the concurrence of the minority or a vote of the Committee -- do not meet these most basic tests. Instead, they overreach, needlessly jeopardize national security and unnecessarily intrude on personal privacy. Several requests are particularly objectionable.
The Honorable Dan Burton  
March 7, 1997  
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First, the subpoenas seek extraordinarily sensitive national security and foreign policy documents that have no conceivable bearing on the investigation. One subpoena, for instance, requests "all phone records from Air Force I and Air Force II for the period September 1995 through November 5, 1996" (request #43). The documents covered by this request include phone calls made by the President and his national security team to foreign governments. An example of a phone call that would be disclosed by this request is a private call placed by the President to a foreign leader prior to the announcement of a foreign policy decision that impacts the other government. Disclosure of such a call -- or the sequence in which such calls are made -- would severely compromise U.S. security interests.

Another example is the request for "all records relating to official delegation trips abroad" (request #18). This request goes well beyond seeking merely the names of donors who traveled on official delegation trips abroad and instead seeks all records relating to all official delegation trips abroad. Plainly, this request would encompass policy recommendations and decisions relating to these trips that undoubtedly contain information of vital national security importance. Moreover, by requesting information on all visitors to the White House residence (request #21), the subpoena would, for example, require disclosing the names of foreign envoys who have met secretly with the President or his advisors.

Similarly suspect is request #35, which seeks all records relating to the American Institute in Taiwan -- a federally funded, non-profit corporation that serves as the primary diplomatic channel to Taipei. This request improperly pricks into the Administration's indirect contacts with a country not officially recognized by the U.S. The information sought by this request, if publicly released, could have far-reaching ramifications on U.S. security interests in East Asia.

These requests are unprecedented. It is well-settled that "it is the constitutional duty of the Executive to protect the confidentiality necessary to carry out its responsibilities in the field of international relations." N.Y. Times Co. v. United States, 403 U.S. 713, 730 (1971) (Stewart, J., concurring). Indeed, in signing legislation requiring the disclosure of certain intelligence information to Congress, President Bush cautioned that the legislation "cannot be construed to detract from the President's constitutional authority to withhold information the disclosure of which could significantly impair foreign relations [and] the national security." Statement on Signing the Intelligence Authorization Act. Fy 1991, 27 Weekly Comp. Pres. Doc. 1137 (Aug. 14, 1991). These requests do not meet these standards. They have no connection to any campaign finance abuses. Simply stated, they are a blatant fishing expedition among the nation's most sensitive national security secrets.

The subpoenas are also an inappropriate invasion of the First Family's privacy. Recently, the President voluntarily provided a list of overnight guests at the White House. Despite this disclosure, request #21 seeks all records of everyone "who was in the White House residence"
The Honorable Dan Burton
March 7, 1997
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over the past four years. Similarly, the request also seeks all records relating to Camp David
guests. None of these requests makes an exception for White House staffers, Chelsea Clinton’s
friends, relatives of the First Family, or visitors by doctors, clergy and other personal advisors.
Nor have you established — as you are required to — any basis for seeking this kind of personal
information. As such, your subpoena unfairly intrudes into a legitimate realm of personal
privacy of the President. The President’s family deserves to be treated no differently from any
other American family, and has no less right to expect that its privacy be respected.

Lastly, rather than asking for all White House contacts with the Democratic National
Committee (DNC) involving fundraising for the 1996 elections, request #27 seeks all records
relating to the DNC from the past four years, regardless of whether they involve the subjects of
this investigation. The subpoena’s attempt to obtain the Democratic party’s internal documents
appears to demonstrate a plainly partisan approach to this investigation.

These are just a few examples of your failure to tailor your requests to the White House in
the scope of this investigation. This approach seems completely unwarranted in light of the
White House’s repeated representations to me of its desire to cooperate fully and in good faith. It
is my understanding that this very week, the White House agreed to provide documents in
response to your principal request and to finish production within the next two weeks. In light of
such a pledge of cooperation, your subpoena is unwarranted.

A serious investigation is characterized by targeted, disciplined requests for information.
In contrast, your White House subpoenas are unfocused, lack specificity, and fail to demonstrate
relevancy. These subpoenas do not reflect credibly on the Committee and suggest a view that
your power to investigate is unreasoned and absolute. I object to the process and to the
subpoenas.

Sincerely,

HENRY A. WAXMAN
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
March 10, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Pursuant to House rule XI clause 2(c)(2), we are writing to request that you convene a special meeting of the Committee to establish fair procedures and approve an appropriate scope and budget for the Committee’s investigation into alleged campaign finance abuses.

As the minority members of the Committee, we wish to work with you and the other majority members in investigating alleged campaign finance abuses. As a prerequisite to bipartisan cooperation, however, the Committee must adopt impartial procedures for the conduct of the investigation. The investigation must avoid pursuing a strictly partisan agenda, and the minority must be provided adequate resources to participate actively in the investigation.

Unfortunately, without seeking the approval of the Committee, you have implemented procedures that are unfair to the minority and have established a partisan scope and budget for the investigation.

The ranking minority member has written you on January 24, February 3, February 18, February 20, February 26, and March 7 of this year to raise these issues and make suggestions for more appropriate ways to proceed. The ranking minority member has also met privately with you on February 4 and February 27 to raise our concerns directly with you. These efforts have been to no avail. Despite the minority’s many requests, you have determined to proceed in a manner that vests unprecedented power in the chair and that unfairly prejudices the minority.

At this point, we have no alternative but to appeal your decisions to the full Committee. For this reason, we request that you call a special meeting of the Committee under House rule XI clause 2(c)(2) at which we will ask the Committee to vote on whether the procedures, scope, and budget that you have set for the investigation are appropriate. The traditions of the House — as well as principles of fundamental fairness — dictate that we should be afforded the opportunity to bring our concerns before the Committee for decision by Committee vote.
The Honorable Dan Burton  
March 10, 1997  
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At the special meeting, we would raise the following three matters: (1) whether the "Protocol for Documents" that you have announced, which gives you the unilateral authority to issue subpoenas unilaterally, without seeking either the concurrence of the ranking minority member or a Committee vote; and (2) whether you should have the authority to issue subpoenas unilaterally, without seeking either the concurrence of the ranking minority member or a Committee vote; and (3) whether the scope of the investigation and the budget requests that you have submitted to the Committee on House Oversight are appropriate.

Our concerns regarding each of these three fundamental issues are described in more detail below.

The Protocol for Documents

Last month, you announced a "Protocol for Documents" that "sets forth the procedures to be followed by the House Committee on Government Reform and Oversight for the obtaining, handling and releasing of documents and other materials during investigations conducted by the Committee." Under this protocol, you "retain the discretion" to release Committee documents "to the media ... or to any other person" without the prior consent of the Committee. Indeed, you assert that you may even release to the media -- without the approval of the Committee -- confidential and privileged documents obtained by the Committee through subpoena.

The unilateral authority that you assert to release Committee documents, including privileged and confidential documents, is an extraordinary and unprecedented power. It far exceeds the power of the chair in other similar investigations, such as the Iran-Contra investigation, House ethics investigations, and the Senate Whitewater investigation.

The unilateral implementation of the "Protocol for Documents" is also inconsistent with the House rules. We have consulted extensively with the House Parliamentarian about this matter. After careful consideration, the Parliamentarian has advised us that the unilateral implementation of the Protocol -- without the approval of the Committee -- is not consistent with the House rules.

House rule XI clause 2(e)(2) provides that "[a]ll committee hearings, records, data, charts, and files shall be kept separate and distinct from the congressional office records of the Member serving as chairman of the committee; and such records shall be the property of the House." According to the Parliamentarian, the documents submitted to the Committee pursuant to Committee requests or subpoenas become part of the Committee records and files. As such, they must be handled under procedures adopted by the Committee -- not under procedures announced unilaterally by the chair.
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House rule XI clause 2(c)(2)(A), which provides committees with their subpoena authority, is also relevant. This rule provides that the power to issue subpoenas resides in the Committee. Under this rule, the chair can issue a subpoena only when the authority to do so has been expressly "delegated" by the Committee to the chair. Under this rule, according to the Parliamentarian, all documents received under a subpoena belong to the Committee. Even when a chair has been delegated authority to issue subpoenas, the chair's delegated authority under the rule is limited to the issuance of the subpoena. The documents that are received pursuant to the subpoena belong to the Committee and must be handled under procedures adopted by the Committee.

The Parliamentarian's advice makes it clear that it is the Committee -- not the chair acting on his own -- that must decide how the documents received during the investigation will be handled. It is necessary, therefore, that a Committee meeting be called at which this issue can be resolved by Committee vote. At such a meeting, we intend to propose that privileged and confidential documents received by the Committee must be kept confidential until their release is authorized by the Committee.

The Unilateral Issuance of Subpoenas

We also object to the issuance of subpoenas by the chair without a Committee vote or the concurrence of the ranking minority member. We believe that our Committee rules should be modified to provide that the chair may issue a subpoena without a Committee vote or the concurrence of the ranking minority member only in emergency situations, such as when relevant documents may be destroyed before a Committee vote can be held.

We recognize that the chair of the Government Reform and Oversight Committee has for many years had the authority under Committee rules to issue subpoenas unilaterally. Under Democratic chairmen, however, this power was never exercised. Instead, as a matter of prudence, your Democratic predecessors always asked for a Committee vote or the concurrence of the ranking minority member before issuing subpoenas. This practice provided a procedural safeguard designed to insure that the subpoena power was not abused for partisan political purposes.

Unfortunately, you have decided not to follow the traditional practice of the Committee. Since the Committee organized on February 12, you have issued 45 subpoenas -- without once seeking either Committee approval or the concurrence of the ranking minority member. The result has been an abuse of the Committee's subpoena power. As the ranking minority member described in his letter of March 7, the unilateral subpoenas you have issued compel the production of extraordinarily sensitive national security and foreign policy documents that have no apparent connection to any alleged fundraising abuse. The subpoenas would also require the production of purely personal information about the Clintons, such as a record of doctor visits to the White
The Honorable Dan Burton  
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Page 4

House, as well as copies of confidential Democratic political strategies developed as a legitimate part of the last Presidential campaign.

The issuance of a subpoena is an exceptionally serious step that compels the person subpoenaed to provide documents to the Committee against his or her will, often at great personal sacrifice and expense. It is clear to us that except in emergency circumstances, it should be the Committee — not the chair acting unilaterally -- that determines when a subpoena should be issued and what its scope should be.

The Investigation: Scope and Budget

Finally, we have three fundamental objections to the Committee budgets that you have submitted to the Committee on House Oversight. We believe that the Committee should also meet to resolve these issues:

First, the supplemental $3.8 million budget that you submitted to the Committee on House Oversight last week proposes that the scope of the investigation be limited to alleged Democratic fundraising abuses. Specifically, it provides that the supplemental budget would be used to investigate:

The DNC and allegations of illegal or unethical fundraising activities, misuse of the White House and White House personnel, the questionable political activities of John Huang and other Commerce Dept. personnel, questionable political activities of Clinton appointees in connection with DNC fundraising at numerous Government Agencies and Departments including, but not limited to: Department of Commerce, Department of State, Export-Import Bank, Office of Trade Representative, Department of Interior, Office of Comptroller General.

This scope is partisan. It focuses the investigation on the White House and the DNC and ignores fundraising abuses in congressional campaigns. It is also inconsistent with your pledge at our organizational meeting that “[w]e would apply equally the investigative procedures of this committee to whoever, Republican or Democrat.” We believe that the Committee investigation should focus on all illegal or improper fundraising activity, including illegal or improper fundraising activity by the Presidential campaigns, Democratic and Republican fundraising organizations, and individual House and Senate campaigns.

Second, the budgets you have proposed would provide the minority with no more than -- and likely substantially less than -- 25% of the staff available to the Committee. As the ranking minority member has explained in correspondence with you and at the House Oversight hearing on March 6, this allocation is not sufficient to allow the minority to participate effectively in the campaign finance investigation. It is also in violation of House policy, which provides that the
The Honorable Dan Burton
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Page 5

minority should receive at least 33% of the Committee's resources.

Finally, the Committee budgets were developed in violation of Committee rules. On February 12, the Committee adopted a rule that requires the chair to develop a Committee budget only "after consultation with ... the minority." Two days later, however, you submitted a budget to the House Oversight Committee with no consultation with the minority. On March 5, you submitted a "supplemental" budget to the House Oversight Committee seeking an additional $3.8 million for the campaign finance investigation -- again with no consultation with the minority. These are serious violations of our Committee rules. They should be rectified by bringing the Committee budgets before the Committee for vote.

Conclusion

For the reasons set forth above, we respectfully request that you schedule a special meeting of the Committee within seven calendar days at which the matters discussed above may be resolved by Committee vote.

Sincerely,

[Signatures]
The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to object to the scope and nature of the subpoena you recently issued to the Democratic National Committee (DNC). Virtually every request in the subpoena is overbroad and requires the production of documents well beyond the scope of the Committee’s investigation. As stated in your recent supplemental budget request, part of the investigation concerns “[the DNC and] allegations of illegal or unethical fundraising activities.” Accordingly, I assume your investigation is not about the campaign strategy, political activities, or internal budgeting of the DNC. Nevertheless, your subpoena to the DNC improperly seeks, inter alia:

- All records of meetings attended by Don Fowler and other senior DNC staff and all related phone logs, messages, telephone calls, correspondence, e-mail or meetings. This request encompasses matters relating to the DNC’s internal budgeting, campaign strategies and political activities.

- All records relating to a number of high-level White House advisors, including: Harold Ickes, Bruce Lindsey, Doug Sohnk, Jack Quinn, Margaret Williams, George Stephanopoulos, and Ira Magaziner, regardless of whether the records relate to fundraising. Certainly, these individuals (and the others referred to in the same request) conferred with DNC employees on a wide range of topics unrelated to fundraising. The disclosure of such discussions would serve no legitimate purpose, except to chill future administrations from conferring with their national political organizations.

- All DNC telephone billing records from January 20, 1993 to the present, the vast majority of which have no relation to fundraising.

- The names of all DNC consultants, whether paid or unpaid. This request would include all informal advisors to either the DNC or any Democratic candidate.
The Honorable Dan Burton  
March 12, 1997  
Page 2

- All records relating to the relationship between the DNC and related entities, including state Democratic parties, the campaign operations of individual candidates and other groups. Even if such information were relevant to this investigation — and it plainly is not — how the national headquarters of a political party interacts with its related entities is a matter of great political sensitivity.

- All records, without regard to subject matter, that relate to the following agencies: the Departments of Commerce, Justice, HUD and Energy, the NSC, and the Export-Import Bank.

- All records relating to over 200 individuals and entities.

- All personnel files and correspondence, e-mail and computer files, both official and personal, of several high-level DNC employees.

When viewed together with your recent White House subpoena that sought “all records relating to the Democratic National Committee for the period January 20, 1993 to the present” (request #27), your DNC subpoena would require the disclosure of confidential Democratic political strategies developed as a legitimate part of the last Presidential campaign.

Thank you for considering my views.

Sincerely,

HENRY A. WAXMAN  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman,

I am writing to inform you that I have written to the National Republican Senatorial Committee and the National Republican Congressional Committee to request documents related to the 1995 Republican Senate - House Dinner.

The invitations to the dinner appear to indicate that federal facilities were used by the Republican campaign committees for fundraising purposes. In fact, it appears that specific price tags were placed on different federal locations. For example, individuals who donated or raised $15,000 were invited to a “Senate Majority Leader’s Breakfast” hosted by Senator Bob Dole in the Senate Caucus Room. Those who donated or raised $45,000 were invited to a luncheon hosted by Speaker Newt Gingrich in the Great Hall of the Library of Congress.

Last week on ABC’s “This Week” program, you stated that if federal officials are “using government facilities or government technology to solicit contributions, then there is a question of legality.” Given your concern about the use of government facilities to solicit contributions, I hope you will join with me in investigating this matter. I believe that the activities described in the invitation to the 1995 Republican Senate-House Dinner fall squarely within the scope of the Committee’s investigation into improper fundraising activities.
The Honorable Dan Burton  
March 12, 1997  
Page 2

I have enclosed a copy of my information requests to the campaign committees, as well as a copy of the invitation to the dinner. My staff is available to meet with your staff at any time to discuss these requests further.

Sincerely,

[signature]

Henry A. Waxman  
Ranking Minority Member

Encl.

cc: Members of the Government Reform and Oversight Committee
The Honorable Henry Waxman
Ranking Member
Government Reform and Oversight Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Henry:

I am in receipt of the March 10, 1997 letter signed by you and other Democrat members of the Committee expressing concerns over procedural issues regarding the Committee's investigation into the troubling matters related to abuse of the White House and other executive branch departments for political purposes and related matters.

Scope of the Investigation

While I understand the general interest in campaign finance reform, this Committee is charged with the primary oversight of the Executive Branch. Carrying out our Executive Branch oversight responsibilities in this matter will, hopefully, constructively contribute to the overall debate about campaign finance laws. A determination of how the present laws may have been abused or broken by Executive Branch officials will provide guidance for improvements in both the enforcement of our present laws as well as areas where the law needs to be changed. As you know, actual campaign finance reform legislation and broader issues connected with that legislation, fall within the jurisdiction of the Committee on House Oversight.

This Committee's investigation will focus on the extent to which illegal foreign payments may have been made to influence campaigns. It will focus on other illegal actions within the Executive branch which may have been taken by individuals with unusual access to the White House and senior Administration officials. The Committee is investigating how individuals such as John Huang, Charlie Trie, Johnny Chung, and others became prominent fundraisers who frequented the White House and visited senior White House officials. The Committee is investigating how policies -- including sensitive foreign policy and trade matters
-- may have been impacted by the special interests of certain contributors.

The Committee also is investigating the possible misuse or abuse of White House and Executive Branch resources for political purposes. There is an emerging pattern of potentially illegal behavior by White House and Executive Branch officials that has been brought to light over the past several months. The recent disclosures about Communist Chinese government influence have raised these matters to an even higher level of national security concern and highlight the need for focused attention on this serious matter. Those across the political spectrum have reached agreement that these issues necessitate serious investigation.

Further, a number of senior Administration officials and appointees have taken the Fifth Amendment and refused to cooperate with any investigations into these matters.

Our charge is a serious one. The President and the executive agencies control an extraordinary range of governmental resources. Our constitutional system of checks and balances tasks Congress with overseeing the Executive Branch. The Committee on Government Reform and Oversight is the chief House oversight committee charged with fulfilling this role.

As you may recall, a document the Committee obtained last year during the Travelgate investigation noted that the White House was "monitoring" Mr. Hubbell's cooperation with the Independent Counsel. Last week it was learned that friends of the President hired Webster Hubbell during the time he was under investigation by the Independent Counsel. Webster Hubbell is one of the former Administration officials who has taken the Fifth and refused to cooperate with this Committee's investigation.

The extraordinary range of matters already publicly disclosed raises the serious concern that even as to the most important national security questions, this Committee may not have the time or resources to conduct a thorough investigation. Your suggestion that the Committee investigate congressional races, over which this Committee lacks jurisdiction, would threaten our ability to accomplish any meaningful investigation at all in this session of Congress.

While our investigation will necessarily be focused on the actions of the Executive branch within the Committee's jurisdiction, the findings will be shared with other committees with jurisdiction over campaign finance reform, ethics matters, or other relevant topics. The Committee will provide guidance for the campaign finance debate much as the Watergate
investigation in the 1970s contributed to campaign finance changes following that investigation.

Our current FEC laws which apply to the President and Congress had their origins in the Watergate investigation even though the Watergate investigation itself focused almost solely on the misdeeds of the Nixon Administration. The Watergate investigation involved little if any review into the 1972 Democrat campaign of George McGovern. The Watergate investigation did not investigate congressional campaigns. Likewise, when Congress investigated the Iran-Contra scandal, we did not artificially search back in time for a Democrat foreign affairs scandal in order to be "bipartisan" in reviewing questionable actions.

"Fairness" in this investigation does not mean finding the same number of Democrats and Republicans to investigate -- particularly when to do so requires exceeding the charter of this committee, which is oversight of the Executive branch. Our traditional and continuing responsibility as the chief House oversight committee is to review possible waste, fraud or abuse in the executive branch.

Budget

The Committee's proposed budget for this investigation is well within the range for comparable previous investigations. The Watergate investigation, which did not involve nearly the vast array of agencies nor the numerous foreign countries that our investigation will include, cost $7 million in current dollars -- almost double the amount of our committee's request.

The Watergate Committee had approximately 90 staff in the House and over 100 staff in the Senate. A far lower percentage of the staff members were from the minority party. During Iran-Contra, there were 51 majority staff and 9 minority staff on the House committee. The Iran-Contra budget was $2.4 million in current dollars. The Committee on Government Reform and Oversight's budget provides 25 percent of the additional staff funding resources to the minority. This is both a significant dollar increase and a significant percentage increase over this committee's allotment to the minority when Democrats were last in control.

This budget is reasonable and necessary for an investigation that will encompass hundreds of witnesses, numerous foreign countries and numerous government agencies. The Committee provides a larger portion of resources to the minority than has
almost any previous congressional investigation.

**Issuance of Subpoenas**

As I have expressed to you personally and as my staff has relayed on numerous occasions, we welcome the minority’s input in the subpoena process. Therefore, I was disappointed that you chose to criticize the subpoenas to the White House and the DNC after they had been issued rather than provide constructive guidance before they were issued. As you know, your staff was provided the subpoenas before they were issued. If you had allowed your staff to offer suggestions before the subpoenas were issued, I believe we could have reached accommodations on a number of matters.

Nevertheless, we already have worked with the DNC and the White House to accommodate some of the concerns expressed in your letter. Going forward, I hope you will allow your staff to offer suggestions so your concerns can be taken into account.

As I have explained to you and the White House, I do not want to drag out the process of obtaining documents relevant to this investigation. The history of this White House’s footdragging on producing documents for investigations raises concerns. During the Travelgate investigation conducted by this committee in the last Congress we learned that even the President’s own Justice Department appointees came to doubt the White House’s cooperation on document production. After a year of dilatory tactics in producing documents in the Travelgate matter, Lee Radex, the chief of the Justice Department’s Office of Public Integrity, complained in a September 8, 1994 memo to Acting Criminal Division chief Jack Keeny:

> At this point we are not confident that the White House has produced to us all documents in its possession relating to the Thomason [Harry Thomason] allegations...the White House’s incomplete production greatly concerns us because the integrity of our review is entirely dependent upon securing all relevant documents.

> It is important that we obtain all of the relevant documents for this investigation and that this kind of action by the White House does not occur again. The committee issued a document request to the White House on January 15, 1997, and has received few documents responsive to that request to date. Many of these
documents have already been gathered as a result of several directives from the former White House Counsel Jack Quinn and should be promptly provided. The President’s new Counsel, Charles Ruff, has assured me that the President has ruled out claiming executive privilege over documents in this matter. Therefore, I hope we can work together to get prompt production of the outstanding documents from the White House.

Document Protocol

As you know, we are going to continue to discuss and negotiate on the issue of the handling and dissemination of documents received by the Committee. Vice-Chairman Cox and a number of members are reviewing this matter and will work with you to respond to your concerns.

Conclusion

The serious revelations that arise daily about these matters are clearly cause for grave concern and necessitate serious investigation. While investigations into illegal Executive branch conduct are never pleasant, oversight of the Executive branch is the charge of this Committee. The issues we face are serious and the American people deserve a public accounting. This will be a fair process of review and the committee will put out the facts for the American people to review and judge. I hope and trust you and your colleagues will accept the oversight responsibility placed in this committee and join in providing a public accounting of these matters.

Sincerely,

Dan Burton
Chairman
The Honorable Dan Burton  
Chairman, Government Reform and Oversight Committee  
U.S. House of Representatives  
Washington, D.C. 20515  

Dear Mr. Chairman:  

I am writing in brief response to your letter of March 19. In particular, I want to address your assertion that our Committee does not have jurisdiction to investigate illegal or improper activities in connection with congressional campaigns.

I have consulted closely with the House Parliamentarian on this issue. I have been advised by the Parliamentarian that our Committee does have jurisdiction to investigate illegal or improper activities in connection with 1996 Federal election campaigns—including matters potentially within another committee’s legislative jurisdiction.

Under House rule X clause 2(b)(2), the Committee on Government Reform and Oversight has jurisdiction to investigate “the operation of Government activities at all levels.” Under House rule X clause 4(c)(2), the Committee “may at any time conduct investigations of any matter.” The House Parliamentarian has advised me that these broad provisions give our Committee jurisdiction to investigate whether federal laws were violated or other improper actions occurred in all Federal election campaigns.

Your letter asserts that the House Oversight Committee has legislative jurisdiction over the laws governing congressional campaigns. This is true—but it does not affect our Committee’s investigatory jurisdiction. Our Committee has jurisdiction to investigate in areas where other committees have legislative jurisdiction. This principle is expressly recognized in House rule X clause 4(c)(2), which provides our Committee may conduct investigations of any matter “without regard to the provisions of [the House rules] conferring jurisdiction over such matter upon another standing committee.”

I hope this letter clarifies the scope of our Committee’s jurisdiction under the House rules.

Sincerely,

Lauren M. Boebert  
Ranking Minority Member

cc: Members of the Committee on Government Reform, the Honorable William M. Thomas, the Honorable Sam Johnson
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

We are writing to let you know some of the major issues we will raise when the Committee meets tomorrow to discuss the scope and procedures regarding the campaign finance investigation. We believe the scope you have proposed—which is limited to President Clinton and the Democratic National Committee—is unfair and blatantly partisan. The scope that the Senate adopted by a vote of 99-0 is a more sensible course and focuses the investigation on "illegal or improper activities in connection with 1996 Federal election campaigns." We urge you to support this position.

We are also very concerned about the procedures you are using to issue subpoenas. As of today, you have unilaterally issued over 100 subpoenas. There has been no opportunity for Committee members to publicly scrutinize or vote on any of these subpoenas.

No congressional investigation has ever followed such procedures. We agree that in rare situations where documents are about to be destroyed it may be necessary for you to issue subpoenas without committee approval. But to do so in every instance delegates an extraordinarily serious power from Members of the Committee to staff and dramatically diminishes our accountability in cases where we are compelling others to provide documents involuntarily.

We have the same concerns about the release of confidential information. No committee chairman has ever been given the power that you are seeking tomorrow. In effect, if your proposal is approved, you would be able to release unilaterally virtually all documents given to the Committee, including confidential financial records, trade secrets, medical histories, the identity of FBI informants, and privileged attorney-client communications.
We know of no special factors in this investigation that would warrant your receiving and exercising these unprecedented powers. As you know, Senator Thompson is following the normal procedures—ones followed by every other congressional investigation—for dealing with subpoenas and confidential information in conducting his investigation. In short, you are insisting that the Committee permit you to conduct this investigation in an unprecedented manner, but you have not provided any showing of a compelling need for the extraordinary powers you seek.

Accordingly, we urge that you follow precedent and Senator Thompson’s procedures so that in nearly all instances subpoenas are issued and confidential information released only if the Minority concurs or there is a vote of the Committee.

Thank you for considering our thoughts.

Sincerely,

[Signatures]
The Honorable Dan Burton
Chairman
Committee on Government Reform
and Oversight
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Burton:

I am writing to follow up on conversations among our staff regarding missing document
productions. The following items, derived from the Majority's master production index, are
productions that have not been delivered or copied to the Minority offices.

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<th>Source of Production</th>
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<tr>
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<td>2/5/97, 1/31/97</td>
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<td>Immigration and Naturalization Service</td>
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<td>R. Warren Meddoff</td>
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<td>3/13/97</td>
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<tr>
<td>State Department</td>
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On a related matter, I would request that my staff be contacted about the following items also listed on the Majority's master production list. We may be able to determine in the course of such conservations if the Minority has already received these items under separate cover or on a date that differs from the Majority's records.

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<thead>
<tr>
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<td>2/16/96</td>
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<tr>
<td>White House</td>
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</table>

I would appreciate receiving the above-captioned items as soon as possible, and trust that all future documents will be shared promptly with the Minority.

Sincerely,

Bobby J. WAXMAN
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform
and Oversight
2157 Rayburn House Office Building
Washington, DC 20515

April 23, 1997

Dear Mr. Chairman:

As part of the Committee’s campaign finance investigation, you have recently subpoenaed documents regarding the White House and payments to Webster Hubbell after Mr. Hubbell resigned from the Department of Justice. I understand that these allegations are also currently the subject of a grand jury investigation being conducted by Independent Counsel Kenneth Starr.

I have two concerns regarding your subpoenas. First, I do not understand how they are related to any alleged campaign finance abuses. While I believe that the payments to Mr. Hubbell should be investigated -- as the Independent Counsel is doing -- it is unclear to me how this issue fits within the Committee’s campaign finance investigation. I would appreciate an explanation from you about the connection between the payments to Mr. Hubbell and our ongoing investigation.

Second, I am concerned that the efforts of this Committee not interfere in any possible way with the important work of the Independent Counsel. In order to avoid posing any threat to the integrity of an ongoing grand jury investigation, I request that the Committee formally contact Mr. Starr immediately to obtain his views as to the advisability of this Committee’s efforts regarding Mr. Hubbell. As was the practice in past Congressional investigations (including both Whitewater and Iran-Contra), I request that this Committee properly coordinate its investigation with the Independent Counsel.

Sincerely,

HENRY A. WAXMAN
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
April 29, 1997

The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

At the Committee meeting on April 10 to establish scope and procedures for the Committee's campaign finance investigation, you assured the Committee that "substantial evidence of improprieties will be pursued wherever it leads." Accordingly, I request that you issue subpoenas to investigate the serious allegations of campaign finance improprieties recently uncovered by the news magazine Time.

This week's issue of Time disclosed new evidence of improper -- and possibly illegal -- actions involving foreign donors, the Republican National Committee, and an RNC affiliate, the National Policy Forum. According to Time, "the G.O.P. has profited from an Asian money connection." The Time article asserts that there is "a financial channel running from Taiwan to Hong Kong to Republican national headquarters" and that "a Chinese businessman came to prop up the G.O.P."

Clearly, these allegations constitute "substantial evidence of improprieties" that should be thoroughly investigated by the Committee.

The details of the financial transactions described by Time are complicated, but they indicate that the RNC received millions of dollars in last-minute campaign funds after the intervention of foreign entities. The Time report states that Haley Barbour, the chairman of the RNC, secured $2.2 million in loan guarantees from a Chinese businessman, Ambrose Tung Young, as collateral for a loan from Signet Bank to the National Policy Forum, an RNC affiliate that was heavily in debt to the RNC. The proceeds of the loan were sent immediately to the RNC in order to provide "last-minute cash for tight House races" in the 1994 campaign. The report also states that in the 1996 campaign, Mr. Barbour decided to conserve RNC campaign funds by allowing the National Policy Forum to default on the $1 million that remained on the loan. In the settlement that followed, Mr. Young lost $500,000 of the loan collateral, which translated into an additional $500,000 benefit to the RNC.

These previously secret transactions raise many significant questions that should be further investigated by the Committee. For example, the Committee should investigate whether the RNC in effect accepted illegal foreign funds from Mr. Young. The Time report states that Mr. Young's funds were earned abroad and funneled through his U.S. subsidiary, Young Brothers Development (USA), which had almost no assets or income. One of the company's directors, Brenton L. Becker, admitted to
The Honorable Dan Burton
April 29, 1997
Page 2

Time that the company's principal stockholder is Young Brothers Development of Hong Kong. If these allegations are true, the loan collateral and the payments on the defaulted loan would appear to be the largest single foreign contribution yet encountered in the campaign finance investigation.

In addition, the Committee should investigate whether Mr. Young's campaign cash was intended to influence Republican policy toward China. The Time story states that after receiving the loan guarantees, Mr. Barbour introduced Mr. Young to leading GOP congressional leaders, including Senate Majority Leader Bob Dole and House Speaker Newt Gingrich. Mr. Barbour also accompanied Mr. Young to a meeting with Qian Qichen, the foreign minister of the People's Republic of China, and attended events with undisclosed guests on board Mr. Young's yacht in Hong Kong. According to the Time report, "Young's business depends in large part on Western access to Chinese markets, objectives pushed by Republicans.'

The Committee should also investigate whether the National Policy Forum is, as it claims, a 501(c)(3) organization that operates independently of the RNC. The Time story suggests that the line separating the Republican National Committee and the National Policy Forum was virtually nonexistent.

I have enclosed a copy of the Time article and draft subpoenas that are narrowly focused on the individuals, entities, and events detailed in the Time story. The subpoenas seek information from Haley Barbour, the RNC, the National Policy Forum, Squire, Sanders, and Ambrosia Young, and Mr. Young's U.S. subsidiary and its officers. The prompt issuance of these subpoenas is necessary to investigate the "substantial evidence of improprieties" disclosed by Time.

The period provided in Committee's document protocol for review of proposed subpoenas is 24 hours. I trust you will inform the minority whether you will issue the requested subpoenas within that time frame. If you or your staff have any questions about these subpoenas, please do not hesitate to contact me directly or Phil Barnott, the minority's chief counsel, at 223-5031.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515  

Dear Mr. Chairman:  

I wrote to you on April 29 and requested that you issue nine subpoenas relating to serious allegations of campaign finance improprieties involving foreign donors: the Republican National Committee, and an RNC affiliate, the National Policy Forum. These improprieties, first uncovered by *Time* magazine, fall squarely within the investigation's scope that you have articulated ("substantial evidence of improprieties will be pursued wherever it leads"). Moreover, you have made it clear that one of your highest priorities for the investigation will be "illegal activities involving foreign contributions, wherever it takes us." The nine subpoenas I requested easily meet both standards.  

I am deeply disappointed that you have not even given the minority the courtesy of acknowledging my request. Accordingly, I have written separately to each Republican Committee member regarding this matter. Unfortunately, notwithstanding the public commitment you and other majority members expressed for a fair and nonpartisan process, not one Republican Committee member has agreed to support issuing subpoenas to the RNC.  

The allegations raised by *Time*, the *Boston Globe*, and *Congressional Quarterly* are substantially the same as the DNC activities for which you have issued subpoenas without hesitation. The majority's refusal to issue the RNC subpoenas makes a mockery of your stated commitment to investigate foreign contributions "wherever it takes us" and continues the pattern of Committee actions that are blatantly partisan and unfair.  

Because the majority has refused to investigate these allegations in our Committee, every Committee minority member has signed a letter to Attorney General Reno asking that she initiate an immediate investigation into this matter. As explained in the enclosed letter, the money Ambrosia Tung Young provided to the RNC and the National Policy Forum may have violated parts of 2 USC 441 and other federal requirements.  

Although the majority apparently has little interest in investigating any Republican fundraising activities, I think it is also important that we pursue whether federal buildings were improperly used for fundraising purposes by the National Republican Committee, the National
When you appeared on ABC’s “This Week” program earlier this year, you stated that if federal officials were using government facilities or government technology to solicit contributions, then there is a question of legality. Given your concern about the use of government facilities to solicit contributions, I hope you will agree to issue the enclosed subpoenas regarding this matter.

You have, of course, already issued subpoenas to investigate allegations about the use of federal property for fundraising purposes by Democrats. For example, you issued subpoenas to the Democratic National Committee and the Executive Office of the President for “all records related to the meetings generally known as ‘White House Coffees’,” “all records of attendees at the White House movies,” “all records of guests at Camp David,” “all records of who has White House mess privileges,” “all records relating to the use of the Presidential box at the Kennedy Center,” and “all cellular phone records, phone credit card records and any charges billed to the Democratic National Committee.”

The subpoenas I have drafted similarly seek information regarding fundraising and the use of federal property. Indeed, the link between fundraising and the use of federal property is even more clear in the instances described in the draft subpoenas. For example, the invitations to the 1995 Republican Senate-House Dinner indicate that federal facilities were used by the Republican campaign committees for fundraising purposes and that specific price tags were placed on different federal locations. For example, individuals who donated $5,000 were invited to a “Senate Majority Leader’s Breakfast” hosted by Senator Bob Dole in the Senate Caucus Room. Those who donated $25,000 were invited to a luncheon hosted by Speaker Newt Gingrich in the Great Hall of the Library of Congress.

I have received evidence about numerous other fundraising activities in federal buildings, including invitations and solicitation letters signed by Members of Congress. The use of the Vice President’s residence, the Old Executive Office Building, the White House, and the U.S. Capitol for fundraising activities during the Bush Administration appear to be the most explicit evidence of the use of federal property for fundraising that has yet come to light. In the interest of consistency and in recognition of the Committee’s scope for the investigation, I ask that you issue these subpoenas and inform me of your decision within the timeframe provided in the Committee’s procedures.

Sincerely,

[Signature]

Henry A. Waxman
Ranking Minority Member

Enclosures
The Honorable Janet Reno
Attorney General
U.S. Department of Justice
10th and Pennsylvania Avenue NW
Washington, DC 20530-0001

Dear Madam, Attorney General

The Department of Justice is currently investigating alleged violations of federal campaign finance laws during the recent election. We write to request that as part of this inquiry you investigate the serious allegations of campaign finance wrongdoing involving foreign donors, the Republican National Committee, and an RNC affiliate, the National Policy Forum, recently reported by Time magazine, the Boston Globe, and Congressional Quarterly.

The details of the financial transactions described by Time indicate that the RNC received over a million dollars in last minute campaign funds after the intervention of a foreign donor. According to Time, "twice in two years Hong Kong businessman Ambrosio Tung Young bailed out the party at crucial moments: first freeing up as much as $2 million in the final days before the G.O.P.'s 1994 sweep of Congress, then easing $500,000 in bad debts.

Apparently, the National Policy Forum was heavily in debt to the RNC in 1994. The Time report states that Haley Barbour, the chairman of the RNC, secured $2 million in certificates of deposit from a Hong Kong businessman, Ambrosio Tung Young, as collateral for a loan from Signet Bank to the National Policy Forum. Although the loan guarantees were formally made in the name of a U.S. subsidiary of Mr. Young's Hong Kong company, Young Brothers Development (USA), the U.S. subsidiary appears to have virtually no assets and the real source of the money appears to be funds transferred from Hong Kong. In fact, the Boston Globe quoted an officer of the Young's U.S. subsidiary as saying, "It was Hong Kong corporate money. There is no question about that."

According to Time, "the loan guarantee was a political godsend. With much of its proceeds sent immediately to the RNC, the loan provided last minute cash for tight House races." A Congressional Quarterly report noted that the October 20, 1994 repayment by the National
The Honorable James R. Sensenbrenner
May 8, 1997
Page 2

Policy Forum "accounts for about 5% of the RNC's soft money transfers to state party committees in the three weeks before Election Day."

The Time report also states that in 1996, Mr. Barbour decided to conserve RNC campaign funds by allowing the National Policy Forum to default on the loan. As a result, Mr. Young lost $500,000 of the loan collateral he had put up. Other troubling facts have also emerged. For example, Congressional Quarterly reported that although Young Brothers does not appear to generate any income in the United States or own any assets here, it gave $122,000 in soft money directly to the RNC between 1991 and 1994. In addition, more recent press reports indicate that the National Policy Forum never received the tax exempt status it purported to have and that its charter was revoked by the District of Columbia because required annual reports were not filed.

These facts raise significant questions that we believe the Justice Department ought to investigate. The transactions involved in the news articles could involve violations of numerous federal laws, including:

- 2 USC 441f prohibits contributions in the name of another. Did Ambrose Tung Young know the loan proceeds were to be used by RNC? Was this arrangement a sham transaction designed to conceal the true source of the donations to the RNC in violation of 2 USC 441f? rainy 2008

- 2 USC 441e prohibits contributions by foreign nationals. Were the Young Brothers $122,000 in donations, $2.2 million loan guarantee and $500,000 loan repayment illegal foreign donations to the RNC in violation of 2 USC 441e? rainy 2008

- 2 USC 434 requires political committees to file reports including information about loans and loan repayment to the FEC. Did the RNC violate the disclosure requirements of 2 USC 434 by failing to report the loans?

- 2 USC 441a limits the amount any person can contribute to a political committee. 2 USC 441b prohibits contributions by banks, corporations or labor organizations. Is the National Policy Forum a political committee affiliated with the RNC, rather than a wholly separate entity? If so, have the RNC and NPF received unlawful or excessive contributions in violation of 2 USC 441a and 441b?

Finally, it is possible the National Policy Forum violated tax laws as well. We ask that you immediately investigate this matter. We urge you to conduct a balanced and fair investigation of campaign finance allegations and to fully and fairly prosecute any criminal activities that you may uncover.
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

I am very disappointed to learn that you have rejected my suggestion that the majority and minority share a computer database for the documents the committee receives pursuant to the campaign finance investigation.

As you know, hundreds of thousands of documents have been and will be produced in conjunction with the Committee's investigation. Clearly, these needs to be some way for both the majority and minority to organize these documents, preferably in a computer database. In early March, members of my staff first broached the idea of a shared database with your staff. A shared database would give both the majority and minority the ability to search and retrieve documents, yet still allow each to organize the documents and any computer data to suit its respective needs. I understand that appropriate security safeguards could be instituted to maintain the privacy of work done by any party using the database. For example, we could insure that any searches done on the database could not be monitored by others.

As you are no doubt aware, the creation of a computer database is an extremely expensive proposition. I understand that one computer database system costs approximately $40,000. Your decision to maintain a separate majority database means that our committee will needlessly waste thousands of taxpayer dollars on two duplicative systems. This is exactly the type of government waste that our Committee is intended to eliminate by our oversight investigations.

The existence of two separate databases will also create logistical problems. For example, many of the documents produced thus far have not been Bates-stamped. Without a jointly coordinated approach to Bates-stamping the documents, it will be difficult to easily locate documents during hearings.
The Honorable Dan Burton
May 15, 1997
Page Two

Let's not waste taxpayer money needlessly. I ask that you reconsider your decision to proceed unilaterally with a majority database.

Sincerely,

HENRY A. WAPDAN
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton,

My records indicate that I have not received any response from you regarding my letters of April 29 and May 8.

In the April 29 letter, I proposed the Committee issue subpoenas to investigate serious allegations of campaign finance improprieties involving foreign donors, the Republican National Committee and an RNC affiliate, the National Policy Forum. In the May 8 letter, I proposed the Committee issue subpoenas to investigate whether federal buildings were used for fundraising purposes by the National Republican Senatorial Committee and the National Republican Congressional Committee. Both requests fall within the scope of the Committee’s investigation.

The period provided in the Committee’s document protocol for review of proposed subpoenas is 24 hours. As it has now been over two weeks since you received the April 29 letter, I again request that you inform the minority whether you will issue the subpoenas we requested.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Henry Waxman
Ranking Minority Member
Committee on Government Reform
And Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Henry:

I am writing with regard to the Working Group that the Committee established on April 10 to advise the Chairman on the potential release of investigative documents. As you will recall, during consideration of the document protocol, the Committee unanimously adopted the Mosella Amendment, creating such a 5-Member working group.

On the Majority side, the group is to include myself as Chairman, the Vice Chairman, and a third Majority Member. On the Minority side, the group is to include you as Ranking Minority Member and a second Minority Member.

Therefore, I hereby appoint as Minority Members of the Working Group:

- Congressman Dan Burton -- Chairman
- Congressman Chris Cox -- Vice Chairman
- Congressman Dennis Hastert -- Chairman, Subcommittee on National Security, International Affairs, and Criminal Justice

I would like to invite you to appoint your Minority Members to the Working Group.

Best Regards,

Dan Burton
Chairman
The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

I want to bring to your personal attention several potentially serious matters regarding the conduct of the majority staff in the Committee's campaign finance investigation and to request your immediate investigation of these matters.

First, it has come to my attention that members of your staff interviewed a witness, Mr. Rawlen Soberano, in his office on Tuesday, May 13. Mr. Soberano's name first appeared in the press on February 20, when the Washington Post reported that he declined John Huang's request that he make campaign contributions of questionable legality.

Mr. Soberano has told me that when he was interviewed by your staff, he wanted the minority staff to attend because he felt that both Republicans and Democrats should have access to his testimony. For this reason, he asked your staff whether a member of the minority staff would attend the interview. According to Mr. Soberano, your staff told him that the minority staff was invited but declined to attend the interview.

In fact, the minority never declined to attend the interview because we were not invited to Mr. Soberano's interview.

Second, I understand that two of your senior staff took a trip to Miami on February 21 to interview witnesses - again without notice to the minority. On this trip, your staff interviewed at least two witnesses, Vivian Manneur, a businesswoman and occasional Democratic fundraiser, and Jorge Cabrera, a convicted drug smuggler who is incarcerated in a federal penitentiary. In the case of Ms. Manneur, I have been told that your staff showed up at her place of business unannounced, without a prior appointment and in full view of her customers, leading her to believe that she had to submit to an immediate interview. Although Ms. Manneur is represented by counsel, I have been told that she was not advised that she could contact her attorney. Your staff did, however, apparently assure Ms. Manneur that anything she said would be used only for
The Honorable Dan Burton
June 4, 1997
Page 2

the purpose of the Committee’s official investigation.

Contrary to your staff’s representation that the interview would be used only for official Committee business, it appears that your staff may have given information from the interviews with Ms. Mannerud and Mr. Cabrera to the media. The New York Times published a front-page story on April 4 about a contribution that Ms. Mannerud allegedly solicited from Mr. Cabrera. The New York Times article relies on information “congressional investigators have learned.” It attributes crucial facts to “the investigators, who spoke on condition of anonymity,” and states that “[t]he new details about the location for the solicitation of Cabrera’s contribution and the source of the money have come to light in congressional investigators’ interviews with Cabrera.” Both Ms. Mannerud and Mr. Cabrera have told my staff that the only “congressional investigators” they spoke with prior to the April 4 article in the New York Times were the investigators from your staff.

Information from these interviews may also have been given to CNN. On April 4, CNN’s Inside Politics program reported that “the Burton committee is looking at Jorge Cabrera… House G.O.P. investigators say some of the $20,000 was drug money, and that it was solicited in Havana.”

These incidents warrant your thorough investigation. If in fact your staff made false or misleading statements to Mr. Soberano or Ms. Mannerud, that would obviously be improper. If in fact information was given to the press, that would appear to conflict with your assurances that your staff would not engage in such conduct. As I recall, the first time a leak from the Government Reform Committee was reported in the press (“Burton Admits Aide Leaked Huang Records,” Roll Call, Nov. 25, 1996), you stated that “I do not allow my staff to release any information… without my approval and I do not expect this to happen again.”

I have also learned this week that you plan — again without having given any notice to the minority — to send two members of your staff to Hong Kong and Taiwan and perhaps other foreign countries to conduct witness interviews from June 9 to June 20. I strongly oppose your plan to conduct secret witnesses interviews in foreign countries. In my experience, there is simply no precedent for this conduct. I urge you to reconsider your decision and include the minority in this trip.

In my view, these incidents highlight the unfairness of your policy of excluding the minority staff from witness interviews. Your policy denies the minority access to information you and your staff acquire and, as a result, prevents the minority from ever knowing the full facts. It forces the minority staff to try to schedule its own interviews, which is nearly impossible since the minority does not even know who the majority staff is interviewing. And as the case of Mr. Soberano and Ms. Mannerud appears to demonstrate, it is fundamentally unfair to witnesses who may be misled or fail to fully understand representations made by your staff or who have to spend additional time and incur additional lawyers’ fees having separate interviews with the minority.
The Honorable Dan Burton  
June 4, 1997  
Page 3

Prior investigations have followed a more bipartisan approach and included the minority in witness interviews. In the last Congress, as you know, you were on the Select Subcommitte on the United States Role in Iranian Arms Transfers to Croatia and Bosnia. In that investigation, Chairman Hyde specifically provided that all witness interviews be jointly conducted with majority and minority staff. Similar policies were followed in many other investigations. For example, in the House Watergate investigation, witness interviews were conducted by a nonpartisan staff that reported to both the majority and minority counsel. In the Iran-Contra investigation, the majority notified the minority of witness interviews and provided the minority with an opportunity to participate, and in the Senate Whitewater investigation, unilateral witness interviews were prohibited by agreement of the majority and the minority. Your counterpart in the Senate, Senator Thompson, has agreed to conduct witness interviews jointly with the minority during the Senate campaign finance investigation.

We should follow a similar approach. The Democratic members of the Committee should have just as much access to the facts uncovered during the investigative process -- including the witness interviews -- as the Republican members. In my view, unless the witness insists that the minority be excluded, the minority should be invited to attend all witness interviews conducted by the majority staff in the course of the campaign finance investigation.

The Committee's investigation is proceeding in a highly unusual and inappropriately partisan manner. You have still not responded to my letter of May 15 protesting your decision to deny the minority access to the Committee's database of the documents received during the investigation. As described above, there are indications -- which I hope are untrue -- that staff may have made false or misleading statements to material witnesses. You are intentionally excluding the minority from witness interviews, thereby denying the minority members of the Committee access to relevant information. And it now appears that you have even gone to the extreme of scheduling an extended trip abroad for your staff to interview foreign witnesses with no opportunity for the minority to participate.

I look forward to your reply.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
U.S. House of Representatives  
Washington, D.C. 20515 

June 4, 1997

Dear Chairman Burton:

Enclosed is a copy of a letter I sent to the Secretary of State regarding a Committee staff trip to Hong Kong and Taiwan. I believe that it is entirely appropriate for minority staff to participate in this or any trip pertaining to an ongoing Committee investigation. Therefore, I am requesting that you authorize Mr. Christopher Lu of the minority staff to travel with the majority group and to include him on the list to the Capitol Physician's office for any inoculations that may be needed.

Sincerely,

Henry A. Waxman

Enclosure
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform  
And Oversight  
U.S. House of Representatives  
Washington, D.C. 20515  

June 9, 1997

Dear Henry:

I am writing in response to your earlier letter regarding the Committee’s investigation of illegal foreign contributions, related attempts by foreign entities to influence U.S. policy, and other related matters. Your letter specifically pertained to the Webster Hubbell segment of the investigation.

Let me first address your concern about possible interference with the Independent Counsel’s investigation in this same area. You may rest assured that my staff has conferred with the staff of the Independent Counsel to make sure that our activities do not interfere with that ongoing criminal investigation. His office has raised no objection to any of the activities undertaken by the Committee.

I would also like to address your concerns about how Webster Hubbell fits into the overall Committee investigation. The central focus of this investigation to date has been the massive infusion of illegal foreign money into the last Presidential campaign, and potential efforts of the givers to influence or undermine U.S. policy in critical areas. I have said numerous times that the Committee’s priority would be to focus on credible allegations of illegal activity.

The Lippo Bank is a central element in this emerging scandal, as are its owners, Mochtar and James Riady, and the head of its U.S. subsidiary, John Huang. As you are aware, over $1.5 million in contributions raised by John Huang are being returned by the DNC because of doubts about its origin.

At the same time, Lippo Bank and John Huang and the Riadys are also at the center of the growing scandal surrounding Webster Hubbell and the Clinton White House. The Independent Counsel is investigating whether several Clinton Administration officials solicited in excess of $500,000 in payments for Mr. Hubbell in 1994. At the time, Hubbell was under investigation for defrauding his former law firm and clients, including the U.S. government. The President has said that at the time, he was unaware of the extent of Mr. Hubbell’s legal troubles. However, more recent statements by various close advisors and associates have cast doubt on this statement.
In June, 1994, James Riady and John Huang held an extraordinary series of 19 White House meetings, some including the President. Two days later, a Lippo Bank affiliate paid $100,000 to Webster Hubbell. It is unknown what, if any, Hubbell did in exchange for this payment. Reports have indicated that it was around this time that Mr. Hubbell stopped cooperating with the Independent Counsel’s investigation.

The fact that Lippo Bank, the Riadys and John Huang are at the center of both of these controversies strongly indicates that they should be included in the same investigation. The same basic questions must be answered: ‘Are laws broken when these payments were sought and made?’ and ‘What was sought in return?’

I also do not believe that it would be wise to limit the scope of the Hubbell segment of this investigation solely to payments received from the Lippo Group. As you know, John Huang has refused to cooperate in this investigation, and James Riady has left the country. Documents and interviews obtained from other benefactors of Webster Hubbell, while important in their own right, may help establish a pattern or shed light on circumstances surrounding the Riadys or John Huang’s involvement.

I believe that the solicitation of payments to Webster Hubbell is an area that demands a thorough inquiry. The American people have a right to know what happened. Because of its secretive nature, the Independent Counsel’s investigation may not provide the public with a full accounting of what happened and why. Because the central figures and questions in both scandals are so closely intertwined, I believe that it is necessary and proper that the Hubbell matter be included in the Committee’s current investigation.

I hope this information is helpful.

Best Regards,

[Signature]

Dan Burton
Chairman
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform  
And Oversight  
U.S. House of Representatives  
Washington, D.C. 20515  

Dear Henry:  

I am writing in response to your June 4 letter. You raise several issues to which I would like to respond.  

On the subject of investigative travel, you complain that Majority staff traveled to Miami without inviting Minority staff, and planned a trip to Hong Kong without informing the Minority. I would like to note that it is not only the Majority staff that has conducted separate investigative travel. On May 2, two senior members of your staff traveled to Chicago on what was termed “official business related to ongoing Committee oversight investigations.” Majority staff was not invited to participate in that trip, nor was the Majority informed of the results of the trip or who was interviewed. I am hard pressed to understand on what grounds you base your complaint when the Minority has acted in exactly the same manner as the Majority.  

With regard to the Cabrera and Mannara interviews, these interviews were conducted by my Chief Counsel, John Rowley, who is a former Assistant U.S. Attorney. Mr. Rowley has conducted numerous investigative interviews during his career. He gave prior notice to the U.S. Attorney’s office in Miami before proceeding to interview Mr. Cabrera. With respect to Mrs. Mannara, Mr. Rowley and Mr. Bossie, who accompanied him, went to her office, asked if she would agree to speak with them, and she readily agreed. I hardly consider this intimidation, as your letter seems to imply. No threats were made or implied in any way whatsoever. In fact, at one point during the interview, Mr. Rowley and Mr. Bossie left her office for over an hour at her suggestion, before returning to finish the interview. They conducted themselves professionally in every sense of the word.
I would also like to note that when the New York Times first contacted my office about the Cabera story, the reporter was already fully informed about the interviews and the underlying facts about the allegations in the Cabera case -- that Mrs. Mantered asked Mr. Cabera for a large contribution to the DNC in Havana, that Mr. Cabera contributed $20,000 out of an account fed with ongoing proceeds, and that Mr. Cabera attended a dinner with Vice President Gore and a party at the White House despite his criminal record. When contacted, my staff merely confirmed that the interviews of Mr. Cabera and Mrs. Mantered had taken place.

On the subject of informal interviews, I believe that our staffs had an understanding at the beginning of this investigation that both Majority and Minority staff could conduct separate informal interviews. I believe that both Majority and Minority staff have done so. During the early stages of this investigation, Minority staff attended several meetings along with Majority staff. In some of these meetings and conference calls, Minority staff several times discouraged representatives of the White House and other organizations from providing information to the Committee. The apparent reason was the Minority's dissatisfaction with the Committee's document protocol. I should remind you that the protocol is in complete compliance with House rules and was adopted by the Committee. I am certain that you can understand our reluctance to include Minority staff in informational interviews if such staff has a track record of discouraging individuals from cooperating with official requests for information.

With regard to the interview of Mr. Soberano, the allegations that you state in your letter are incorrect. When my staff asked if Mr. Soberano was willing to be interviewed, he agreed. He asked if a particular minority staff member to whom he had spoken would attend. He was told that this interview would be only with the Majority. I believe that this misunderstanding clearly highlights the need for authority for Committee counsel to take sworn depositions, which I have proposed. Under this procedure:

- All Members and staff will be notified three days in advance of a deposition
- Majority and Minority counsel will be present at all depositions
- Depositions will be recorded by a court reporter
- Witnesses will have the right to have an attorney present

I believe that this more formalized procedure will help avoid similar misunderstandings from occurring in the future. This is the same procedure that was used during the Travelgate and Filegate investigations last year, and that has been used extensively by the Senate Governmental Affairs Committee this year. While I understand that you are not inclined to support this resolution because of your continuing disapproval of the Chairman's subpoena power, I hope that you will reconsider. The matters we are investigating are of a serious nature and touch upon national security and the integrity of our national policies. Deposition authority will establish a formal set of procedures that will benefit both the Majority and the Minority, and allow us to pursue this investigation in a serious and professional manner.

Thank you for sharing your views.

Best Regards,

Dan Burton
Chairman
The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I write to request that you issue the attached draft subpoenas to the National Archives, the Reagan Presidential Library, the Bush Presidential Materials Project, the Quayle Center and Museum, the Reagan Presidential campaign, the Bush Presidential campaigns, and the White House.

The proposed subpoenas seek information about campaign contributors who benefited from overnight stays at the White House, Camp David, or the Vice President’s residence, or travel on Air Force One or Air Force Two during the Reagan and Bush administrations. They also seek information about functions at the White House, Camp David, and the Vice President’s residence attended by Republican National Committee officials or fundraisers, including coffees and other informal gatherings. Finally, they ask for records of reimbursable political functions held at the White House and Vice President’s residence.

The information sought is parallel to the information requested in the Committee’s subpoenas to the Executive Office of the President and the Democratic National Committee for contributors to the Clinton campaign. For example, the Committee’s White House subpoenas sought information concerning private passengers on Air Force One and Two and overnight guests at the White House during the Clinton administration.

There is substantial evidence justifying these subpoenas. Documents provided by the Clinton administration in response to the Committee subpoenas detail reimbursable political functions held at the White House, including a number of events held by the Bush White House in 1992. Press reports have documented overnight White House stays by major contributors to the Republican Party during the Bush administration. This pattern, dating back to previous administrations, should be investigated by this Committee.
The Honorable Dan Burton
June 10, 1997
Page 2

I have written the Reagan Library and the Bush Materials Project asking them to voluntarily provide this information for this investigation. The Reagan Library has not replied to my request, and the Bush Materials Project refused to respond absent a request from the Chairman of the Committee. The Quagie Center has similarly refused to acknowledge my previous requests for information.

As you know, the period provided in the Committee’s document protocol for review of the proposed subpoenas is 24 hours. I trust you will inform the minority whether you will issue these requested subpoenas within this time frame. If you or your staff have any questions about these subpoenas, please call me or my chief counsel, Phil Barnes, at 225-5052.

Sincerely,

Henry A. Waxman
Ranking Minority Member

enc

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I write to request that you issue the attached draft subpoena to the National Republican Congressional Committee.

The proposed NRCC subpoena targets a brochure sent in the 1995-1996 election cycle. The brochure promised corporate donors that their contributions would "directly fund House races." Corporations are prohibited from making a contribution in connection with a federal election under the Federal Election Campaign Act (2 U.S.C. 441b).

This solicitation makes an impermissible promise to potential donors and should be thoroughly investigated to determine if funds were raised or spent in violation of the Federal Election Campaign Act.

As you know, the period provided in the Committee's document protocol for review of the proposed subpoenas is 24 hours. I trust you will inform the minority whether you will issue these requested subpoenas within this time frame. If you or your staff have any questions about these subpoenas, please call me or my chief counsel, Phil Barnett, at 225-5051.

Sincerely,

Henry A. Waxman
Ranking Minority Member

encl.

cc: Members of the Committee on Government Reform and Oversight
Proposed Subpoena to the NRCC

Subpoena to the National Republican Congressional Committee

To: National Republican Congressional Committee
   425 2d St. NE
   Washington, DC 20002

Serve: The Honorable John Linder
       Chairman

[Insert standard definitions and instructions]

**Subpoenable Items**

1. All records relating to the brochure entitled “The Congressional Forum and House Council” with the subtitle “Programs of the National Republican Congressional Committee” and which includes the phrase “The most important thing you can do to support Republicans is to support the NRCC. Membership dues to directly fund House races,” including but not limited to:

   A. All memoranda and/or correspondence relating to the brochure, both prior to and after February 25, 1997 (the date the Washington Post ran a story entitled “GOP Brochure Said Companies’ Gifts Would ‘Go Directly to Fund House Races’”)

   B. All records relating to any meetings held where the brochure was discussed, including records that identify or describe the participants in the meeting, both before and after February 25, 1997.

   C. All records relating to the fundraising plan that included the brochure.

   D. All records identifying or describing the individuals, corporations and/or other entities that received the brochure.

   E. All records identifying or describing sums of any kind received from recipients of the brochure, including any records that identify or describe the donors of such sums, any internal codes used and/or records identifying or describing the accounts where such sums were deposited.
F. All records relating to how such sums were spent.

G. All records relating to any employees who contacted recipients of the brochure, including, but not limited to, any script used by such individuals and any record relating to the contacts.

H. All records relating to any individuals not employed by the NRCC who were credited with soliciting sums of any kind from the recipients of the brochure, including, but not limited to, any script used by such individuals and any record relating to the contacts.

I. All records identifying or describing any NRCC employee or consultant who drafted or reviewed the brochure, both before and after February 25, 1997.

J. All records relating to any corrections made to the brochure.

K. All records relating to any notice provided to the recipients of the brochure that the statement that the funds raised would "directly fund House races" was not correct and that corporate funds could not be used for such a purpose under federal election law.

2. A copy of all fundraising solicitations made in the 1995-1996 election cycle, including copies of any solicitations, letters, and/or brochures that made similar claims.

3. All records relating to NRCC fundraising guidelines, regulations, and/or rules for the 1995-1996 election cycle.

4. All records relating to NRCC accounting procedures, including records that describe the segregation of federal and non-federal accounts and precautions against mixing federal and non-federal funds.

5. All records relating to any investigation begun to ensure that any sums received from recipients of the brochure were not in fact deposited in an account used to "directly fund House races."
The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515  

Dear Mr. Chairman,

I write to request that you issue the attached draft subpoenas to the Republican National Committee, Haley Barbour, Philip Morris, RJR Tobacco, Brown & Williamson Tobacco Corp., United States Tobacco Company, the Tobacco Institute and the Smokeless Tobacco Council.

The proposed subpoenas target tobacco industry campaign contributions to the Republican National Committee and subsequent lobbying by then-RNC Chairman Haley Barbour on their behalf. According to campaign contribution studies, the tobacco industry was one of the largest contributors to the RNC during the last election cycle, giving nearly $5 million in soft money alone to the Republican Party. During this period, Mr. Barbour called Arizona House of Representatives Speaker Mark Killian and Texas Governor George Bush urging them to change their positions and support pro-tobacco legislation. I have attached a copy of a Washington Post article describing these calls.

An "quid pro quo" involving a high-ranking party official promoting public policy in exchange for campaign contributions raises serious questions. It is the type of allegation for which this Committee is investigating Democratic officials and contributors. For example, the Committee has subpoenaed the DNC for all records related to Roger Tarranz after allegations were published that former DNC chairman Don Fowler contacted the CIA to facilitate a meeting between Tarranz and President Clinton.

As you know, the period provided in the Committee’s document protocol for review of the proposed subpoenas is 24 hours. I trust you will perform the minority whether you will issue these requested subpoenas within this time frame. If you or your staff have any questions about these subpoenas, please call me or my chief counsel, Phil Barnett, at 225-5052.

Sincerely,

Henry A. Waxman  
Ranking Minority Member  

end  

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton,

I am writing to thank you for issuing nine subpoenas relating to potentially illegal foreign contributions to the Republican National Committee (RNC). But I also want to object to your refusal to issue a subpoena to Haley Barbour, the former chair of both the RNC and the National Policy Forum (NPF).

Haley Barbour, as past-Chairman of both the RNC and the NPF, is at the center of the allegations of foreign fundraising by the RNC. Press reports in Time, the Boston Globe, Congressional Quarterly, the Washington Post and the New York Times indicate that the RNC received over a million dollars in last-minute campaign funds after the intervention of a foreign donor. According to Time, “when in two years Hong Kong businessman Ambrose Ting Young bailed out the party at crucial moments, first freeing up as much as $2 million in the final days before the G.O.P.’s 1994 sweep of Congress; then eating $500,000 in bad debts, rescuing Republicans in the last weeks of the 1996 contest.”

Numerous reports indicate that Haley Barbour was personally involved in securing the $2.2 million in certificates of deposit from Ambrose Young as collateral for a loan from Signet Bank to the National Policy Forum. For example, in a September 17, 1996, letter to Haley Barbour that was turned over to the press by NPF, Ambrose Young’s attorney notes that he was asked “to help facilitate a loan in excess of $2 million to assist you in replacing hard money at the Forum with soft money so that the hard dollars could be used to pick up 60 targeted House seats.” To the attorney, Richard Richards, further wrote that, “I knew and I then had several discussions concerning a loan guarantee by Mr. Young.”

According to a May 5, 1997, story in Time, “the loan guarantee was a political godsend. With much of its proceeds sent immediately to the RNC, the loan provided last minute cash for...
June 12, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform
and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman,

I am enclosing a copy of the signed Memorandum of Understanding between our Committee and the Department of the Treasury, the Customs Service and the Internal Revenue Service ("MOU"). As the MOU provides, "Committee Investigators shall be a joint resource to both the Majority and Minority staffs for the Committee.") The MOU further provides that:

All assignments to the Committee Investigators shall be made by the Chief Counsel and the Minority Chief Counsel, acting jointly, or by either counsel after consultation with the other. All assignments shall, for administrative purposes, be made by or through the Chief Counsel for the Special Investigation. The Chief Counsel for the Special Investigation shall provide timely notice to the Majority Chief Counsel for the Special Investigation of all assignments to the agents (emphasis added).

It is my understanding that there is a nearly identical memorandum of understanding with the Senate Committee on Governmental Affairs. There have also been comparable Memorandums of Understanding with the House Select Subcommittees on the United States Role in Iranian Arms Transfers to Croatia and Bosnia and the House Task Force to Investigate Certain Allegations Concerning the Holding of American Hostages by Iran in 1980 ("October Surprise Task Force"). In all of these agreements, the minority, with proper notice and consultation, always had the right to make assignments to Committee Investigators and that, for administrative purposes only, assignments would be made through the majority chief counsel. This language has never been intended to exclude the minority from making assignments to Committee Investigators, since Committee Investigators are a joint Committee resource and not an exclusive majority resource. The majority and minority will endeavor, in good faith, to resolve any differences over assignment by mutual consultation. We are entering into this agreement with those specific understandings.

Sincerely,

[Signature]

Ranking Minority Member
The Honorable Dan Burton
June 1st, 1997
Page 2

tight House races. Interestingly, the loan document itself contains a clause providing that the 

borrower [NPF] shall be entitled to pay to RNC the sum of $1,300,000 out of the proceeds of 

the loan. On June 8th, the Washington Post reported on a second last-minute windfall 

the refusal by then-RNC Chairman Haley Barbour to consume using GOP funds to pay off a 

bank loan to the National Policy Forum meant that more cash was available for Republicans to 

use in the 1996 campaign. On June 9th, the New York Times reported that Young, under 

pressure from Barbour, absorbed a $700,000 loss, when the NPF detailed on the Signet Bank 

loan. After reviewing documents provided to Senate investigators and the press by NPF, the 

New York Times also reported that “the documents also indicate how the former Republican chairman 

Haley Barbour, might have offered to help the businessman with deals in China in return for 

financial help to the Republicans.”

According to a new report in the June 11th issue of Time magazine, the former president of 

the NPF objected to the foreign fundraising proposed by Barbour. “It would be wrong to do so,” 

voice Michael Brodsky in a confidential memo obtained by Time. Barrody — who resigned partly over Barbour’s “fascination with foreign sources of funding” —

Under these circumstances, a subpoena to Haley Barbour is clearly warranted. There are 

credible indications that he personally solicited the loan guarantees from a foreign businessman, 

arranged for the transfer of the loan proceeds to the RNC, arranged for the additional last-minute 

funds to be transferred from the RNC to state party committees, and finally pressured the 

businessman into absorbing NPF’s default on the loan — a second contribution. If these 

allegations are true, this transaction appears to violate several provisions of the Federal Election 

Campaign Act.

At the April 10 mark up of the Committee protocol, you said “substantial evidence of 

improprieties will be pursued wherever it leads.” In this case, the evidence seems to point directly 

to Mr. Barbour.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
June 17, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington DC 20515

Dear Chairman Burton,

Thank you for your response to my June 4 letter. Unfortunately, I do not believe you have responded to the concerns I raised.

First, I raised the issue of whether your staff misled a material witness, Mr. Rawlein Soberano, by telling him that the minority staff was invited to his interview -- when in fact the minority staff was never invited. In your response you deny that your staff made these representations, but you do not explain the basis of your denial.

I have a sworn statement from Mr. Soberano. In it, he states:

I was interviewed in the Rayburn House Office Building by members of the majority staff of the House Government Reform and Oversight Committee on May 13, 1997. When I arrived for the interview, I asked two of the staff members, Laurie Taylor and Jay Apperson, whether a member of the minority staff would attend the interview.

I asked that question because I think both Republicans and Democrats should have equal access to my testimony. Also, I have been extremely busy and would have preferred to be interviewed only once by both the majority and minority staff.

Ms. Taylor and Mr. Apperson told me that the minority staff was invited to the interview but declined to come. The interview then occurred with only the majority staff present.

After my May 13 interview with the majority staff, I received a call from a member of the minority staff requesting an interview. Upon receiving that call, I was angry because I thought that the minority was making an extra demand on my time.
because they had turned down an invitation to attend my May 13 interview. I subsequently learned that the minority staff had not been invited.

Mr. Soto told the newspaper The Hill the same story. A June 11, 1997, article in that paper reports that "[w]hen Rawlel Soto was interviewed by investigators from the Government Reform and Oversight Committee looking into campaign finance scandals, he had one question for the Republicans. "Where are your Democratic counterparts?" 'Well, they didn't want to come,' the Philippines born vice president of the Asian American Business Roundtable recalled one of the committee aides saying.'

In light of Mr. Soto's sworn statement, I request that you release to the members of the Committee a detailed report of the interview with Mr. Soto and your investigation of the interview. I further request that you obtain sworn statements from your staff regarding their conduct during the interview.

Second, regarding the possibility that your staff provided information from the interview of Ms. Manneut to the press, you noted that "when the New York Times first contacted my office about the Cabrera story, the reporter was already fully informed about the interviews. My staff merely confirmed that the interviews of Mr. Cabrera and Mrs. Manneut had taken place." Your explanation is at odds with the account in the New York Times which cites "congressional investigators" and "investigators who spoke on condition of anonymity" as the source of the story. The article's opening sentence says Jorge Cabrera was asked for a campaign contribution in Havana by a prominent Democratic fund-raiser. Congressional investigators have learned "The story goes on to report that "the investigators said the fundraiser, whom they identified as Vivian Manneut, a Cuban-American businesswoman from Miami, told Cabrera at a meeting at the Copacabana Hotel in Havana that in exchange for a contribution he would be invited to a fund-raising dinner in honor of Vice President Al Gore." The article also states that details about "the source of the money have come to light in congressional investigators' interviews here with Cabrera." If these statements are accurate, your staff provided the New York Times with detailed factual information learned in the investigation -- not mere confirmation that an interview had taken place. Also, CNN's April 4 report on the same topic cites "House GOP investigators" as its source.

Finally, you complained that my staff traveled to Chicago without inviting your staff to attend. The Chicago trip had nothing to do with the campaign finance investigation, but rather with a oversight and investigative activities I am conducting regarding the tobacco industry. In the three months for which we have records, majority staff has taken 12 trips without the participation of minority staff. Many of these -- like my staff's trip to Chicago -- appear to have nothing to do with campaign finance and are entirely proper. I do have serious concerns, however, when it appears your staff have traveled to interview material witnesses in the campaign
The Honorable Dan Burton  
June 17, 1997  
Page 3

finance investigation and the minority has not even been notified, much less invited to attend. The minority has not made any trips to interview material witnesses to this investigation.

I deeply regret the extraordinarily partisan procedures you are following in the campaign finance investigation. The minority of the Government Reform and Oversight Committee received the smallest committee budget allocation of any committee in the House. You have broken with past precedent and issued 165 subpoenas unilaterally, without the concurrence of the minority or a committee vote. You resist on the right to release confidential documents unilaterally. You have refused to establish a joint computer database to track documents received in the investigation. You have refused to let the minority know who your staff is interviewing, or even how many witness interviews have been done. And now, you have proposed rules for depositions that, for the first time in the history of this Committee, give the chairman of the Government Reform Committee the unilateral authority to compel a witness to attend a staff deposition.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I was dismayed to read the letters sent to your chief counsel by attorneys for the Republican National Committee (RNC) and Barnett Bank. Copies of the letters were forwarded to my office.

It appears from the RNC letter that there was a meeting on June 12 involving your staff representatives of the RNC and the RNC attorneys. At the meeting, items in the Committee's document request to the RNC were redefined and narrowed. As you know, the document request was sent to the RNC as the request of the minority, as part of the investigation into foreign fundraising involving Haley Barbour and Ambrous Tang Young, a Hong Kong businessman. The Barnett Bank letter indicates that your staff agreed to a “rolling” production schedule in lieu of the due date specified in the subpoenas. The Barnett Bank subpoena was also sent at the request of the minority.

The minority has submitted 38 draft subpoenas to you. So far, you have issued only nine of the proposed subpoenas. Each of those nine was substantially redefined by your staff. These revisions made the subpoenas narrower in scope than originally proposed by the minority and much narrower in scope than the subpoenas issued by the majority to Democratic targets. Now, we are learning that the items requested in those subpoenas are being redefined and narrowed further in meetings in which we do not play a part.

It is unfortunate that your staff would meet with representatives of the RNC regarding the document request without the knowledge or participation of the minority. I hope that in the future
The Honorable Dan Burton
June 27, 1997
Page 2

if your staff consults with the representatives of parties subpoenaed by the Committee --
particularly if the subpoena was one requested by the minority -- that the minority staff is included
in the discussions.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee
The Honorable Newt Gingrich  
Speaker of the House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

I am writing to convey my deep concerns over the integrity and competency of the campaign finance investigation being conducted by the House Government Reform and Oversight Committee.

As you know, the Committee’s chief counsel, John Rowley, and at least three other senior staff are resigning from the Committee. In Mr. Rowley’s resignation letter to Chairman Dan Burton, he stated that “[d]ue to the unremitting ‘self-promoting’ actions of the Committee’s Investigative Coordinator, I have been unable to implement the standards of professional conduct I have been accustomed to at the United States Attorney’s Office.”

It is a very serious matter when a Committee’s chief counsel and other senior professional staff are prevented from acting in a manner that brings credit to the House of Representatives. As evidenced by their resignations, I believe that is the case with the Government Reform and Oversight Committee. The Committee’s investigation has unfortunately been characterized by a series of unprofessional actions, including the following:

Abuse of Subpoena Power. On April 3, Chairman Burton unilaterally subpoenaed the personal bank records of Professor Chi Wang of Georgetown University. The Chairman and his staff never contacted Professor Wang before issuing the subpoenas, and it was subsequently discovered that the majority staff had confused him with another individual.

Misrepresentations to a Material Witness. On May 13, members of the majority staff interviewed Mr. Robert Soberano in the Committee’s offices. According to Mr. Soberano’s sworn statement, he began his interview by asking whether a member of the minority staff would be attending. He was told that the minority was invited to the interview but declined to attend. In fact, the minority was never notified of or invited to attend the interview.

Leaks of Information. The Committee’s investigation has been plagued by leaks of
information. As reported in Roll Call, the first leak occurred in November 1996, when Mr.
Bossie released telephone records of John Huang.

Another unauthorized release of information occurred after Mr. Bossie and another
majority staff traveled to Miami on February 21, 1997, to interview witnesses. On this trip,
which was taken without notice to the minority, the majority staff interviewed Vivian
Mannerud, a Democratic fundraiser who Chairman Burton has publicly criticized for flying
exiles to Cuba to visit their families. The majority staff arrived at Ms. Mannerud’s place
of business unannounced, without an appointment and in full view of her customers, and
failed to advise her that she could contact her attorney. Although Ms. Mannerud was
assured that anything she said would be used only for official Committee purposes,
extensive information about Ms. Mannerud was given to the New York Times, which on
April 4 published a front-page story regarding Ms. Mannerud that clearly relied on
information obtained by the Committee staff. The New York Times story cites
“congressional investigators” as the source of the story, reporting that “the investigators
said the fundraiser, whom they identified as Vivian Mannerud, a Cuban-American
businesswoman from Miami, told [a Democratic contributor] ... that in exchange for a
contribution he would be invited to a fund-raising dinner in honor of Vice President Al
Gore.” CNN further identified the source of this story as “House G.O.P. investigators”
from “the Burton Committee.”

Moreover, according to a report in the Washington Post, Mr. Rowley “has repeatedly
accused Bossie of leaking stories to the press.” This weekend on CNN, Al Hunt of the
Wall Street Journal said that in an effort to curb adverse publicity about Mr. Rowley’s
resignation, “Bossie called reporters ... and told them how you play this story will depend
on whether I leak to you or not.”

Waste of Taxpayer Dollars. The Committee’s investigation has been conducted in an
extravagant manner that wastes resources. In May, the majority turned down the minority’s
request to give the minority access to the majority’s $40,000 database that catalogues
Committee documents, forcing the minority to spend thousands of dollars duplicating the
database. On June 23, the Committee sent three staff members (two majority, including
Chief Investigative Counsel Barbara Comstock, and one minority) to Miami to retrieve a

Also on February 21, Chairman Burton appeared on an anti-Castro Miami radio program
and criticized Ms. Mannerud and her efforts to fly exiles into Cuba to visit their families.
Chairman Burton said that “there is a lady named Vivian Mannerud who I have been told has an
airline that is making flights to Cuba on an almost daily basis. And you may rest assured that
tomorrow or next week when I get back to Washington that I will be asking for an investigation
into her airline, because I believe she is violating the Helms-Burton law and we’re going to try to
get that stopped.”
The Honorable Newt Gingrich
July 7, 1997
Page 3

A computer disk that might contain information relevant to the Committee's investigation. On this two-day trip, hundreds of dollars and a total of six working days of staff time were wasted retrieving a disk that could have easily been mailed to the Committee.

Partisan Decisemaking. The scope of the investigation has been extremely partisan. Although Chairman Burton has issued over 130 subpoenas to Democratic targets, he has issued only 9 to Republican targets. Mr. Burton has arbitrarily refused to investigate alleged Republican abuses, such as fundraising on federal property, even though he is investigating similar alleged Democratic abuses.

Another extremely serious incident that I was personally involved in occurred on June 18. During the conclusion of the Committee's consideration of new rules giving Chairman Burton and his staff the unilateral authority to issue subpoenas for depositions, I encouraged Chairman Burton to adopt the longstanding policy of having minority staff join majority staff in witness interviews. In my conversation with the Chairman and his staff (including David Bossie, Barbara Comstock, and Kevin Bingar, the majority staff director), I asked whether the majority staff was planning a trip to Little Rock, Arkansas, to interview witnesses and whether the minority would be invited to attend. I was told that the majority was not going to Little Rock and that the only minority staff member in Arkansas, Tim Griffin, was there on vacation, not on Committee business. I asked a second time whether any interviews would be conducted during that visit and was explicitly told that none were planned.

Later, however, Kevin Bingar retracted the prior representation and revealed that Mr. Griffin was indeed in Little Rock on official Committee business conducting witness interviews. Although I ultimately received correct information and do not question Mr. Bingar's veracity, it is extremely troubling that I was initially misled. It is inconceivable that Mr. Bossie in particular could have been confused about this matter during the first conversation. Mr. Bossie is charged with coordinating all activities of the campaign finance investigation and in previous employment spent a considerable amount of time in Little Rock investigating President Clinton. It isn't credible that a field investigation would be pursued without his knowledge, especially when it occurred in a city where Mr. Bossie has extensive personal experience and contacts.

I believe that I was intentionally misled about this matter by Mr. Bossie and that when other staff realized that a misrepresentation had been made they corrected the record. This is a serious breach of House ethics and should be vigorously investigated. It is also worth noting that this questionable conduct by Mr. Bossie is not an isolated incident. According to a report in the Washington Times, "Mr. Rowley complained that Mr. Bossie was trying to use the probe to 'slime' the Democrats, while Mr. Rowley wanted 'to follow where the evidence leads us.'" As was further reported in the Indianapolis Star, Mr. Rowley considered Mr. Bossie's conduct to be "a serious offense."

As you know, serious questions have also been raised about Chairman Burton's own
The Honorable Newt Gingrich
July 7, 1997
Page 4

fundraising activities and a federal grand jury is investigating whether he acted improperly in soliciting certain campaign contributions. In fact, one report in the Los Angeles Times noted that "[the House committee] investigating possible foreign meddling in the U.S. political system need look no further than the panel's Chairman, Rep. Dan Burton, for a case study on how other nations seek to influence America's international affairs."

Notwithstanding the objections of the minority, Chairman Burton has insisted on and obtained the unilateral power to issue subpoenas for documents and depositions and to release confidential information. No congressional investigation has ever been conducted in this way and no Chairman has ever exercised such sweeping powers. Since the Committee is delegating its authority to the Chairman and his staff, the experience and conduct of staff are especially relevant to the Committee's investigation.

The majority staff's previous actions and the resignation of Mr. Rowley and other professional staff give me no confidence in the integrity of the Committee's investigation. What we've seen so far would lead most people to conclude that the investigation is not just partisan and unfair, but according to senior Republican staff also incompetent and unprofessional. Moreover, although the Committee has spent over $2 million on its investigation, depositions haven't begun (Mr. Rowley was to have led that effort in July) and no hearings have been scheduled. In contrast, Senator Thompson has completed over sixty depositions and his hearings begin on July 8.

Given the questions about the Chairman's conduct, the resignation of all the senior professional majority staff with prosecutorial experience, and the fact that our Committee is doing nothing more than duplicating the Senate's work, I believe the House should defer to Senator Thompson -- who appears to be conducting a more comprehensive and bipartisan effort -- instead of wasting millions of taxpayer dollars on an identical but mistake-plagued House investigation.

I urge you to personally intervene in this matter and to discontinue the House investigation I realize some will advise you to dismiss this matter as partisan politics. It is not. Mr. Rowley and his colleagues who have resigned aren't partisan Democrats. They have reluctantly resigned jobs they were deeply committed to because they lost confidence in the integrity of this investigation. Your immediate attention to this issue can spare the House any further ridicule and embarrassment.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
July 9, 1997

The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to address several statements you have made regarding my role in our Committee's campaign finance investigation. In an interview on Fox News Sunday on July 6, you claimed that I am "doing the bidding of the White House" and that I have tried to block the investigation "from the very beginning." This is untrue and I want to bring some relevant facts to your attention.

In fact, from the beginning of my term as ranking minority member of this Committee, I have supported a rigorous investigation into all campaign fundraising for the 1996 election cycle. As you may remember, in February I called for Attorney General Janet Reno to appoint an independent counsel to investigate allegations of improper fundraising in the Clinton campaign. I do not believe the White House considered that as doing their "bidding." I also joined over 100 Democrats in writing to Speaker Gingrich in March in support of a joint Senate-House investigation that would thoroughly examine wrongdoing in the 1996 election.

In my role as ranking minority member of the Government Reform Committee, I have continually attempted to work with you to create a fair, credible, bipartisan fundraising probe. As the start of our investigation in January and February, repeatedly I expressed my eagerness to cooperate with you on this important investigation. However, many of the procedures and practices you have adopted have prevented the minority from having any meaningful role in the investigation. You have refused virtually every request by the minority to establish fair procedures, and have insisted on conducting an extremely unfair and partisan investigation.

The record shows that I have supported a broad, thorough investigation of campaign fundraising abuses. Unfortunately, the practices that you have adopted, and the staff resignations last week, have left the credibility of the House investigation in tatters.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee
The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman,

I am writing in regard to the subpoena issued to the National Policy Forum ("NPF") and the Republican National Committee ("RNC") materials to be delivered to the Committee in response to the document request.

John Rowley met with my staff on July 1, 1997, and informed them that the NPF subpoena issued on June 25, 1997, could not be served by the U.S. marshal because NPF is no longer at the address listed on the subpoena.

Mr. Rowley told my staff that he would serve the subpoena to NPF's attorney, Tom Wilson. I have learned that Mr. Wilson has already accepted service of the Senate subpoena at his office in the law firm of Lane & Mittendorf, 919 19th Street, NW, Suite 800, Washington, DC, 20006. Mr. Wilson's phone number is (202) 785-4949.

Mr. Rowley also promised my staff, in a meeting with lawyers for the RNC, that the Committee would be responsible for providing the minority with a copy of all documents delivered to the Committee by the RNC. The first production was delivered to the Committee on July 1, 1997.

I request that the NPF subpoena be served by July 9, 1997, and that my staff be provided with a complete set of the RNC materials as soon as possible.

Thank you for your prompt attention to this matter. If you or your staff have any questions, please call me or my chief investigative counsel, Ken Baker, at 223-5420.

Sincerely,

Henry A. Waxman  
Ranking Minority Member
The Honorable Dan Burton
Chairman
Committee on Government Reform
and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to express my strong opposition to several of the depositions your staff seeks to conduct. Because I do not believe that you have demonstrated sufficient need to warrant these depositions, I urge you to reconsider your staff's intention to conduct these depositions.

First, I was surprised to learn yesterday that your staff intends to depose former Democratic National Committee Finance Director Richard Sullivan, who has already been deposed for several days by the Senate Governmental Affairs Committee and is in the process of giving two days of public testimony. As reported in this morning's newspapers, Mr. Sullivan's testimony was not a "surprise" (New York Times) and contained "no bombshells" (Washington Post), leaving "the audience [to] wonder[] whether he had said anything useful" (Washington Post). I am thus hard pressed to understand what possible purpose could be served by this Committee deposing Mr. Sullivan.

For similar reasons, I object to your staff's intention to depose three other former DNC officials -- Don Fowler, Scott Pasnick, and Marvin Rosen -- all of whom have already been deposed extensively by the Senate Governmental Affairs Committee. Two of these people, Messrs. Fowler and Rosen, are also on the Senate's witness list for its first-week of hearings. Your staff has not demonstrated how House depositions of these witnesses will lead to any result other than to cause further inconvenience and expense to the DNC. Unless your staff is able to demonstrate a compelling need for additional topics to be raised with these deponents that were not raised by the Senate, depositions of these witnesses should not proceed in the House.

Finally, I object to your intention to depose many other witnesses, including Michael Cardoza, Karen Hanus, Nancy Henreich, Bill Kaneko, Susan Lavine, David Mercer, Bob Nash, Marsha Scott, Doug Sonnick, and Art Swiller, who we believe have already been deposed at length.
The Honorable Dan Burton  
July 10, 1997  

Page 2  

by the Senate. Rep. Gary Condit and other members of the minority have consistently maintained that witnesses already deposed by the Senate should not be deposed by the House unless there is a compelling reason why such depositions are necessary.

Sincerely,

[Signature]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to convey my concerns over recent incidents that continue to reflect poorly upon the campaign finance investigation being conducted by the House Government Reform and Oversight Committee.

I. Violation of Memorandum of Understanding with Federal Agencies.

I understand that your staff contacted my staff yesterday to suggest a meeting to discuss how details from federal agencies will be managed. I welcome this meeting because there appear to have been violations by the majority staff of the Memorandum of Understanding (MOU) between our Committee and the United States Department of the Treasury, United States Customs Service, and the Internal Revenue Service regarding the agents on detail from the agencies.

The MOU provides that “Committee investigators shall be a joint resource to both the Majority and Minority staffs for the Committee.” The MOU further provides that “[a]ll assignments to the Committee Investigators shall be made by the Chief Counsel and the Minority Chief Counsel, acting jointly, or by either counsel after consultation with the other.” Moreover, it states that “[t]he Chief Counsel for the Special Investigation shall provide timely notice to the Minority Chief Counsel for the Special Investigation of all assignments to agents.”

I am concerned about the majority’s failure to inform the minority about assignments made to agents. At least three agents began their detail to our Committee in mid-June. Since then, despite repeated requests from the minority to advise us of assignments, we have been informed of only one assignment to any agent, a June 23 interview in which a minority staff member participated. This is a violation of the MOU’s requirement that assignments may be given only “after consultation” with the minority, and that we be provided with “timely notice” of all assignments.
The Honorable Dan Burton  
July 11, 1997  
Page 2  

Even with regard to the one assignment of which we have been informed, I am concerned that the agents are not being managed as a "joint resource" of both staffs. My staff participated in a June 23 witness interview with an agent detailee and majority Chief Investigative Counsel Barbara Comstock.

In the days following the interview, our staff contacted the agent at least twice to attempt to ensure that we were provided with the report at the same time the majority was provided with it. On July 2 at 12:44 p.m., the agent called our staff and said he had completed the report and had provided it to attorney Jim Rodio of the majority staff. Further, the agent stated that Mr. Rodio had just called Ms. Comstock and told her the report was completed and ready for her to review it. The agent stated that Mr. Rodio advised Ms. Comstock that the minority was entitled to a copy of the report. The agent stated that he was waiting for a call back from Ms. Comstock as to whether it was all right to provide the minority with a copy.

On July 2 at 2:14 p.m., the agent again called our staff and said that he had just spoken with Ms. Comstock and that she said she would review the report and that "once she reviews it and she's pleased" she would call the minority.

As of today, we still have neither received the report nor heard from Ms. Comstock on this matter. This is a violation of our agreement to use the agents detailled to our Committee as a joint resource. Any report from an agent should be provided to both our staffs at the same time. Reports should not be provided to the majority for review and editing before they are provided to the minority.


It also appears that the majority staff has been failing to provide the minority with copies of its letters requesting documents and information from various witnesses. Three examples of this are:

A July 2, 1997, letter from a majority staff attorney requesting specific unredacted documents from an attorney for CommerceCorp International.

A July 1, 1997, letter from Chief Investigative Counsel Barbara Comstock to Timothy B. Lynch, a deputy city controller in California, requesting copies of the testimony of several individuals that the controller had investigated, and

A June 25, 1997, letter from Chief Investigative Counsel Barbara Comstock to an attorney for CommerceCorp International, explaining why certain documents should be produced.

The Committee's April 10, 1997, "Protocol for Documents" sets out a procedure for document requests in section A(9a). That section states that the Chairman
The Honorable Dan Burton
July 11, 1997
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shall notify the appropriate Ranking Minority Member of the intention to request, on behalf of the Committee or Subcommittee, the production of documents, and shall provide the Ranking Minority Member an opportunity to suggest how the scope or substance of the proposed requests might be modified or improved. Following issuance, copies of letter requests shall be provided to the Ranking Minority Member. (Emphasis added.)

Contrary to the requirements of the protocol, the minority was not provided with copies of any of these letters, either before or after the requests. Because we learned of each one of them by happenstance, I would not be surprised if there are additional instances where the majority has requested — or even received — documents without informing the minority.

III. Failure to Share Document As Requested by the Department of Justice.

The majority has failed to provide the minority with a document that a federal agency provided with the express instruction that it be shared with the minority. On Monday, June 30, an attorney from the majority staff visited the Office of Legislative Affairs of the Department of Justice ("DOJ") in order to read various documents. It is my understanding that DOJ provided the attorney with a written index of certain cassette tapes that DOJ would produce to the Committee, specifically instructed the attorney that the index was to be copied for the minority, and obtained the attorney's assurance that she would do so. The majority never has provided the minority with this index, nor has my staff ever received any communication from the majority about either this visit to DOJ or the document index.

IV. Conclusion.

On behalf of the minority, I strongly protest the investigative practices described in this letter. Whether intentional or not, these incidents deny the minority important information about the conduct of the campaign finance investigation.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

Our staffs met yesterday regarding the Committee's use of detailers from federal agencies in the campaign finance investigation, and I wanted to let you know my thoughts on this matter.

On June 12, I entered into a Memorandum of Understanding with you regarding the use of three detailers from the Treasury Department. According to our agreement, these detailers were to be a joint resource to both the Majority and Minority staffs and were to receive their assignments from the Chief Counsel and the Minority Chief Counsel, acting jointly.

As I wrote to you on July 11 -- and as your staff acknowledged in the meeting yesterday -- the detailers have not been managed in compliance with the MOU since they commenced work for the Committee in mid-June. They have received assignments from the majority that were not discussed with the minority. On at least one occasion, the majority chief investigative counsel insists on the right to review an investigation report by the detailers before the report was shared with the minority.

In response to my letter, your staff committed to make changes in how the detailers are managed. Specifically, your staff agreed to the following procedures:

1. Your staff will schedule a weekly meeting with the minority staff to decide upon assignments for the detailers. These assignments shall be jointly agreed to.
2. Following the weekly staff meeting to decide upon detailer assignments, there will be a weekly meeting with the detailers and both the majority and minority staffs at which the assignments will be given to the detailers.
3. During the period between these weekly meetings, both the majority staff and the minority staff may directly contact the detailers to inquire about their progress on...
The Honorable Dan Burton  
July 18, 1997  
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the assignments and to give the detailees guidance on how to carry out the
assignments in a manner that will best meet the needs of the respective staffs.

4. The detailees shall be instructed that staff contacts by the majority (and work done
pursuant to these contacts) shall not be kept confidential from the minority and
vice-versa.

5. Reports prepared by the detailees of their investigative activities shall be provided
simultaneously to both the majority and minority staffs and shall be subject to the
Committee's document protocol. Either staff may suggest revisions to these
reports, but only after notification of the other staff.

In light of your commitment to these procedures, I believe the Committee should have a
second chance to comply with the MOU governing the use of the detailees. Hence, I will not
exercise my right under the MOU to terminate the agreement and send the three detailees back to
the agency.

However, I do not believe it is appropriate to bring on new detailees from the FBI at this
time. It would be best to assess whether the problems that have been encountered with the
Treasury detailees can be resolved before we consider adding new detailees. Moreover, the
resignation earlier this month of the Committee's chief counsel and other experienced senior staff
raise questions about whether the detailees from the FBI could be appropriately supervised at this
time.

Sincerely,

[Signature]

Ranking Minority Member

CC: Members of the Committee on Government Reform and Oversight
The Honorable Robert E. Rubin
The Honorable Janet Reno
The Honorable Henry Waxman
Ranking Minority Member
Committee on Government Reform
And Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Henry:

I would like to respond to a number of issues that you have raised in the flurry of letters you have written in the last week or so.

First, in your July 7 letter to the Speaker, you criticized the Committee’s June 23 trip to Orlando to retrieve a computer disk and interview its owner as a waste of taxpayers’ money because the committee sent “two majority... and one minority” staff members. The trip actually included one majority staff member, one minority staff member, and one data.We, who is a shared resource. I would like to note that you have been very firm in your insistence that minority staff should be included on investigative trips. That being the case, I was a little taken aback that following such a joint trip, you would publicly criticize me for the cost of including a member of your staff. I have stated my position that while both the Majority and the Minority should have the right to conduct separate travel when necessary, we should attempt where possible to conduct joint trips. I think we both understand that it is more expensive to include majority and minority staff on trips. However, that has been your wish, and I was trying to accommodate your wishes on the Orlando trip.

More importantly, in a meeting prior to that trip, your chief investigative counsel agreed that this matter would be kept confidential. You can imagine my surprise when you chose to make it public at a press conference and in a letter that was handed out to the press. If you felt that it was essential to make public information that your staff had agreed to keep confidential, I would have expected at least the courtesy of a phone call to discuss it.
The Honorable Henry Waxman

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I would also like to note that you have sent me several sharply worded letters regarding procedural matters that could, quite honestly, be worked out at the staff level. In fact, my staff has attempted to resolve some of these issues with yours prior to receipt of your letters. It seems to me that this investigation would be well served if we gave our staff a chance to work out some of these day-to-day issues before escalating the rhetoric.

As an example, one of your concerns has been the possible deposition of individuals previously deposed by the Senate. On July 9, my chief investigative counsel spoke to your chief investigative counsel over the phone to inform him that we were holding back on deposition notices to four individuals, including Richard Sullivan and Don Fowler, who had already been deposed by the Senate. Despite this act of good faith, I received a very sternly worded letter from you the following morning stating your “strong opposition” to my plans to depose these individuals — plans that you had already been informed were not in progress. This is an area where I believe that we share a common interest. I have asked you to work with me to reach an agreement with the Senate to share depositions, and I hope you will do so.

Along the same lines, my staff director called your staff director on July 10 to attempt to arrange a meeting about the management of our committee’s detailees. This meeting has occurred and I understand that it was very productive. However, on the day after this initial phone conversation, which was a good faith effort to begin consultation, I received a strongly worded letter from you complaining about the lack of consultation regarding the detailees, in which you state, “I strongly protest the investigative practices described in this letter.”

Henry, we have certainly had our differences during this investigation. I am the first to admit it. Where we have disagreed, we have had good, gentlemanly debates, and we have let the votes decide the issues. It seems to me that many of the procedural issues you have raised could be easily resolved by our staff. To send me such strongly worded letters when my staff has reached out to yours to attempt to resolve the issue seems to serve no purpose other than to inflame the situation unnecessarily.

One such issue that I believe could have been easily resolved was identified in your July 11 letter. You complained that you did not receive copies of a few letters my staff wrote seeking unredacted versions of previously received documents, explaining to an attorney why certain previously requested documents are needed, and so on. These were not new document requests or subpoenas about which you were not informed. They were follow-ups attempting to complete production. I would note that, in April, you wrote to the Attorney General requesting documents regarding allegations of Philippine contributions to the 1984 Reagan campaign. You did not
The Honorable Henry Waxman 
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I sent you a copy, as required under the protocol. I did not presume that you were attempting to hide anything from me. I simply assumed that this was an oversight. In the interest of comity, I chose not to make an issue of it. I hope that you will give us the same benefit of the doubt. At any rate, regarding the letters you were concerned about, a simple phone call from your staff would have resolved the issue quickly.

Along the same lines, you complained that my staff did not provide a copy to your staff of an index of cassette tapes provided to the committee by the Department of Justice. When my staff received the cassettes, the index was included in the box. My staff assumed that because an identical set of cassettes was being sent to you, a copy of the index would also be in your box. DOJ has confirmed that this assumption was correct. This appeared to make it unnecessary to send to you a second copy of the same index. Again, a simple phone conversation could have resolved that question very quickly.

Henry, at the outset of this investigation, I invited you to pick up the phone and call me any time you had a concern. That offer still stands. While we have had our disagreements, I think we owe it to the rest of the Committee and to the entire House to attempt to work out some of these procedural issues in a more amicable way before firing off charges at one and another.

Best wishes,

Dan Burton
Chairman

cc: Members of the Committee on Government Reform and Oversight
July 23, 1997

The Honorable Henry Waxman  
Ranking Minority Member  
House Government Reform and  
Oversight Committee  
B-350A Rayburn HOB  
Washington, D.C. 20515

Dear Henry:

On Friday, July 18, 1997, majority and minority staff members met with Justice Department attorneys to discuss issues regarding possible congressional grants of immunity. Two days earlier, July 16, 1997, the majority and minority staff members met with attorneys representing potential witnesses. At the attorneys' request, all staff explicitly promised to keep confidential all information obtained during that meeting.

During the July 18th meeting with the Justice Department attorneys, a minority staff member, who had attended the July 16th meeting and agreed to keep discussions at that meeting confidential, broke his promise to the attorneys representing the witness, as well as the other Committee staff, by disclosing confidential information. This breach followed a previous instance where you disclosed to the press a confidential interview and evidence gathered pursuant to that interview which one your staff members promised would be kept confidential.

These breaches of confidentiality could undermine the Committee's ability to operate in a bipartisan manner and the good faith efforts my staff have made to include the minority staff in sensitive matters. I know you share my view concerning the need to protect confidentiality. I hope we can agree that sensitive immunity discussions cannot be disclosed when our staffs represent to outside parties that such discussions will be kept confidential.

Sincerely,

[Signature]

Dan Burton  
Chairman

cc: All Members, House Government Reform and Oversight Committee
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman,

I am writing to reply to your letter of July 22 regarding alleged breaches of confidentiality.

First, I want to note that it would be impossible to "undermine the Committee's ability to operate in a bipartisan manner." There is nothing bipartisan about your investigation and no fairness in many of the procedures you are following.

I do take very seriously, however, any breach of confidentiality. There has been none -- at least not by the minority.

You cite two instances in your letter. The first -- related to your decision to send staff to Florida to retrieve a computer disk -- is nonsensical. Neither the minority staff nor I have disclosed any information regarding the existence of this trip. We have not disclosed who the staff met with, what the computer disk may contain, why your staff was interested in obtaining the computer disk, or any other specific information about the trip. All that I have disclosed is that you sent three members of the Committee staff to retrieve a computer disk that could have been mailed to the Committee for the cost of a first-class postage stamp. This is no more information about the trip than is contained in the Committee's monthly budget reports, which are available for public scrutiny. It is ridiculous to characterize my objection to the Committee's blatant waste of taxpayer dollars as a breach of confidentiality.

You also assert that a minority staff member violated a confidentiality understanding in a private meeting with the Justice Department and your staff. The purpose of this meeting, which was arranged by your staff, was to obtain the Justice Department's views on granting immunity to Nora and Gene Lum. At one point during this meeting, your staff objected to a question that my staff had asked on the grounds that it was the Committee's job to determine the law.

My staff immediately complied with your staff's objections, withdrew the question, and therefrom
The Honorable Dan Burton
July 25, 1997
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asked only general questions about the immunity process that made no specific references to the Lums. I find it impossible to understand how you could construe this incident -- in which my staff acceded to your staff's objections -- as a confidentiality breach.

You have made serious and unbounded accusations against me and my staff. If you have any substantiation for your charges, I urge you to provide it to me immediately.

Sincerely,

Henry A. Waxman
Ranking Minority Member
July 25, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to respond to your letter of July 23, in which you complain about the letters I have written that describe unfair, unethical, wasteful, or otherwise questionable conduct by the majority during the campaign finance investigation. I believe my letters have been fully justified.

The Committee’s campaign finance investigation has unfortunately been characterized by a series of improper actions and unfair practices. These actions, which have been described in my correspondence, include:

- Preparing a Committee budget without consultation with the minority, in violation of rule 19 of the Committee rules. This budget provided the minority with a lower share of the Committee funding than any other House Committee. See Letter of February 26, 1997.

- Issuing an overbroad subpoena to the White House, which compelled the production of sensitive national security information unrelated to campaign finance such as records of phone calls by the President from Air Force I to foreign heads of state. See Letter of March 7, 1997.

- Adopting a protocol for documents that gave you unprecedented powers to release unilaterally confidential and privileged documents obtained by subpoena. See Letter of March 10, 1997.

- Issuing an overbroad subpoena to the Democratic National Committee, which compelled the production of Democratic political strategies completely unrelated to campaign finance, such as records of political strategy sessions attended by the chairman of the DNC. See Letter of March 12, 1997.
The Honorable Dan Burton
July 25, 1997

Page 2

- Erroneously asserting that the Committee lacks jurisdiction to investigate congressional campaign finance abuses in an attempt to prevent the Committee from investigating illegal or improper activities in connection with congressional campaigns. See Letter of March 20, 1997.

- Refusing to share with the minority a database cataloguing documents received during the investigation, which needlessly wasted taxpayer dollars by forcing the minority to develop a separate system for cataloguing documents. See Letter of May 15, 1997.

- Misleading a material witness during an interview by falsely asserting that the minority staff had been invited to the interview. See Letter of June 4, 1997.


- Refusing to issue a subpoena to Haley Barbour despite his central role in soliciting foreign funds that directly benefited the Republican National Committee. See Letter of June 17, 1997.

- Meeting in secret with representatives of the RNC to narrow the scope of the Committee’s document request to the RNC. This document request had previously been negotiated with the minority. See Letter of June 27, 1997.

- Issuing a subpoena to the wrong individual. See Letter of July 7, 1997 (sent to the Speaker).

- Intentionally misleading me by describing a secret trip by the majority staff to interview witnesses in Arkansas as nothing more than vacation travel. See Letter of July 7, 1997 (sent to the Speaker).

- Issuing (or proposing to issue) deposition notices to at least 15 witnesses who had already been deposed by the Senate without first seeking to review the Senate depositions to determine if additional depositions are necessary. See Letter of July 10, 1997.
Violating the memorandum of understanding with the minority and the Treasury Department by making assignments to Treasury Department details without notice to or the consent of the minority. See letter of July 11, 1997.

These actions are serious matters, and the only right I have left as the ranking minority member is to at least write to you and make my objections part of the record. That is a right I will continue to exercise when needed. Indeed, I would be derelict in my obligations as the ranking minority member of the Committee if I did not write to register my objections to these regrettable actions.

Sincerely,

Henry A. Waxman
Ranking Minority Member
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I am writing for two reasons. First, I want to describe problems that have arisen in connection with the minority subpoena requests. These problems include the failure of the majority to respond to the pending minority subpoena requests, the failure of the majority to serve minority subpoenas that have been agreed to, the unilateral extension of deadlines and modification of requests made in the minority subpoenas by the majority, and the long delays in providing the minority with the documents received pursuant to subpoenas. These are serious problems. If not corrected, they could turn any minority subpoenas into a sham exercise.

Second, I want to respond to your inquiry regarding future subpoenas.

1 Problems with Past Minority Subpoena Requests

My staff has discussed with your staff some of the problems the minority has encountered in the majority’s handling of minority subpoena requests. In some areas, your staff has agreed that changes are needed. However, because of the serious nature of these problems -- and because all of these problems must be rectified if additional minority subpoenas are to have real value -- I felt it important to bring these issues to your personal attention.

A. Failure of the Majority to Respond to Minority Subpoena Requests

Thus far, the minority has requested in writing the issuance of 38 document subpoenas. For the majority of these requests I have received no answer from you. For example, on June 10, I requested a set of subpoenas to the Bush and Reagan Presidential libraries regarding campaign
The Honorable Dan Burton  
July 21, 1997  

CONSidering which I was at the White House or Camp David, flew on Air Force One or Two, or attended events and other fundraisers at the White House or Vice President’s residence, these subpoenas requests were parallel to information requested of Democratic fundraisers and the Clinton Administration. On the same day, I also requested that you issue a set of subpoenas to the RNC, Haley Barbour, and several tobacco companies regarding a potential quid pro quo involving contributions from the tobacco companies to the RNC and subsequent lobbying of the Arizona House of Representatives Speaker Mark Killian and Texas Governor George Bush for pro-tobacco legislation by then-RNC Chairman Haley Barbour. According to Committee staff, the deadline for consideration of subpoenas is 24 hours. Over a month later, the Majority has received no response from you or your staff as to whether these subpoenas will be issued or reasons why they have been rejected.

I also requested that you issue a subpoena to the National Republican Congressional Committee regarding a fundraising brochure that promised corporate donors that their contributions would “securely fund House races.” I expected that since it is illegal for corporations to make contributions in connection with a federal election, you would promptly agree to issue this subpoena. Yet it is now over a month later and I have yet to hear a response as to whether you will issue this subpoena.

B. Failure to serve minority subpoenas

On July 16, I learned that four of the nine subpoenas requested by the majority that you agreed to issue had not in fact been served. While I understand that it may prove impossible to serve Ambassador Young in Hong Kong, the delay in serving Richard Richards and the National Policy Forum seems unjustified.

According to your staff, Richard Richards and the National Policy Forum were not served because incorrect addresses were listed on the subpoena. Richard Richards is the former chairman of the Republican National Committee. I simply cannot understand why it took over a month to find his address.

Although you signed the subpoenas on June 5, the minority was not told of the failure to serve the subpoenas until July 16. If I had been informed of the failure to serve Mr. Richards earlier, I would have been happy to assist your staff in tracking down his address. In fact, on July 3, I wrote you with the correct address of the National Policy Forum. My staff was told on July 16 that a subpoena to NPF with a correct address was finally signed. My staff was told on July 21 that a subpoena to Mr. Richards with the correct address was finally signed. Not only is this extensive delay unfair to the minority, it also potentially jeopardizes the investigation by giving witnesses time to destroy documents.
The Honorable Dan Burton  
July 31, 1997  

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C. Requests Made in the Minority. Subpoenas Narrowed and Deadlines Extended in Secret Meetings

As I wrote to you on June 27, I received a copy of a letter indicating that your staff met with representatives of the RNC and the RNC attorneys to discuss the Committee’s document request to the RNC. I also received a copy of a letter from Barnett Bank indicating that your staff agreed to a “rolling” production schedule in lieu of the due date specified in the subpoenas. There may be other such agreements that I simply do not know about.

So far, you have issued only nine of the 38 subpoenas proposed by the minority. Each of these nine was substantially redrafted by your staff. These revisions made the subpoenas narrower in scope than originally proposed by the minority and much narrower in scope than the subpoenas issued by the majority to Democratic targets. Now I have learned that the items requested in those subpoenas are being redefined and narrowed further in meetings in which the minority does not play a part.

As your staff now acknowledges, it is unfortunate that your staff would meet with representatives of the RNC and other witnesses regarding Committee document requests without the knowledge or participation of the minority. It is also a violation of the Committee’s document protocol, which requires that the minority be consulted about the scope of subpoenas.

D. Documents Received by the Majority Pursuant to Subpoenas Not Provided to the Minority

In a meeting attended by lawyers for the RNC on July 2, 1997, the majority promised to provide the minority with a copy of the RNC documents to save the RNC the cost and trouble of xerography. The RNC delivered the documents to the Committee on July 1. The RNC materials were not provided to the minority until July 17 after I sent a written letter of complaint. As your staff has agreed, it should not take over two weeks to make copies. Particularly with depositions scheduled weekly, it is important that the minority not be delayed in getting potentially critical information.

II. Additional Minority Subpoena Requests

You have asked whether the minority would like you to issue additional subpoenas. As described below, I believe additional subpoenas should be issued. I also believe, however, that it is important that none of the serious problems described above recur with these new requests.

All of the subpoenas that have been requested to date by the minority would result in the
The Honorable Dan Burton  
July 31, 1997  
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disclosure of important facts about campaign finance abuses. I hope you will agree to issue all of these subpoenas, including the subpoenas of Haley Barbour regarding his role in the National Policy Forum controversy, the tobacco industry subpoenas, the subpoenas on fundraising in federal buildings, and the subpoenas to the Bush and Reagan presidential libraries. I have enclosed a list of the minority subpoena requests that have not yet been issued.

I also request that you issue the attached subpoenas to investigate Michael Kojima’s contributions to the Republican Party. You may remember that Michael Kojima was the Republican contributor labeled “America’s worst deadbeat dad.” There is evidence suggesting that the money Mr. Kojima donated may have come from foreign sources. For example, Mr. Kojima contributed $500,000 to the 1992 President’s Dinner. According to press accounts, part of the contribution was apparently drawn from an account that would not have contained sufficient funds had not over $300,000 been wired into the account in the two days after the check was written. Another part of the contribution was drawn from his business account. A letter addressed to Mr. Kojima’s partner from the Sanach corporation, an offshore banking facility, promised that Sanach would deposit $1.2 million into that account, “which includes the loan and the donation you requested.” Also, two Japanese businessmen told CBS News that they paid Mr. Kojima to attend the President’s dinner. One of the men said that Mr. Kojima asked him for hundreds of thousands of dollars for a chance to meet the president. The draft subpoenas seek further information about these transactions.

My staff is preparing additional subpoenas that I will forward to your staff next week.

Sincerely,

Henry A. Waxman
Ranking Minority Member

ccl

cc. Members of the Committee on Government Reform and Oversight
August 1, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton:

I have heard reports that your staff may be planning trips abroad during August. In particular, I have been told that your Oversight Coordinator, Mr. David Bossie, may be traveling to London, and that Mr. Bossie has offered to travel to Paris to interview a witness over the course of the next few weeks.

I wrote to you on June 4 about the issue of secret foreign trips. I had learned that your staff had planned a trip to Hong Kong and Taiwan for the purpose of conducting witness interviews without notifying my staff. As I stated then, I believe that the practice of conducting secret foreign trips is objectionable.

In response, you gave me your personal assurance at the June 18 meeting of the Committee on Government Reform and Oversight that you would make a good faith effort to ensure that majority staff would undertake investigative trips only with the participation of minority staff.

Could you please inform me whether, in fact, your staff has planned or is planning trips during the month of August? If such trips are planned, I would like sufficient advance notice so that the opportunity for minority staff to participate, as we discussed on June 18.

Sincerely,

[Signature]
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
August 14, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton,

Yesterday, our staffs met to discuss how our staffs could best keep members of the Committee informed about the depositions being conducted in executive session pursuant to Committee rule 20.

Our staffs preliminarily agreed that the following procedures would be appropriate:

1. Committee staff can inform Committee members orally or in writing about depositions or interrogatories and can provide copies of deposition transcripts or interrogatory responses to Committee members.

2. Each Committee member may designate one staff from the member’s office to receive oral or written information from Committee staff about depositions or interrogatories.

3. Committee members and the designated staff shall be advised that under Committee rule 20 the depositions and transcripts are “considered as taken in executive session” and that under House rule XI clause 2(k) “[n]o evidence or testimony taken in executive session may be released or used in public sessions without the consent of the committee.”

Your staff requested an opportunity to review these procedures after receipt of this letter. I hope you will complete this review expeditiously, so that our staffs may begin the process of briefing members about the depositions taken to date. Pending your review, I will instruct my staff to refrain from implementing these procedures until August 21, 1997.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform  
And Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Henry:

I wanted to write to you regarding the Majority Chief Counsel for the Committee’s investigation. I am announcing this week the appointment of Richard Dement for that position. Dick is a former U.S. Attorney for the State of Maryland. He is currently a senior partner at the Baltimore law firm of Miles and Stockbridge.

It is my intention to ask the Committee to approve a consultant contract for Dick. This has been a customary practice in Congressional investigations. This arrangement has been used by the Ethics Committee in both the 104th and the 105th Congresses, and is being used by the House Oversight Committee for its ongoing investigation of the 4th District race in California.

It is my plan to pay Dick at a rate not to exceed $120,000 in a calendar year. I will initially seek approval of a contract for the remainder of this year. I would anticipate following that up with a second contract as the need arises. As you know, we have agreed to divide the consultant budget for this investigation between the Majority and the Minority. I am enclosing a copy of a memo detailing the costs of the contracts approved to date and the remaining available funds. As you will see, the Majority has sufficient funds remaining to fulfill Dick’s contract.

Because of the time-sensitivity of this matter, I would like to poll the Members of the Committee this week to get this contract approved. I hope you agree. I believe that Dick’s legal skills and experience will be a tremendous benefit to the entire investigation. I am enclosing a copy of his curriculum vitae and his contract. If you have any concerns or questions, please feel free to call me.

Best regards,

David Burton  
Chairman

DB/Bk  
Enc.
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Burton:

I am writing regarding your proposal to use a consultant contract to obtain the services of Richard Bennett as the majority's Chief Counsel for the Committee's investigation into political fundraising improprieties and possible violations of law. Your proposal raises questions that I hope can be addressed before members are called upon to vote on the proposal.

When a lawyer is hired by the Committee as a Committee employee, the lawyer becomes subject to the Code of Official Conduct that governs members, officers, and employees of the House. A lawyer in a senior position such as chief counsel for a major investigation would also be subject to restrictions on gifts, financial disclosure requirements, and post-employment limitations. These regulations serve valuable purposes. They insure that the senior staff serving Congress are free of conflicts of interest and the appearance of impropriety.

My understanding is that it is unclear whether these House rules formally apply to lawyers hired as consultants. Instead, it is the obligation of the Committee to insure that the consultant has no conflicts of interest and will conduct himself or herself in a manner that reflects creditably on the House.

I have not raised concerns about potential conflicts of interest and related ethical matters for the previous consultant agreements you have proposed because these consultants have been hired to perform relatively narrow assignments under close supervision by professional Committee staff. Mr. Bennett's case is far different, however. He will become the chief counsel for the Committee’s campaign finance investigation. This is ordinarily a position of substantial authority and responsibility. I believe it is essential, therefore, to know whether the Committee will ask Mr. Bennett to adhere to the same ethical standards that would apply to members of Congress and their senior staffs.
In this regard, I request that the members of the Committee receive information on the following matters:

1. The identity of the clients Mr. Bennett personally represents and whether his representation of any of these clients creates potential conflicts of interest.

2. If Mr. Bennett intends to retain his partnership in the law firm Miles and Stockbridge, the identity of the clients represented by the firm and whether the firm's representation of any of these clients creates potential conflicts of interest.

3. Whether the Committee will ask Mr. Bennett to adhere to the Code of Official Conduct in House Rule XLIII.

4. Whether the Committee will ask Mr. Bennett to file financial disclosure reports with the Committee comparable to the financial disclosure requirements of House Rule XLIV.

5. Whether the Committee will ask Mr. Bennett to adhere to the limitations on outside employment and earned income under House Rule XLVII.

6. Whether the Committee will ask Mr. Bennett to adhere to the gift rules under House Rule L.

7. Whether the Committee will ask Mr. Bennett to adhere to other ethical standards applicable to members and senior staff, such as post-employment restrictions.

I want to emphasize that I have no reason to doubt Mr. Bennett's personal integrity. Unless there are compelling extenuating circumstances, however, I believe that it would be wise to exempt Mr. Bennett from the normal ethical standards that apply to Members of Congress and congressional staff. It would seem inappropriate, for instance, if Mr. Bennett were permitted to receive expensive gifts from persons who are potential subjects in the investigation or who have vested interests in the outcome of the investigation. Moreover, if Mr. Bennett is exempted from limitations on outside earned income, he will be able to earn unlimited amounts from his private practice in addition to the $190,000 per year congressional salary you have proposed -- an arrangement that is prohibited for members and staff.

Finally, I am confused about the level of payments Mr. Bennett will receive. Mr. Bennett has told my staff that he intends to work full-time on the Committee's investigation. The contract agreement you propose, however, states that "[t]his consultant will work at a rate of $175 per hour to a salary not to exceed $55,000 for the period September 1, 1997, through December 31, 1997." If Mr. Bennett were to work 40 hours per week at a rate of $175 per hour, he could work
The Honorable Dan Burton  
August 28, 1997  
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only until October 20 -- not December 31 -- before exhausting the full $50,000. Moreover, if Mr. Bennett were to work at the rate of 60 hours per week -- as many of our staffs are doing -- he could work only until October 6 before exhausting the full $50,000. Could you please explain this apparent discrepancy?

I appreciate that you are anxious to retain Mr. Bennett's services. I too am anxious to see a new chief counsel hired by the majority because it is clear to me that there have been significant problems and an unfortunate lack of focus in the Committee's investigation since Mr. Rowley, the former chief counsel, departed. However, I believe that the questions I am raising are important ones that need to be fully addressed before a decision can be made on Mr. Bennett.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
Congress of the United States
House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
2157 Rayburn House Office Building
Washington, D.C. 20515

August 29, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to convey my concern about the manner in which our Committee is selecting the subjects of its investigation. At our April 10 Committee meeting, you repeatedly pledged that "substantial evidence of impropriety will be pursued wherever it leads." It does appear to me that you are eager to pursue any allegations relating to Democratic activities, from the moment even a whisper of possible impropriety appears in the press. However, you also appear to wholly ignore evidence of other illegitimately that are much more substantial and worthy of our Committee's attention.

For example, you reacted with remarkable rapidity to a recent charge by Johnny Chung relating to former Energy Secretary Hazel O'Leary that was aired on the NBC Nightly News on Tuesday, August 19. The very next day, your spokesman told reporters that the Committee would investigate the charge. By the weekend, you were on CBS's "Face the Nation" stating that the Committee was "going to look at [Chung's] a legation very thoroughly" and that the Committee had issued eight to ten subpoenas on the matter. Your staff later announced that you mis-spoke in stating that the subpoenas had already been issued, but confirmed that our Committee was investigating the issue.

The allegation by Mr. Chung -- who is offering information to the press in the course of

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The Honorable Dan Burton
August 29, 1997
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activity seeking immunity from Congress -- is worthy of some exploration, but it certainly lies far
from the heart of our investigation. Mr. Chung said that an aide to Secretary O'Leary sought a
donation to a charity that Secretary O'Leary favored at the same time that the Secretary was to
meet with Mr. Chung and a foreign business acquaintance.

Mr. Chung's allegation, of course, is not a potential violation of the campaign finance laws,
nor is it a campaign finance impropriety. Whatever policy questions are raised if a government
official solicits for a charity, they have nothing to do with whether our campaign finance laws have
been violated and how those laws should be reformed. It should be noted, also, that Secretary
O'Leary had met the foreign businessman on a trip abroad, and that there is no allegation that
Secretary O'Leary personally participated in soliciting anyone for the charity.

In contrast to your eagerness to investigate a press allegation that has nothing to do with
campaign finance, you have shown no inclination to investigate several recent reports providing
substantial evidence of serious improprieties and of violations of law that lie squarely within our
mandate.

1. Illegal Foreign Contributions to a Republican Congressman. On the same day that NBC
broadcast its interview with Mr. Chung, the Washington Post alleged that political contributions to
Rep. Jay Kim (R-Calif.) "provide textbook examples of how campaign laws can and have been
violated in the past." The examples include a plan by a trade group to make illegal contributions
in an undeclared manner, the laundering of foreign money through domestic bank accounts, the
hiding of illegal corporate donations by using them for expenses, the making of contributions
through "straw" donors, and a cover-up with false statements to the FEC. These clear instances of
illegal foreign campaign contributions are exactly the kind of fundraising abuses that this
Committee should be -- but to date is not -- investigating.

2. Tax Breaks to Tobacco Companies in Return for Political Contributions. The
Washington Post also recently reported that, in the course of budget negotiations, Republican
leaders "insisted on a provision that would give the tobacco companies a $50 billion credit against
the sum they had pledged to settle anti-tobacco litigation," and that these same leaders "were
among Congress's top recipients of tobacco industry funds." The Post provided information on
how the tobacco industry lobbied to influence the members to which they had contributed
funds, probably led by the lobbying firm of former GOP chairman Haley Barbour. The Post then
reported on a study that linked the tobacco industry's $11.3 million in contributions to the
$50

\[\text{Walter Pincus, Kim Probe Found Variety of Campaign Violations, Wash. Post, Aug.}
19, 1997, at A6.\]

\[\text{John Minter, No One Admits Authorship of GOP Rider Cutting Tobacco Payments, Wash.}
Post, Aug. 17, 1997, at A1.}\]
The Honorable Dan Burton
August 29, 1997
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billion tax break, and also linked the contributions from five other industries to tax breaks given to those industries.1 These tax breaks provided an apparent “quid pro quo” for campaign contributions are “substantial evidence of impropriety” and should be investigated by our Committee.

3. Harold Simmons. A few weeks ago, President Clinton exercised his line-item veto to strike a budget provision “that administrative and congressional tax experts said would primarily benefit a single transaction -- the sale by a Texas businessman of sugar beet processing plants to a Utah-based cooperative of farmers.”2 The experts indicated that about $60 million of the provision’s $84 million tax benefit would go to the firm, Yalhi Inc., which is controlled by the businessman, Harold Simmons, who also happens to be a leading contributor to the Republican party.3

Earlier this summer, the press reported that the Department of Justice is investigating Mr. Simmons for possibly making illegal campaign contributions through his daughters. According to these reports, the Simmons family, and a web of political committees it controls, has given at least $1.5 million to the GOP since 1980, and tens of thousands more were given by officers of Mr. Simmons’ companies to the same candidates and causes, sometimes on the same day as Mr. Simmons contributed. Although Mr. Simmons has denied certain of the allegations against him, he did pay a $19,800 fine for violating campaign laws in 1988 and 1989 and has been quoted as confirming that he exceeded legal limits by $110,000 in the 1990s by making contributions to political action committees in his four daughters’ names.4 Our Committee should investigate these apparent campaign finance violations, as well as whether he or his company received favors from politicians in return for his contributions.

Your investigation’s credibility has been undermined by your continued partisan focus and refusal to investigate Republican fundraising abuses. In fact, you have even given me the courtesy of a response to many of my previous requests for subpoenas, including three letters I sent you over two months ago on June 10, 1997.


The Honorable Dan Burton
August 29, 1997
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The issues raised in this letter and my previous subpoena requests should be a major focus of your investigation. I regret that they are being ignored.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton,

I am writing to express concern over an apparent unauthorized release of documents obtained in the campaign finance investigation. This release was described by a deposition witness in sworn testimony on August 26, 1997. If it occurred, such a release would constitute a violation of Committee rules governing the handling of documents produced as part of this investigation.

Attached for your review is an excerpt of the relevant testimony of David Mercer, an employee of the Democratic National Committee. During the second day of Mr. Mercer's deposition, majority counsel inquired into the subject of alleged attempts by DNC officials to influence an Interior Department action necessary for a proposed casino development project in Hudson, Wisconsin. Such an allegation is the subject of ongoing litigation before state and federal courts in Wisconsin. When asked whether he had received memoranda about litigation related to the Wisconsin casino project, Mr. Mercer testified that he had been called the week before by a Milwaukee reporter who said that "investigators had released documents from the House committee to lawyers in the litigation, and then the lawyers in the litigation released it to the press." Mercer Dep., Vol. II at 150. Mr. Mercer further testified that "the press was calling me to find out ... what other documents we were handing over to the House." Id.

As I have communicated to you regarding previous unauthorized disclosures of Committee records, such leaks not only violate Committee rules, they also further undermine the credibility and professionalism of this investigation and violate the privacy concerns of parties that have produced documents to the Committee. In this case, if Mr. Mercer's account is correct, it is
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The Honorable Dan Burton
September 2, 1997
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also inappropriate to use this Committee's taxpayer-funded resources to assist a private party in litigation.

I trust that you will investigate this matter thoroughly and report your findings to the Committee.

Sincerely,

Henry A. Waxman
Ranking Minority Member

Attachment

cc: Members, Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

September 4, 1997

Dear Mr. Chairman:

As you know, the Committee conducted a nine-day investigative trip to Los Angeles over the August recess. I appreciate the fact that the minority was invited to participate. As I have written you in the past, I believe most witness interviews should be conducted jointly – not separately as is now the case. I am deeply concerned, however, about some of the inept, intrusive, and harassing investigative tactics employed by your staff during the trip.

I have been informed that on Tuesday morning, August 12, two members of your staff, accompanied by a member of the minority staff, attempted to interview a person named Felix Ma. When they first arrived at the Ma residence, they discovered that no one was home. When they returned in the afternoon, there was still no one at home. Your counsel then questioned the next-door neighbors, who informed him that both Mr. and Mrs. Ma worked. Your counsel then decided to "stake out" the Ma residence and directed that the car they were driving be parked in the communal driveway behind the Ma residence. Unfortunately, because it was a communal driveway, the location was not discreet. The stake-out vehicle partially blocked access to at least five neighboring driveways, and the sight of three men wearing ties sitting in a full-sized Chevrolet attracted attention. Finally, when Mr. Ma returned home, your staff swooped into the driveway behind him and accosted him as he exited his car.

Mr. Ma was initially shocked by this confrontation, but his shock quickly turned to amusement when it was discovered that he was actually the wrong Felix Ma. He then introduced the investigators to his wife as the "political police." His wife was not amused by this heavy-handed intrusion into their privacy.

In another instance, my staff accompanied your staff as they attempted to make initial contact with a person named Mr. Negara at 333 Burton Way in Beverly Hills. Your staff explained to the minority staff that the Mr. Negara living at that address may or may not be the Mr. Negara for whom they were searching. Upon arriving at Mr. Negara's condominium complex, your staff rang the doorbell but received no answer. Despite the uncertainty as to the
The Honorable Dan Burton
September 4, 1997
Page 2

Identity of the resident, your staff then decided to trespass onto the property by slipping into the building behind another individual. Your counsel knocked loudly and persistently on Mr. Negara's door. When there was no answer, he proceeded to knock on neighboring doors and to ask passersby in the hall if they knew Mr. Negara. He then contacted the building manager and questioned her about Mr. Negara. The manager did not know where Mr. Negara could be located, and was quite upset that three large men were inside the building bothering residents and guests without having been properly admitted.

Another questionable episode involved your staff's attempts to contact a person named Cindy Tashima. It should be noted that Ms. Tashima is at most only tangentially related to our investigation. As explained to my staff, her closest connection to any issues before this Committee is that in 1990 Ms. Tashima worked for a company which was listed in 1991 as the employer of someone who had made a suspect contribution. Despite this fact, your counsel repeatedly pounded on her front door, drawing the attention of passersby.

Ms. Tashima, who is a diminutive woman who was at home alone, appeared to have been intimidated by two large men in suits banging on her door. When she was finally forced to answer the door by the persistent pounding, she commented that the investigators "looked like the Men in Black." This intrusion on her privacy proved totally unwarranted, because she had worked at the company for less than a year and had no significant recollection of her experiences there.

Although I am in favor of joint interviews, I regret that the Committee has been associated with this kind of conduct.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
September 4, 1997

The Honorable Henry Waxman
Ranking Minority Member
Committee on Government Reform and Oversight
Washington, D.C. 20515

Dear Henry:

Thank you for your letter of August 28 regarding the consultant contract for Dick Bennett as Special Counsel to the Committee. I appreciate knowing of your thoughts and concerns regarding this matter.

Let me note that the contract I have proposed for Dick’s services is not unprecedented. In fact, it is standard and customary for Committees to hire special counsel for investigations in this manner. It is frequently not possible for an attorney of Dick’s stature and experience to leave his law firm for a temporary assignment such as this. That is why, in order to attract seasoned legal professionals, a consultant’s contract has often been the preferred option for investigations conducted by the House Oversight Committee, the Committee on Standards of Official Conduct, and special committees such as the October Surprise panel.

As my staff has conveyed to yours, Dick has stated that he will not be accepting new clients while he is working on this investigation. With regard to existing clients, he has taken the necessary steps to clear his schedule to the maximum extent possible so that he can devote his full time and attention to this investigation.

Dick has proposed a system to safeguard against potential conflicts of interest that I believe will serve very well. I have attached a copy of his letter to me outlining this system. He has reviewed his clients and those of his firm, and he has certified that they raise no conflicts of interest with this Committee’s investigations. He will confer on a weekly basis with the ethics officer of his law firm on a confidential basis to discuss new areas of investigation under his supervision. The ethics officer will do a computer search of the firm’s clients to ensure that no conflicts exist. I believe that this procedure will serve both the Committee and the law firm well. To my knowledge, it goes above and beyond what other special counsels in similar situations have done.
Let me also address some of your other questions. Dick has voluntarily offered to take a number of steps. In his letter to me, he has pledge to abide by the House’s Code of Official Conduct and to adhere to the House gift rules during his tenure as special counsel. He has also agreed to adhere to the post-employment restrictions that normally apply only to House employees. Specifically, he states in his letter that he will not agree to represent clients before the Government Reform and Oversight Committee for a period of one year after the termination of his contract. I would note that Dick is not a registered lobbyist and is not planning on becoming one. To my knowledge, this is a step that no special counsel hired on a contract basis has ever taken.

On the subject of outside earned income, I believe that my staff has discussed with yours the practical contradictions of attempting to apply these rules to consultants. By their very nature, these rules cannot apply to attorneys hired on a consultant basis. The outside earned income restrictions contained in House Rule XI-VII prohibit certain House employees from practicing law. Dick’s legal services are being retained through a contract with his law firm. For this reason, special counsel have never been asked to abide by these rules. On the subject of financial disclosure, Dick has outlined in his letter his primary sources of income. I believe this explanation is rather straightforward.

Regarding the specifics of Dick’s contract, he will be retained at a rate of $15,000 per month, not to exceed $60,000 for the calendar year 1997. His contract stipulates that he will not work less than 120 hours per month. Practically speaking, I think it is safe to say that he is likely to work many more hours than that.

Henry, I believe that Dick will be a great asset to this Committee. His reputation in the legal community is unquestioned. I hope that you will agree that the steps he has outlined in his letter go above and beyond what special counsels have done in the past. I hope this resolves some, if not all, of your concerns and that this contract will meet with your approval.

Yours regards,

[Signature]
Dan Burton
Member of Congress

etc.

DBkb
September 5, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2137 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton:

Yesterday, the Democratic members of the Committee met to consider the consultant contract for Richard Bennett. The consensus of the meeting was that we remain concerned that under the consultant contract you propose Mr. Bennett will not be complying with many House ethics rules, including the financial disclosure requirements and the limitations on outside earned income. He will also not disclose his law firm's clients, raising the possibility of conflicts of interest.

I am also troubled by the limited role Mr. Bennett would apparently be able to take in depositions if he is only a consultant to the Committee. Under Committee rule 20, only "committee staff" can be present at depositions and only a "committee staff attorney" may ask questions. This rule would seem to preclude a consultant like Mr. Bennett from participation in depositions.

For these reasons, I urge you to hire Mr. Bennett as a full-time employee of the Committee, not as a consultant. If this alternative is not feasible, I suggest that you reframe the consultant contract so that it requires full compliance with all House ethical rules.

I want to emphasize that my objections to the consultant contract do not reflect any personal objection to Mr. Bennett. To the contrary, my staff have met with Mr. Bennett and have been impressed with his approach, qualifications, and demeanor. Speaking as an individual member, I would fully support his appointment as chief majority counsel if this were to occur as a full-time employee -- not as a consultant who is exempt from important House ethical restrictions.

Sincerely,

[Voter's Signature]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
September 9, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I am writing to express my deep dissatisfaction and frustration with the treatment of the minority subpoenas requests.

On May 8 and June 10 (see enclosed letters), I wrote to you and requested 26 subpoenas. I received no response to those letters. In early July, you stopped me on two occasions and asked that I provide you with a list of minority subpoenas requests. Although this was puzzling since you had never acknowledged my earlier requests, I wrote you again on July 31 and August 29 (see enclosed letters) with a list of the requested subpoenas. And again I have received no response.

On April 10, when our Committee debated and adopted rules, I urged that the minority be guaranteed an opportunity to bring its requests for subpoenas to the Committee. You argued this was unnecessary and that you would treat the minority fairly. Accordingly, the Committee adopted the rules you proposed, which provide a twenty-four hour review period for proposed subpoenas.

Given the partisan nature of your investigation, I didn’t expect that the minority’s subpoenas requests would be treated fairly. But I at least hoped that there would be even a minimal pretense of consideration and the courtesy of a response. We have not even been given that.

Your refusal to even acknowledge the minority’s requests makes a mockery of the Committee’s procedures and the substance of the investigation. At this time, I consider our prior...
subpoena requests denied and no longer pending. Although it is probably useless to submit
additional requests to you given the treatment we have received, the minority will continue to
fulfill its obligations and submit additional subpoena requests as warranted.

I am equally troubled by the cavalier treatment of the nine minority-requested subpoenas
that have been issued, only seven of which have been served. I want to make sure that you and
the other Committee members know that although you signed the subpoenas on June 5, the
Richard Richards subpoena was not served until August 4, 1997. The National Policy Forum
subpoena was not served until July 22, 1997. These delays are inexcusable.

As yet, no documents have been received from Signet Bank, the bank which provided the
loan to the National Policy Forum that was guaranteed by a Hong Kong businessman. The due
date on the Signet Bank subpoena was June 25, 1997—over two months ago. Your staff has
been very aggressive in obtaining documents from Democratic targets. I would like to know what
actions have been taken to ensure that Signet Bank complies with the subpoena promptly and
what steps will be taken if the Bank continues to fail to comply.

There are three outstanding issues regarding the RNC document production. We are
missing documents, no production log has been provided, and the privilege log needs clarification.
On August 21, my staff sent a memo to your staff regarding documents we are missing from the
RNC production. To date, we have had no response from your staff.

You have repeatedly demanded that the DNC create a production log for current and past
productions. See, e.g., letters from James C. Wilson to Paul C. Palmer (August 5 and July 13,
1997) and Barbara Comstock to Judah Best (July 1, 1997). We have yet to see a production log
from the RNC, although your staff director assured my staff that one had been requested. We
certainly have not seen a similar exchange of letters with the RNC. The DNC is providing a
production log for current productions.

The RNC claimed privilege over a number of documents. The Senate has requested a
clarification of the RNC’s privilege log. My staff asked your staff to join us in a similar request to
the law firm representing the RNC. My staff provided your staff with a draft letter on August 22.
Although your staff initially offered to send such a letter, to date we have had no response from
your staff, despite repeated phone calls.

In the past, you asked that issues of this sort be worked out on the staff level. We have
attempted to do that—both in writing and in phone calls—but have received no response from
The Honorable Dan Burton
September 9, 1997
Page 3

Your staff. What is unmistakably clear is that our legitimate inquiries into Republican abuses have not been treated seriously or even acknowledged.

Sincerely,

[Signature]

Ranking Minority Member

encl.

cc: Members of the Committee on Government Reform and Oversight
The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform and Oversight
Washington, D.C. 20515

Dear Henry:

As I have indicated to you, hearings on campaign finance
improprieties and possible violations of law and related matters,
will begin next Wednesday, September 17, 1997. We will begin with
an opportunity for all Members to make opening statements. With
regard to this, please find enclosed the Notices for Hearings which
have been forwarded to all members.

On Thursday, September 18, 1997, we will continue the hearings
with testimony of witnesses with respect to conduit payments to the
Democratic National Committee.

Majority Counsel for the Committee has contacted Minority
Counsel with respect to any depositions and/or interviews which
your staff may want to conduct prior to the beginning of the
hearings.

Please call me if you have any questions.

Sincerely,

Dan Burton
Chairman

Enclosure

cc: All Members, Committee on
Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton,

Over the past two months, 18 depositions have been taken by your staff as part of the campaign finance investigation. These depositions have lasted over 160 hours — more than four hours per deposition. Over 40 additional depositions have been scheduled or requested, including 10 that are scheduled for this week alone.

Only a few members of the Committee have participated in these depositions. On the Democratic side, Representatives Lantos, Kanakos, Maloney, Burton, Cummings, Turner, and I have all sat in on depositions. On the Republican side, you have briefs at in on one deposition. The vast majority of Committee members have not participated in any depositions.

I am writing, therefore, to convey my impressions and those of my staff about the depositions. As Committee members, we have an obligation to ensure that the deposition process is not abused. Unfortunately, as described below, I believe that the depositions are being conducted in a way that no member of the Committee should countenance and that would never be tolerated in any public proceeding.

1 The Depositions Lack a Coherent Focus

Your eight-month investigation has cost our Committee millions of dollars. By this point, it is reasonable to expect concrete results from the investigation. In the Senate, for instance, 14 days of hearings have already been held. At a minimum, the investigation should have a coherent focus — with the depositions being used to examine a defined set of topics in depth.

Unfortunately, there is no focus to the depositions. The depositions appear to be taken
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haphazardly, without any discernible investigative strategy or plan. In fact, it appears that the
depositions are being used primarily as fishing expeditions by the majority staff.

The list below is a small but representative sample of the topics pursued by the majority staff as the depositions have progressed:

1. The responsibilities Hollis Wyman performed for Mark Middleton
2. How Webster Hubbell obtained office space
3. How Webster Hubbell obtained employment
4. The flights Wayne Reaud and Truman Arnold made on Air Force One
5. The time Truman Arnold first heard of the White House database
6. Why Susan Levine had a "hard pass" that allowed her to enter the White House
8. How the President learned about Webster Hubbell's billing dispute
9. Vernon Jordan's knowledge of Ron Brown's relationship with Ndula Hill
10. White House polling requests during the 1996 election
11. Mnemonic Moore's get-out-the-vote efforts for the DNC
12. The activities of the DNC's Office of Membership Services
13. The activities of the Presidential Legal Expense Trust
14. The size of the DNC's media budget
15. The activities of the 1992 Presidential Inaugural Committee
16. The President's 50th Birthday Celebration
17. The activities of the Bipartisan Commission
18. Vernon Weaver's activities at the Small Business Administration in the 1970s
19. The responsibilities Yusuf Khapra performed for Mack McLarty
20. The responsibilities Alexander Carstillo performed for Don Fowler
21. The responsibilities James Earle performed for Harold Ickes
22. Bernard Rapport's overnight stay at the White House
23. The personal relationship between Harold Ickes and Dick Morris
24. The responsibilities Evan Roan performed for Maggie Williams
25. Ron Brown's trade missions to China
26. The labor dispute at a Sprint subsidiary in San Francisco
27. How the DNC issue-advocacy ads were created
28. Dick Morris's fee arrangements with President Clinton
29. David Watkins's use of White House helicopters
30. Susan Thomas's business dealings with James Rady
31. Senator Sasser's appointment as Ambassador to China
32. Bernard Nussbaum's resignation
33. The delivery of flowers to the First Lady's office
34. Hazel O'Leary's charitable solicitations
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15  Efforts to defeat Prop. 209 in California
16  The nomination of March Fong Eu as Ambassador to Micronesia

Viewed in isolation, it may be possible to justify pursuing some of these topics in the depositions. Viewed collectively, however, the list illustrates how disorganized the depositions have become. I would urge you to review the deposition transcripts to comprehend the full scope of the majority's questioning. I believe you will be struck by the fact that virtually none of the witnesses have had any detailed knowledge about any of the principal figures in the investigation such as John Huang or Charlie Trie. The result has been that although over 160 hours of depositions have been conducted, the Committee has learned virtually nothing that has not previously been reported in the press or uncovered by Senator Thompson.

II. The Depositions Frequenty Seek Information Beyond the Investigation's Scope

In addition to their lack of focus, the depositions have frequently strayed beyond the scope of the investigation. Under H. Res. 167, depositions can be taken to investigate only "political fundraising improprieties and possible violations of law." Over the objections of the minority, however, Chairman Burton's staff have repeatedly pursued questions that do not fall within this confined scope. Questions have gone so far afield that Dick Morris was even asked, "Did there come a time when Mr. Stephanopoulos told you about the discovery of life on Mars?"

The overall approach of the majority is characterized by a comment one of the attorneys working for the majority told a member of the minority staff during the August recess. According to one majority counsel, he and his colleagues had been instructed to "blow off" any questions raised by the minority because witnesses will answer almost any question in order to finish the deposition and avoid having to return at a later date.

Specific examples of improper questions are described below. As these examples

The one exception to the majority's scatter-shot approach has been the inquiry into the circumstances surrounding Webster Hubbell's employment after he left the Justice Department. The majority staff has attempted to probe this issue thoroughly, calling 8 witnesses with first-hand knowledge of the circumstances surrounding Mr. Hubbell's employment. This inquiry, however, has to date refuted the majority's suspected conspiracy theory. Each of the witnesses has insisted that the witness acted out of personal friendship for Mr. Hubbell -- not as part of a White House conspiracy to affect Mr. Hubbell's Whitewater testimony. Moreover, the investigation into Webster Hubbell's Whitewater testimony has inexplicably broadened to encompass Mr. Hubbell's 1992 confirmation, his work at the Department of Justice, and his role in the replacement of U.S. Attorneys after the 1992 election.
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illustrate, the majority staff appears to believe that it has been granted an essentially limitless mandate to conduct depositions on any topic it desires. Indeed, majority counsel have so asserted on the record. For example, in the deposition of Charles Duncan, the majority counsel asserted that the majority’s authority under H. Res. 167 to depose witnesses regarding “political fundraising  
  
unproprieties and possible violations of law” should “be read in the disjunctive,” thereby authorizing the majority to investigate any “possible violation of law” regardless of whether it is related to political fundraising.

A  Questions That Prowl Private Lives

On numerous occasions, the majority staff has sought personal information from witnesses that falls outside the scope of the investigation. For example, Jonnie Eringa was asked what type of car she drives. Karen Hancin was asked: “Did you ever receive a drug test?” Yusaf Khattab was asked for the name of his girlfriend. Evan Ryan was asked if Maggie Williams ever received personal phone calls in the office. Dick Morris was asked if he knew of any legal problems in Harold Ickes’ background: “You hail from New York as Mr. Ickes does. Are you familiar with him—do you have any personal knowledge about any legal problems in his background?” Mr. Morris also was asked if he ever “talked to the President about how he treated David Watkins or Betsy Wright.” These sorts of questions may have a voyeuristic appeal, but they are irrelevant to this investigation.

The majority has also sought the social security number of a witness during a deposition. Such a question implies that the majority is investigating the witness, and serves no purpose other than intimidation.

B  Questions That Relate to Whitewater

The events popularly known as “Whitewater” have been examined exhaustively both by Independent Counsel Kenneth Starr, who has spent over $30 million on his ongoing investigation, and by Senator D’Amato in hearings last year. While Whitewater may be a particular obsession to some, I think most of the Committee members would be surprised to learn that it has become a major focus of the depositions.

Nevertheless, this is exactly what has happened. Witnesses such as Michael Jordan, Jim Blair, Vernon Jordan, Jim Leven, Dick Morris, Mike Schauffle, and Mickey Kantor have been questioned about their knowledge concerning Whitewater. For example, Mr. Schauffle was questioned concerning the Castle Grande investment project, the business dealings of a Whitewater figure named Seth Ward, and other Whitewater-related matters. The majority has even tried to investigate Whitewater-related work done by the President’s private lawyer, asking
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Dick Morris: "Did you speak to [Bob Bennett] on matters related to Whitewater?" Recently, Committee attorneys also have been asking witnesses such as Dick Morris and Maggie Williams about a San Francisco attorney named Jack Palladino, and whether he was hired in 1994 to investigate Rep. James Leach, who at the time was investigating Whitewater matters.

These Whitewater inquiries are beyond the scope of the deposition authority granted to the Committee under H. Res. 167 because they do not involve "political fundraising improprieties and possible violations of law.

Questions That Relate to Democratic Political Strategy

The majority has also strayed beyond the permissible scope of depositions by seeking to uncover elements of Democratic political strategy. For example, Michael Berman, a private citizen who advised the Clinton-Gore campaign, was intensively questioned about the media budgets for the Clinton-Gore and DNC campaigns. He was asked, for instance:

Were you aware of efforts to have large media budgets in the summer and fall of 1995?

To your knowledge, was money raised for media budgets?

Were you aware of any efforts to direct large volumes of money to media in the fall of 1995?

But do you have any knowledge of efforts to have massive media buys in the fall of 1995?

Do you have any knowledge of Mr. Morris in September of 1995 driving efforts to get a $10 million media budget approved?

Do you have any general knowledge of any discussions between Mr. Ickes and Mr. Morris about the need for raising large amounts of money in the fall of 1995?

Similarly, Doug Sosnik, the White House political director, was questioned for more than two hours on the general functioning of the DNC’s issue and advertising strategy. And Dick Morris, a former top strategist for the President, was asked such questions as "Did you advise Mrs. Clinton at all on health care reform policies?" and "Did you conduct polls regarding Whitewater or Filegate or other matters that arose?"

These questions are inappropriate. It is an abuse of the deposition power -- as well as blatant partisan -- to attempt to use depositions to uncover confidential Democratic political
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strategies.

II. The Depositions Are Absorbed to Witnesses

Perhaps the most serious problem of all is the burden that the depositions unfairly impose on witnesses. Simply put, the majority counsel seem incapable of conducting competent depositions. Witnesses are regularly asked repetitive questions and questions about which they have no knowledge. They are misled about the subject of the deposition, confronted with documents that they have never seen before, and are subjected to attempts to "trap" or "entice" them. In short, many innocent witnesses are treated as if they were targets in a criminal investigation.

A. The Maggie Williams Deposition

The 10 1/2-hour deposition of Maggie Williams, which was conducted on August 27 by the chief investigative counsel for the majority, illustrates many of the problems witnesses encountered. Ms. Williams was misled about the focus of the deposition. Prior to the deposition, Ms. Williams's attorney had been informed that the questioning would focus primarily on Ms. Williams's contacts with Johnny Chung. These contacts are a legitimate area of Committee inquiry, since Mr. Chung is alleged to have delivered a DNC contribution to Ms. Williams at her White House office. At the deposition, however, the majority counsel announced that the deposition would also include "general fund-raising issues." Webster Hubbell, and "the main characters -- John Huang, Charlie Trie, the Raddus." As it turned out, the majority counsel asked about a host of other matters as well. Questions about the central issue of Mr. Chung did not appear until about 7 hours into the deposition.

At the deposition, Ms. Williams was repeatedly subjected to long exchanges of repetitive questions. For example, the majority counsel asked Ms. Williams about a May 9, 1996 meeting that Ms. Williams allegedly attended. Ms. Williams testified that she could not recall any specific meeting on that date. Nevertheless, the majority counsel persisted in asking about this meeting over and over again. The following are only a few of the many questions asked:

Do you recall prior to this May 9th meeting...if Harold actually had told you anything related to Charlie Trie?

In this May 9th meeting, did anyone indicate there had been an earlier meeting several weeks before with the First Lady and Harold Ikes about Mr. Trie?

And in this May 9th meeting, did Mr. Cardozo talk about the investigative group's investigation of...the donations in general?
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These are the notes that Harold Ickes made from the May 9th meeting. Does that refresh your recollection as to whether Mr. Cardozo had discussed, you know, that Charlie Trie was specifically the person giving those large donations? 8

The majority counsel then informed Ms. Williams that Michael Cardozo had testified that he called Williams prior to the May 9th meeting. Ms. Williams testified that she didn't recall Mr. Cardozo doing so. The majority counsel then proceeded to ask several more times if Ms. Williams recalled Mr. Cardozo calling to set up the meeting.

And so you don't recall talking to him on the phone about setting up this meeting?

You have no knowledge of who invited them, or how they ended up in your office about the meeting?

[You don't have a recollection of Mr. Cardozo calling to set up a meeting?]

I think Mr. Cardozo indicated that he called you, so I am trying to figure it out if you have a recollection of how it came about?

As it turned out, not only were those questions redundant, they were also erroneous. Much later in the deposition, the majority counsel acknowledged that Mr. Cardozo never called about the May 9 meeting, conceding that when I said that I thought Cardozo called you about the May 9 meeting it was actually the April 4 meeting.

The Williams deposition is filled with other similar examples of repetitve questioning. For instance, the majority asked a series of repetitive questions and wasted a considerable amount of time on the topic of visits by Mark Middleton to the White House. After Ms. Williams testified that she did not recall specific meetings with Mark Middleton at the White House, the deposition went off the record to allow her to carefully review an exhibit consisting of several pages of Secret Service records listing the dates and the times Mr. Middleton visited the White House. Ms. Williams then testified that the dates mean nothing to her and "it doesn't refresh my recollection." Despite Ms. Williams's close examination of the records and her testimony that it did not refresh her recollection, the majority counsel then went on to direct her attention to specific entries in the records she had just reviewed; repeatedly reading the times of day of the Middleton visits and asking whether the information assisted Ms. Williams. Again, Ms. Williams said that she did not recall any information about what Mr. Middleton was doing at the White House on those dates. In this repetitive and abusive process, the only time Ms. Williams was able to elaborate on the meetings was one occasion when the majority counsel provided her with separate documentation containing additional information that refreshed her recollection.
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Ms. Williams was also asked many questions about events with no known connection to her. That she was asked whether she had ever met Jack Palladino, a San Francisco attorney allegedly hired to investigate Rep. James Leach, whether she knew about the activities of the "Back to Business Committee," and whether she had any knowledge of the charitable contributions solicited by Hazel O'Leary. Not surprisingly, Ms. Williams had no knowledge about these topics. No justification was given for subjecting her to this kind of fishing expedition.

During the first 10 hours of the deposition, the minority's chief investigative counsel sought permission on several occasions to ask clarifying questions. The majority counsel, however, repeatedly denied the minority counsel the opportunity to ask any questions, even when the minority's question would have clarified an unclear or confusing answer by Ms. Williams. Although the deposition began at 10:00 a.m., the majority counsel did not conclude her questioning until 8:10 p.m. without even a lunch or dinner break. As a result, the minority counsel was effectively foreclosed from asking any substantive questions.

A final irony is that most of the 10½-hour deposition was entirely unnecessary because it duplicated the deposition of Ms. Williams conducted in the Senate. Moreover, the deposition was extremely intrusive, burdensome, and expensive to the witness. Ms. Williams says that in responding to the various investigations, she has incurred over a quarter of a million dollars in attorneys' fees.

8. Other Deposition Abuses

The problems encountered by Maggie Williams in her deposition are representative of problems in many other depositions. For example, virtually every deposition wastes enormous time on repetitive questioning.

Like Ms. Williams, most witnesses are also forced to respond to "fishing expedition" questions about events or persons to which they have never been publicly connected. A particularly egregious example is the deposition of Michael Schaufele, Webster Hubbell's accountant, who was called to be questioned about Mr. Hubbell. Without any predicate whatsoever, the majority counsel asked Mr. Schaufele a series of questions on political fundraising and national security, including whether he knows Roger Tantrum, Yogesh Gandhi, Pauline Kang nanak, Eric Horng, and John Huang. He never had met any of those individuals. No justification was given as to why a private citizen like Mr. Schaufele, who has no connection to campaign fundraising, should be subjected to extensive campaign fundraising questions for which there is no good-faith basis to believe he has any personal knowledge.

A representative example of the majority's efforts to trap or "rattle" witnesses is the deposition of Charles Duncan, a White House employee. In this deposition, the majority asked
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Mr. Duncan if he recalled an April 23, 1996, White House visit by Charlie Trie. Mr. Duncan
stated that he did not. When he again was asked if he recalled setting up an appointment with Mr
Trie for April 23, 1996, Mr. Duncan asked the majority if it had a document that would inform
him of the date the Bingaman Commission (to which Mr. Trie served on) was announced. The
majority said "we might", but refused to show him a document or provide any help.

Finally, as was the case for Ms. Williams, the deposition process has been redundant and
personally burdensome for most witnesses. Most of the House depositions have overlapped
significantly with the Senate. Of the 35 witnesses deposed by the House, 21 had previously been
deposed by the Senate. As Doug Sassin testified in his deposition, "I would say that the time I
spent here and the questions that I was asked were very similar to subject matter and in documents
to what I did in the Senate. Moreover, of the witnesses deposed by the House, 15 have also been
investigated by Independent Counsel Kenneth Starr or the Department of Justice. Virtually the
only witnesses depoed by the House who have not been previously deposed by the Senate or
investigated by Mr. Starr are minor figures with little or no knowledge concerning the topics upon
which they were questioned.

IV Conclusion

In my view, the conduct described above is a very serious matter. The Committee has
delivered extraordinary power to the staff but has neglected to exercise any supervision to ensure
that staff acts responsibly and competently. The result is a process completely shielded from any
public accountability. It raises fundamental questions about the wisdom of allowing the Chairman
and his staff -- with virtually no member participation -- to continue to use depositions as part of
the campaign finance investigation.

Sincerely,

Henry A. Waxman
Ranking Minority Member
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform & Oversight  
U.S. House of Representatives  
Washington, D.C. 20515  

Dear Henry:  

I am writing to respond to your concern expressed in your September 5th letter that Dick Bennett may be unable to participate in depositions because of his status as an attorney hired under contract. Let me reassure you that this is not the case.  

Your concern apparently grows out of the wording of Committee Rule 20, which states that, “A deposition shall be conducted by any member or committee staff attorney.” Your view is apparently that consultants are not included within the meaning of “committee staff.” I will quote you the definition of the word “staff” from Webster’s Collegiate Dictionary: “the personnel who assist a director in carrying out an assigned task.” Clearly, the word “staff” is a general term that refers to people who perform work, and is not intended to be limited by the arrangements under which those people are paid. Thus, in my view, “committee staff” refers to all people who do work for the Committee, whether they are full-time employees, consultants, or interns. Rule 20’s requirement that depositions be conducted by committee staff attorneys was specifically intended to distinguish between committee staff and personal office staff, not to distinguish between committee employees and committee consultants.  

I should add that this is an interpretation that has historically been used by other Committees without controversy. As an example, during the Ethics Committee inquiry regarding the Speaker, Special Counsel James Cole was employed as a consultant. Mr. Cole conducted numerous depositions.  

Another example is the October Surprise investigation. In drafting the rules for our investigation, my staff borrowed heavily from the rules and procedures written for October Surprise and other prior investigations. Paragraph 6 of H.Res.228, which authorized the October Surprise investigation, stated that depositions may be taken “by a Member or by designated staff.” Yet the October Surprise task force employed numerous attorneys as consultants. Both ...
the majority and minority chief counsels, Lawrence Barcella, Jr., and Richard Leon, were employed as consultants, in exactly the same manner as Dick Bennett. Both conducted numerous depositions. In fact, in the October Surprise Task Force’s report, there is a section labeled “staff.” Under this heading are listed the names of all of the attorneys hired as consultants right alongside the attorneys hired as full-time employees. I am enclosing a copy.

I hope that this explains why, in my view, Dick Bennett is clearly authorized to conduct depositions. I believe that the precedents established by committees in previous Congresses with similar rules support this interpretation very strongly. Thanks again for sharing your views. If you have any further thoughts on this matter, please give me a call.

Sincerely,

[Signature]

Chairman

enc.
September 11, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to request that the Committee not schedule depositions during the full Committee hearing on campaign finance that is scheduled for September 17 and 18, 1997.

It is my understanding that the Committee is scheduling the deposition of Mr. Frank Reeder for September 17, 1997, and the deposition of Ms. Jackie Bellanti for September 18, 1997, regarding its investigation of the White House Database ("WhoDir"). I would like your assurance that these depositions will be rescheduled for a later date so that they do not conflict with the Committee's hearing schedule.

Thank you, in advance, for your assistance in this matter.

Sincerely,

Henry Waxman  
Ranking Minority Member
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515  

Dear Chairman Burton:  

I am writing to you because I am confused about the direction in which your campaign finance investigation is heading.

Since July, your staff has conducted 50 depositions lasting hundreds of hours. As I described in detail in my letter of September 10, which you have not responded to, these depositions were a frustrating experience for the minority. They lacked any coherent focus, frequently deviated into irrelevant lines of questioning, such as who so-and-so was dating or who received drug tests, and they were conducted in an incompetent fashion. Wasting hours of witnesses' time with repetitive questions and fishing expeditions. Nevertheless, I believed that you must have had some purpose in taking these depositions and that our long-delayed hearings would focus on matters arising from the depositions.

Thus, I was surprised last Wednesday when you informed me that your hearings would not be based on the depositions, but would instead involve the testimony of three unrelated witnesses -- including two witnesses that the minority had never heard of.

As I expressed to you privately, I had other concerns about the hearing as well. First, I was surprised that you decided to give the minority only seven days notice -- the absolute minimum required under the House rules. Given my staff's repeated requests for advance notice and the fact you and your staff have had over eight months to identify the focus of your first hearings, I had expected that as a matter of simple courtesy you would give the minority more time to prepare.

Moreover, I was extremely dismayed to learn that your staff had interviewed two of the witnesses during a clandestine trip to California in August. As I confirmed in writing to you on August 1, you had made a personal commitment to me that your staff would not take trips to interview witnesses without making a good-faith effort to include the minority. There is no kind way to communicate my disappointment that you did not honor this commitment -- nor even inform me of your intention not to do so.
The Honorable Dan Burton
September 16, 1997
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Nonetheless, despite these serious misgivings, I directed my staff to prepare for the hearings and kept my objections private. I took this action in part because you had hired a new chief counsel and I wanted to provide your new counsel an opportunity to conduct the investigation in a more professional manner than it has previously been conducted.

Now, however, I learn that you are suddenly shifting directions once again. You have decided to cancel the hearings for Wednesday and Thursday and instead plan to hold a business meeting on Thursday to consider giving immunity to the witnesses previously scheduled to testify on that day, Manlin Fong, Joseph Landon, and David Wang. And once again, you have given the minority the minimum notice required under our rules, faxing the meeting notice at 8:00 p.m. yesterday evening.

At this point, I have a completely open mind regarding the appropriateness of granting immunity to these witnesses. However, I do not understand why you are rushing to force an immediate vote on immunity without first seeking the views of the Department of Justice. It would also seem advisable for us to seek the views of Senator Thompson and Senator Glenn before we consider immunity, so that we can insure that any House immunity does not impede their investigation.

Moreover, I find it regrettable that your staff would in effect seek to coerce the minority. Your staff informed my staff yesterday that if the minority did not vote for immunity, you would schedule a hearing on September 22 at which your staff would read the transcript of a tape recording your staff obtained from Manlin Fong before she obtained legal representation. It is entirely your decision whether you want to take this step. You should know, however, that my decision regarding whether immunity is appropriate will not be influenced by any threat of future actions that you may take.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members, Committee on Government Reform and Oversight
The Honorable Henry Waxman
Ranking Minority Member
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Henry:

Thank you for your letter of August 14 regarding procedures for briefing Members of the Committee about the ongoing investigation. Your proposal has a great deal of merit. My staff has consulted with the Parliamentarian’s office and the Rules Committee regarding this matter. Based on these consultations, I believe that the following points outline procedures that would comply with House rules and I hope, be acceptable to all Members of the Committee:

- Committee staff may inform Committee Members orally or in writing about depositions or interrogatories conducted by the Committee, or about materials covered under the document protocol.

- Each Committee Member may designate in writing one staff person from the Member’s personal office to be a liaison to the Committee. Designated staff may receive oral or written briefings from Committee staff regarding the Committee’s investigation. Designated staff may also review, in Committee offices, deposition transcripts, responses to interrogatories, or documents covered by the Committee’s document protocol for the express purpose of informing Members about the progress of the Committee’s investigation.

- Designated personal office staff may not review depositions, interrogatories or other information that contain classified material.
The Honorable Henry Waxman

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- Designated staff shall be advised that under Committee Rule 20 and House Rule XI, evidence or testimony taken in executive session may only be released to the public with the express consent of the Committee. Designated liaison staff shall be instructed that executive session material or material covered by the document protocol may only be shared with Committee Members or Committee staff.

- Deposition transcripts and other executive session material generally may not be removed from Committee offices unless the Committee has voted to release them. A deposition transcript may be delivered to a Committee Member's personal office only under the following limited circumstances:
  1. It is requested for review by the Member, not the staff.
  2. It is logged out, and then logged back in upon its return.
  3. It is returned within 48 hours.
  4. Copies are not made of the transcript or any portion of it.
  5. A physical copy of the transcript is provided, and it is not delivered electronically.

The Parliamentarian's office advises that these procedures may be instituted upon agreement between the Chairman and the Ranking Minority Member. They have advised that this agreement should be ratified by the Committee with a unanimous consent agreement at the next committee business meeting.

If this outline is acceptable to you, I believe that we can implement this agreement immediately. Thank you again for your constructive proposal. These procedures should make it easier to keep all Committee Members better informed about the Committee's activities.

Best Regards,

Dan Burton
Chairman

cc: Members, Committee on Government Reform and Oversight
September 25, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I wanted to share my thoughts with you regarding yesterday's meeting of the Committee.

For over a month our staff tried to develop procedures so that individual members of the Committee and one of their staff members would have ready access to deposition material. Although we have not been able to agree on much this year, in this one instance we did reach a compromise and you sent me a letter on September 22 memorializing the procedures.

I am astonished that only hours after the Democratic members put aside partisanship and unanimously voted for immunity yesterday, our agreement was breached in Committee by passage of the Cox amendment. The Republican majority sent a clear message to the Democratic members by refusing to oppose the amendment. There appears to be no point in reaching an agreement with you, since your commitments clearly are not binding on the Republican majority.

For the record, Democrats have been denied the traditional right of the minority to raise objections to your subpoenas and receive a committee vote on minority subpoena requests; our staff has effectively lost its right to ask questions in depositions; we aren't notified of investigative trips the majority initiates; our share of the budget is the lowest of any House committee; and yesterday's vote significantly impedes the ability of individual members to review deposition material and prepare for hearings. It is a shameful record that deprives Democratic members of any meaningful participation in the Committee's investigation. The only exception, of course, is immunity decisions, and federal law prevents you from eliminating us from that process.
Yesterday was profoundly embarrassing to the Committee and the House of Representatives.

Sincerely,

HENRY A. WAXMAN
Ranking Minority Member

[Signature]

For: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing about three matters: (1) the depositions of Martin Foung and Joseph Landon; (2) the minority’s consultant contract; and (3) Senate deposition transcripts.

The Depositions of Martin Foung and Joseph Landon. As you know, the minority does not believe it is necessary to depose Martin Foung or Joseph Landon. The statements from these witnesses that you have provided the minority demonstrate that these are not major figures in the campaign finance investigation. There is no need to impose further burdens on these witnesses. For the same reason, the minority also believes that it is not necessary to depose David Wang.

You determined otherwise and scheduled depositions for all three witnesses. Upon learning of your determination, the minority requested that the depositions be scheduled in Washington, D.C., so that the minority members of the Committee could attend. To minimize burdens on the witnesses, the minority also proposed that the depositions could be taken in Washington on the day before the hearings. Unfortunately, you ignored this request and scheduled the depositions of Martin Foung and Joseph Landon in Sacramento, California, on September 29.

I want to make sure that you know that the minority objects to conducting these depositions in Sacramento, a location that prevents minority members from attending.

The Minority’s Consultant Contract. On September 22, my staff submitted to your staff a contract to hire the Emerald Group as a consultant for the minority. Your staff insisted that the Emerald Group, which the minority proposed to hire for discrete, closely supervised projects, adhere to the same ethics rules that are being voluntarily followed by Dick Bennett, the consultant whom the majority hired to run the entire majority investigation. Despite the unreasonableness of this demand, my staff provided your staff on September 24 with a letter from the Emerald Group agreeing to adhere to exactly the same standards being followed by Mr. Bennett. A copy of this letter is enclosed.
The minority has a right to hire consultants and expects that its contract with the Emerald Group will be approved without any further delay. The minority also expects that the other three consultants that you have hired — Charles Little, Philip Larson, and Ward Warten — will be required to adhere to the same standards that you have required the Emerald Group to adhere to.

**Senate Depositions.** I have been informed that the Senate majority staff has provided your staff with copies of a large number, if not all, of the depositions conducted in the Senate. If this is true, the minority is entitled to (1) copies of these depositions and (2) an immediate and full explanation why these depositions were withheld from the minority.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, DC 20515  

Dear Mr. Chairman:

I have received your letter regarding the Martin Foyang and Joseph Landon deposition. You should not be surprised that the minority objects to conducting the depositions in California. This has been our consistent position for two weeks.

On September 11, Dick Bennett wrote Phil Schilio, the minority staff director, asking Mr. Schilio to "please let me know by the end of the day whether the Minority desires to attend depositions in California ... or in Washington." Mr. Schilio wrote Mr. Bennett back on September 12, stating: "we request that the depositions be scheduled in Washington. This will not only save the Committee money, but it will allow Representative Waxman and other minority Members to participate in the deposition." Copies of these letters are enclosed. In addition, Phil Barnett, the minority counsel, and Ken Baker, the minority counsel, had a telephone conversation with Mr. Bennett on September 22, in which Mr. Barnett reiterated the minority's view that the depositions should be conducted in Washington.

Moreover, contrary to your letter, the minority never said that we would not send staff to depositions in California. Our complaint was -- and remains -- that conducting depositions in California precludes members from attending.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cce: Members of the Committee on Government Reform and Oversight
The Honorable Henry A. Waxman  
Ranking Minority Member  
Committee on Government Reform & Oversight  
Washington, D.C. 20515

Dear Henry:

Today I received the enclosed letter from you addressing three matters. I will address the matter of the Minority Consultant Contract and Senate depositions in a separate letter.

With respect to the matter of the depositions of Martin Founq and Joseph Landon, I am quite surprised. Richard D. Bennett, our new Chief Counsel, and Kenneth M. Ballen, Chief Investigative Counsel for the Minority, have had very cordial communications over the matter of these depositions. At no time has any counsel for the Minority specifically objected to depositions being taken in California. Counsel for the Minority has requested that every effort be made to have the depositions scheduled in Washington so that Members could attend. Mr. Bennett indicated to Minority counsel that the depositions would need to be scheduled in California and no one suggested that they would not attend if that were the case.

The reason for the scheduling of the depositions of Ms. Founq and Mr. Landon in Sacramento, California, is quite simple. Ms. Founq is a working mother of a nine-year old child and has personal issues of employment and child care which make it difficult for her to schedule two trips to Washington, D.C. in a period of two weeks. Mr. Bennett has correctly noted that depositions of witnesses should ordinarily not be taken on the eve of hearings. Accordingly, Mr. Bennett provided more than sufficient notice to Minority Counsel to schedule the depositions in Sacramento. The depositions will proceed as scheduled. If your decision is not to have Counsel for the Minority attend these depositions, that is obviously your choice.

Sincerely,

Dan Burton  
Chairman

Enclosure

cc: All Members  
Government Reform and Oversight Committee
The Honorable Henry Waxman
Ranking Minority Member
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Henry:

Words can be very powerful. When they are accurate, they serve to inform and enlighten. When they are misleading, they denigrate and deceive. I must tell you that I was disappointed by some of the words you chose to use in your September 4 letter regarding the joint investigative trip undertaken by our staff in August.

You used the words “inpt.,” “intrusive,” and “harassing” to describe the work of my investigators. Unfortunately, nothing could be further from the truth. In fact, my staff conducted themselves in a thoroughly responsible and professional manner during this trip. One of the two investigators from the majority staff who participated in this trip is a veteran investigator who served for more than 33 years with the Treasury Department and the West Virginia State Police. He was the key investigator in the successful prosecution of former West Virginia Governor Arch Moore.

I think that it is worth mentioning that our staff had contact with over two dozen individuals. You have chosen to make an issue of three of those contacts. I presume then, that you believe that the other 20 or so situations were handled in a professional and competent manner.

Felix Ma

With regard to the interview of Felix Ma, you stated that my staff “swooped” into his driveway and “accosted” him. You described this as a “heavy-handed intrusion” into his privacy. What in fact happened is that my staff, accompanied by a member of your staff, pulled into his driveway, exited their car, and introduced themselves to Mr. Ma. I am not aware of any “swooping” or “accosting” that occurred. You also described this situation as a “confrontation” that “shocked” Mr. Ma. In fact, my staff reports to me that Mr. Ma did not appear to be nervous or threatened at any time during their conversation. In fact, I understand that Mr. Ma told our staff that he wished he could introduce them to his wife. When she arrived at the house, he did just that, and they conversed casually for about five minutes.
You are correct in stating that this individual was not the Felix Ma we were seeking to interview. As you know, the Felix Ma we would like to interview is a former Lippo executive who was a point of contact for Lippo’s infrastructure projects in China. He also contributed $25,000 to the DSCC and various Democratic state parties. Apparently, this was not the first time that the Felix Ma our staff visited had been mistaken for the other Felix Ma. He had been contacted previously by numerous reporters and fundraisers seeking additional political contributions. Mr. Ma, whom my staff had been unable to reach by telephone, told our investigators that he was happy to have the opportunity to clear up the fact that he was not the individual associated with the Lippo Group.

Mr. Negara and Ms. Tashima

You have also mischaracterized the contacts made by my staff with Mr. Negara and Ms. Tashima. You stated that my staff “knocked loudly and persistently” on one door and “repeatedly pounded” on another. This is not true. My staff simply knocked on their doors in an ordinary manner. I must tell you that, after a nine day trip to Los Angeles during which our staff worked 12-hour days and drove over 1,500 miles, I am a little surprised that we are exchanging letters over the decibel level of their knocks on doors.

In addition, you questioned whether it was appropriate for my staff to knock on the door of Mr. Negara’s neighbor when it was evident that Mr. Negara was not home. I don’t think there is anything unusual about asking a neighbor if a potential witness might be on vacation, or what time of day they are usually at home. In fact, when our staff paid their first visit to Mr. Ma’s house, it was your staffer who suggested that they knock on the neighbor’s door to inquire about Mr. Ma. I do not understand why contacting a neighbor is appropriate in one instance and not another.

I am not sure what to make of your repeated criticism of the attitude of my investigators. At one point, you stated that the fact that they were wearing ties as they sat in their car attracted undue attention. At another, you expressed concern that they were wearing suits as they knocked on a witness’ door. If you have some ideas as to a more appropriate manner of dress than suits and ties on investigative trips, I would be happy to hear them.

Henry, my staff performed their duties in a thoroughly professional and productive manner. At no time was anyone’s privacy infringed upon. At no time was anyone harassed. I have to tell you that I regret that you chose to use words that were so misleading and exaggerated. I hope that the next time our staffs travel together you will remember that words have an impact, and that people’s professional reputations are important and should not be treated cavalierly.

Sincerely,

Dan Burton
Chairman

cc: Members, Government Reform and Oversight Committee
October 2, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

On September 11, 1997, I wrote to you and requested that no deposition relating to the campaign finance investigation be scheduled during Committee meetings. I never received a response to this letter, but I now understand that the Committee intends to schedule the deposition of Richard Sullivan during the hearing on October 8, 1997. This makes it impossible for members to participate both in the hearing and the deposition and I intend to raise an objection if this or any other deposition takes place during a full Committee hearing.

Sincerely,

Henry Waxman

cc Rep. David McIntosh
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Burton,

In a deposition last week, David Wang described activities that may involve a conspiracy to violate federal immigration and tax laws. Although Mr. Wang received immunity from the Committee, the immunity bestowed by the Committee extends only to Mr. Wang himself. No immunity shields the individual (Daniel Wu) or the two companies (Ji Tai International and Bao Li Hang International) that Mr. Wang implicated in the possible criminal conspiracy.

I believe we have a fundamental obligation to report potential immigration and tax violations to the Department of Justice. Accordingly, I am enclosing a draft letter to the Attorney General that requests that she investigate the potential criminal violations that may have been committed by Mr. Wu and the two companies. I intend to send this letter on October 20 and ask that you join me in this request to the Attorney General.

Sincerely,

[Signature]

Cheryl A. Waxman  
Ranking Minority Member

Encls.

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your letter of September 30, 1997. Although your letter takes issue with some of the wording in my letter of September 4, 1997, it does not dispute the basic facts that I brought to your attention. Moreover, my letter related only a few of the problems that occurred during the Los Angeles trip. It was not intended and should not be read to be a comprehensive review of staff conduct.

I completely agree with you that "Words can be very powerful." That is, in fact, why I wrote to you on September 26, 1996, regarding an unsubstantiated sexual harassment accusation you made about one of our colleagues. It is also the point I made publicly when you accused White House aides of hard drug use and the Clinton Administration of using the IRS as a weapon against political opponents. Those accusations were in themselves damaging even though no supporting evidence was ever produced. And it is why it is unfortunate that you alleged on Fox Morning News (October 5, 1997) that "John Huang was laundering money through a fellow named David Wang"—when in fact it now appears that Mr. Huang could not have met with Mr. Wang on the day in question.

We both have a special responsibility to be extraordinarily careful in choosing our words, and I want to assure you of my continued commitment to maintaining the high standards that are expected of us.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Janet Reno
Attorney General
Department of Justice
Tenth & Constitution Ave., N.W.
Washington, D.C. 20530

Dear Attorney General Reno:

At the first campaign finance hearing of the Committee on Government Reform and Oversight, the Committee heard testimony from and released the deposition transcript of a witness named David Wang. Testifying under a grant of immunity from the Committee at his deposition, this witness described his involvement in what could be an illegal conspiracy to evade immigration and tax laws. A copy of Mr. Wang's deposition transcript is enclosed.

As the ranking member of the Committee, I am writing to you to investigate the possible criminal actions described by Mr. Wang. Although Mr. Wang received immunity from the Committee, his testimony also implicated two corporations and a legal permanent resident in the potentially illegal acts. Their activities are not immunized and should be investigated by the Department of Justice to determine if criminal immigration and tax law violations have in fact been committed.

At his deposition on October 6, 1997, Mr. Wang stated that he had power of attorney over the bank account of Daniel Wu, a U.S. green card holder and businessman who resides in Taiwan. According to Mr. Wang, two companies -- J. Tai International and Bao Li-Huang International -- write payroll checks to Mr. Wu each month, which Mr. Wang deposits into Mr. Wu's account. Mr. Wang testified that he writes checks back to those companies in the same amounts as the payroll checks. Mr. Wang explained that although Mr. Wu resided "in Taiwan" and does "not come here" (Dep. Tr. at 76), these transactions were structured "in order to prove to the Immigration Service that Mr. Wu was, in fact, physically in the United States and not outside the States" (Dep. Tr. at 76).

Mr. Wang further explained his actions as follows:
The Honorable Janet Reno  
October 20, 1997  
Page 2

I received two different checks from two different companies showing that Mr. Wu was on their payroll. I put the checks into his account after which I reimbursed the two companies. The reason being that for immigration purposes, it would show that Mr. Wu was here in the States physically. And on the part of the two companies, it was to show they had an employee on the payroll which might give them a tax credit or a tax break. So it was for tax purposes. (Dep. Tr. at 94)

As described by Mr. Wang in his sworn testimony, these actions may violate several criminal laws. If false statements were made to the Immigration and Naturalization Service about Mr. Wu’s residency, these would appear to violate 18 U.S.C. §§1001, 1015. If the two companies named by Mr. Wang evaded or attempted to evade paying taxes, this would appear to violate 26 U.S.C. §§ 7206, 7215. Moreover, if the companies, Mr. Wu, and Mr. Wang conspired to commit these violations, as Mr. Wang’s testimony suggests, this would appear to be an illegal conspiracy under 18 U.S.C. § 371.

These are potentially serious violations of U.S. law. I urge you to investigate these matters thoroughly and rapidly.

Sincerely,

Henry A. Waxman
Ranking Minority Member

Encls

cc: Members of the Government Reform and Oversight Committee
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Two weeks ago, you announced your intention to seek immunity for Nora and Gene Lum. We are writing to explain our views about how the Committee should proceed in considering immunity for these and future witnesses.

As the minority members of the Committee, we have been disappointed in the conduct of the campaign finance investigation. Our traditional minority rights -- such as the right to object to the issuance of subpoenas or the right to insist on Committee votes prior to the release of confidential documents -- have been routinely disregarded. The procedures you are following in our Committee are far more partisan than those established by Senator Thompson in the Senate campaign finance investigation or by Democratic chairmen in comparable House investigations such as Iran-Contra. Indeed, under your leadership, our Committee has even denied the minority members basic procedural rights that the Committee unanimously adopted last Congress under your Republican predecessor, Chairman Clinger. As a result of these procedures, 576 Committee subpoenas, document requests, and deposition notices have targeted alleged Democratic campaign finance abuses; only 10 have sought information about alleged Republican abuses.

Nonetheless, despite our serious misgivings about the fairness of the investigation, we gave you our bipartisan support by voting to grant immunity on September 24 to David Wang and two other witnesses. We now believe this was a mistake. Our gesture of bipartisanship was not reciprocated. To the contrary, on the same day that we voted with you in favor of immunity, the Republican majority on the Committee voted down our motion to release deposition transcripts and rejected the agreement Rep. Waxman had negotiated with you to provide us and our staffs reasonable access to transcripts of Committee depositions. More recently, you have informed Mr. Waxman that you will reject our only request for a consultant for the minority -- despite the fact that the Committee has already approved four contracts for consultants for the majority.

Moreover, at the hearing on October 9, we learned that you had failed to investigate...
The Honorable Dan Burton  
October 22, 1997  
Page 2  

David Wang properly before proposing immunity for him. The result was a major embarrassment for the Committee. Mr. Wang received immunity for potentially serious immigration and tax violations that no members of the Committee were informed about, while the Committee received testimony that now appears to be demonstrably inaccurate.

Given this history, we intend to insist on a new approach before supporting future requests for immunity. First, we will insist that the Committee adopt fair procedures for the investigation. At a minimum, these procedures must:

(1) Provide the minority members of the Committee an opportunity to obtain a vote of the Committee if the minority members object to a subpoena that you propose to issue or if you reject a subpoena that the minority members request you to issue;

(2) Provide the minority members of the Committee an opportunity to obtain a vote of the Committee if the minority members object to your proposal to release unilaterally confidential Committee documents; and

(3) Provide the minority counsel the right to ask questions at depositions in alternating one-hour rounds.

Second, we will also insist that the Committee staff conduct a thorough investigation of any witness seeking immunity. The goal of this investigation should be to determine (1) whether the testimony of the witness can be corroborated, (2) whether the witness will abuse the Committee's grant of immunity by testifying to criminal acts not previously disclosed to the Committee, and (3) whether the grant of immunity will jeopardize a criminal investigation by the Department of Justice or an Independent Counsel. We do not intend to support immunity unless it can be established in advance that the witness's testimony will be accurate, that the witness will not abuse the grant of immunity, and that the grant of immunity will not compromise an important criminal investigation.

We hope this letter clarifies the approach we intend to follow in considering immunity for the Lums or other witnesses. We would be happy to discuss these matters with you at a Committee meeting.

Sincerely,

[Signatures]

[Signature]
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Burton:

Three members of the minority staff are permitted to review CIA documents and attend CIA briefings in connection with the campaign fundraising investigation. I have previously designated Kenneth M. Ballen to be one of the recipients of this information. With this letter, I hereby designate two additional members of my staff -- Christopher P. Lu and Michael J. Yeager -- to receive this information. It is my understanding that all three have the appropriate security clearances.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

October 22, 1997
October 27, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to express, once again, the minority's objection to the Committee rule that requires minority counsel to wait until the very end of depositions before they are given the opportunity to ask questions. This rule is unfair because it denies the minority the opportunity to participate in a meaningful way in long depositions. Moreover, it overturns the bipartisan precedent established by your predecessor, Chairman Clinger, which allowed minority counsel to ask questions in alternating one-hour rounds.

The deposition of Richard Sullivan, the former DNC finance director, provides an illustration of the fundamental absurdity of this rule in practice. Mr. Sullivan's deposition began over 50 days ago on September 3, 1997. Mr. Sullivan has been questioned for over 15 hours on 3 different days. He was questioned by majority counsel for over 8 hours on September 3, he was asked a new round of questions by majority counsel for over 3 hours on October 22, and he was questioned for another 4 hours by majority counsel on October 25. Throughout this period, majority counsel has been barred from asking a round of questions. At this point, it is still unclear when, if ever, minority counsel will have the opportunity to ask questions. Even if Mr. Sullivan volunteers to return for more questioning, majority counsel has indicated that it plans on asking many hours of additional questions before the minority will be given the opportunity to ask its first round of questions.

This procedure is unbalanced and should be changed. The minority's right to participate in depositions has little value if majority counsel can force the minority counsel to wait months before asking any questions.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc Members of the Committee on Government Reform
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515  

Dear Chairman Burton,  

I am writing regarding the subpoenas you have issued to the International Brotherhood of Teamsters and the Ron Carey Campaign.  

It is, of course, appropriate for Congress to investigate this matter. As you know, not only is Senator Thompson investigating the Teamsters election, but in the House, Representative Hoekstra, the Chairman of the Education and the Workforce Committee’s Oversight and Investigations Subcommittee, is also conducting an investigation and has already held two hearings on this issue.  

Since committees in both the House and Senate are already investigating the Teamsters, these subpoenas seem to be another example of redundant and wasteful congressional efforts. One of my continuing objections to your investigation, in fact, is that you are not accountable for the subpoenas you issue and never have to articulate the merits of a subpoena in a public Committee meeting. In this case, I request a written reply that explains (1) why the expense of these subpoenas is warranted given the other House and Senate investigations and (2) any distinction between your investigation and the efforts of the other committees.  

Sincerely,  

Henry A. Waxman  
Ranking Minority Member  

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to object to the scheduling of depositions without providing the three business days written notice that the Committee rules require.

At 3 p.m. yesterday, the minority first received notice that you had scheduled the depositions of two employees of the White House counsel's office (Lanny Breuer and Cheryl Mills) for this Wednesday, October 29. This notice was provided only two days -- and in fact less than 48 hours -- prior to the scheduling of these depositions.

Committee rule 20 plainly requires three days notice of the scheduling of any particular deposition. The rule expressly states that "[a]ll members shall receive three business days' written notice that a deposition has been scheduled."

Without the three days notice provided in our rules, members of the minority who wish to attend a deposition will not be afforded an adequate opportunity to do so. While there may be circumstances that could in rare cases -- and with the consent of the minority -- justify scheduling a deposition with less than three days notice, you have made no attempt to show that such circumstances exist in this case. Consequently, I object to conducting the depositions of Mr. Breuer and Ms. Mills on October 29 and urge you to reschedule them with the proper notice to the minority.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
Charles F.C. Ruff, Esq.
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

October 30, 1997

Dear Mr. Chairman:

On the Sunday, October 19, edition of CBS's "Face the Nation" you made a very serious allegation concerning the video tapes recently provided to the Committee by the White House. Specifically, you alleged that "we think maybe some of those tapes may have been cut off intentionally, they've been -- been, you know, altered in some way." I write to ask that you provide evidence to support your accusation.

The Senate has held several days of hearings on these video tapes and related matters. During these hearings, questions were asked specifically about alteration of the video tapes. Chief Petty Officer Charles McGrath is a career military officer who is in charge of the camera crew in the audio-visual unit of the White House Communications Agency (WHCA). On October 23, he testified that the tapes are kept in the sole possession of WHCA before they are given to the National Archives. He then had the following exchange with Senator Levin:

Sen. Levin: Now, the allegation has been made here that these tapes have been altered in some way. Have they been?
Mr. McGrath: Not at all.
Sen. Levin: Well, we had Congressman Burton here make this allegations on Face the Nation last Sunday. Did you hear that allegation?
Mr. McGrath: I did not see that, but I did hear that he made the allegation.
Sen. Levin: And you know that it's not true?
Mr. McGrath: I know that for a fact.

Other individuals involved with the video tapes also categorically denied any effort to obstruct congressional investigations. Col. Charles Campbell, another career military officer and chief aide to the commander of WHCA, testified in the Senate that no one in the White House has ever suggested, hinted, or implied to him that he should do anything other than fully cooperate with the ongoing congressional investigations. Mr. Steven Smith, a former military officer at WHCA and currently a civilian employee of the agency, gave identical testimony.
The Honorable Dan Burton  
October 30, 1997  
Page 2

In our Committee, we have also deposed individuals responsible for the video tapes. Because of our Committee rules, I am prevented from discussing these depositions publicly. I am not aware, however, of any conflicts between these depositions and the Senate testimony.

Mr. Chairman, you wrote me on September 30 that "people's professional reputations are important and should not be treated cavalierly." It is because I agree with these sentiments that I am so concerned about your accusations of tampering on "Face the Nation." Your comments on national television impugned the reputations of numerous individuals employed at the White House. It is incumbent upon you to substantiate your accusations -- or to apologize to the individuals involved.

Sincerely,

[Signature]

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Henry Waxman
Ranking Minority Member
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Henry:

I wanted to share with you my thoughts on recess hearings. As you know, we are approaching a two-and-a-half month recess. I believe that we have an obligation to move this investigation forward. I do not believe that we can reasonably wait until February to resume hearings.

In addition to the already announced hearings on the 6th and 7th of November, I would like to hold an additional two days of hearings in November. I am tentatively reserving November 13th and 14th for this purpose. I hope that, because there has been much speculation that the session may last until November 14th, most Members have not made other plans in their districts on those days and that this will not be an inconvenience.

I would also like to hold two or three days of hearings in December. I would like to ask Members to set aside December 9th through 11th for this purpose. It is my intention to hold some hearings in January as well. However, I am not prepared to ask Members to set aside specific dates at this time.

I hope that this schedule balances our need to move this investigation along with Members' need to conduct business in their districts and get some needed time off. If you have any thoughts or concerns about this schedule, please give me a call.

Sincerely,

Dan Burton
Chairman
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton,

It is my understanding that the Committee is scheduling the continuation of the deposition of Mr. Richard Sullivan for November 6, 1997, regarding its investigation of the White House Database ("WhoDB"). I would like your assurance that this deposition will be rescheduled for a different date so that it does not conflict with the Committee's hearing schedule.

I would not object to the rescheduling of the deposition for Wednesday, November 5, if this would be more convenient than postponing the deposition until after the hearings.

Thank you, in advance, for your assistance in these matters.

Sincerely,

[Signature]

[Name]
Ranking Minority Member

cc: Rep. Melanosh
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C.  20515

Dear Henry:

Thank you for your letter of October 22, cosigned by the other minority Members of the Committee. I appreciate knowing of your views on the immunity process, and I would like to address a few of the points you and your colleagues raise.

David Wang

With regard to David Wang, you stated that this matter was not properly investigated, and that his testimony was "demonstrably inaccurate." During the October 9 committee meeting, you stated your belief that Mr. Wang had "uncocked" the Committee. Your letter states that Committee Democrats will only support future grants of immunity if the witness' testimony can be extensively corroborated, the witness will not abuse the grant of immunity, and the grant of immunity will not jeopardize an ongoing criminal investigation.

Your assertion that this matter was not properly investigated by Majority staff is incorrect; it was thoroughly investigated. To the contrary, some very serious questions have been raised by your own staff’s investigation of this matter. Before I comment further on that, let me point out some basic, undisputed facts about the David Wang matter:

• First, the Justice Department concurred in my request for immunity for Mr. Wang in less than 48 hours. Under that same grant of immunity, Mr. Wang testified about this matter before a federal grand jury. He had no immunity against perjury in either instance. Any suggestion that this Committee’s grant of immunity interfered with any criminal investigation is flat out wrong. In fact, it is clear that this Committee’s investigation helped the Department of Justice proceed with its investigation.
The Honorable Henry Waxman  
Page 2

- Second, this matter was thoroughly investigated by Committee staff. Corroborating evidence was obtained. Mr. Wang turned over to the Committee on personal calendar in which he had made contemporaneous notes memorializing his receipt of cash in exchange for his campaign contributions. He produced original bank statements showing the deposits of these same funds on separate dates.

- Third, checks to the DNC totaling $10,000 were written on behalf of David Wang and Daniel Wu. Daniel Wu lives in Taiwan and has not been present in this country for quite some time.

- Fourth, John Huang was listed as the "DNC contact" on the tracking form for Mr. Wang's contribution.

- Fifth, Antonio Pan delivered $10,000 in cash to David Wang the afternoon the checks were written and asked him to deposit it on separate days to avoid federal reporting requirements. Antonio Pan has unfortunately left the country.

The question of where John Huang was on August 16 may never be fully resolved until he breaks his silence and testifies before the Committee. What is clear is that one witness, David Wang, has testified under oath before our Committee that he met with John Huang in Los Angeles on August 16. A second witness, his father, has stated in a letter that he was also at that meeting.

What I find perhaps most distressing in this entire episode is that the DNC apparently has every intention of keeping these clearly illegal contributions. I have been informed that, despite the clear evidence of the illegal nature of both of these contributions, the DNC is refusing to refund either of them. This is another striking example of the DNC's continued flouting of our campaign laws.

Minority Staff Tactics

Since you have raised the subject of the investigation into David Wang, I feel that it is incumbent upon me to address the questionable tactics employed by your staff in their interview of David Wang's father. As you know, your staff telephoned James Wang on October 3rd to interview him about this matter. James Wang is not fluent in English, and two members of your staff attempted to interview him in both Mandarin and English.

At our hearing on October 9, you distributed a statement signed by these two staff members asserting that James Wang told them that he was not present at any meeting with his son and John Huang on August 16. Unfortunately, we quickly learned that their statement was at best misleading.
The Honorable Henry Waxman
Page 3

We were informed by David Wang’s attorney that your staff had faxed such a statement to James Wang and that Mr. Wang refused to sign it. In fact, James Wang promptly sent a letter to his son’s attorney stating that he in fact was at the meeting with his son and John Huang on August 16. In other words, your staff distributed to all of the Members of the Committee a signed statement that they had good cause to believe did not accurately reflect the testimony of the witness. I am enclosing a copy of the signed statement from Mr. Balen and Mr. Lu, a copy of the unsigned statement that James Wang refused to sign, and Mr. Wang’s letter setting out his true testimony.

Henry, I think you will agree that it is completely unacceptable for Committee staff to place misleading statements before the Members. We must be able to rely upon the veracity and the integrity of the information we are given. I hope that you will take the proper steps to make sure that such an unfortunate incident does not happen again.

I would also like to address a few of the demands you have made in exchange for future votes for immunity for Committee witnesses.

Minority Subpoena Requests

First, you have demanded Committee votes on any subpoena request made by the Minority that is not agreed to by the Chairman. This is an extraordinary request for sweeping new powers for the Minority. I know of absolutely no precedent for this demand.

Prior to our attaining minority status in 1994, I served in the Minority in this body for 12 years. During that time, I cannot think of a single instance on any committee on which I served that the minority was guaranteed a committee vote on any of its proposals. In fact, under a variety of Democrat chairmen, just the opposite was true. The sponsorship of an initiative -- be it a bill, a resolution, or a subpoena -- by a minority Member almost guaranteed that it would never see the light of day. I know of no prior House investigation, either Democrat or Republican, in which the minority had such sweeping powers.

Release of Documents

Second, you raise the issue of the release of Committee documents. In April, when this Committee debated and approved its document protocol, it created a working group of five Committee Members to advise the Chairman on the release of documents. At the time, you and your colleagues on the Democratic side of the aisle suggested that we created this working group for some nefarious or highly partisan purposes. You insinuated in your remarks that I might unilaterally release sensitive documents involving the “national security” or affecting “sensitive foreign policy negotiations.” You raised the specter of the unilateral release of confidential information involving “the medical histories of someone.” You even went so far as to suggest that I might carelessly release “an FBI informant’s name.”
That was over seven months ago. Since that time, this Committee has received and reviewed over one million pages of documents. In that time, none of your dire and sometimes irresponsible predictions have come to pass. I have not released anyone’s medical records. I have not disclosed any information that would jeopardize the national security. I certainly have not disclosed any FBI informants’ names. In fact, this Committee has so far released very few documents other than those that the White House and the DNC gave to the press before us.

In other words, you simply have no grounds for complaint. I am bewildered as to why you would choose to make this an issue now. This is an investigation whose goal is to inform the American public. We will do exactly that, and we will do it in a responsible and professional manner. However, I do not believe that you can point to any record of abuses by the Majority in this area.

Voting for immunity is a serious responsibility. It is not something that should be considered lightly, nor has it been. It is not something that should be used as a bargaining chip. When this committee votes on immunity, every Member has an obligation to weigh the facts of the case and balance the value of the witness’ testimony against the seriousness of the laws that were allegedly violated. If we do that, and avoid using such votes for leverage to gain sweeping new powers, then I believe that we will make the right decision. This is exactly what happened in the case of Manning, Joseph Lynon and David Wang.

Sincerely,

Dan Burton
Chairman

 enclosure

cc: Members, Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to inform you of my upcoming travel schedule. I will also be out of Washington, D.C., from December 3 through December 10, because the Speaker has appointed me to the congressional delegation to the Framework Convention on Climate Change in Kyoto, Japan. Although my January schedule has not yet been set, I know I will not be in Washington, D.C., from January 3 through January 10.

I am assuming that you will not schedule full Committee hearings on any of these dates - and that you will give all Committee members the maximum notice possible of any hearings that you do schedule during the recess.

Sincerely,

Mary B. Waxman
Ranking Minority Member
November 18, 1997

The Honorable Henry Waxman
Ranking Minority Member
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Henry:

As the attached documents show, Minority Chief Investigative Counsel Kenneth Ballen was investigating the issue of whether improper influence was brought to bear in the denial of a request to take land in trust for a proposed Native American gaming facility in Madison, Wisconsin. Mr. Ballen’s interest in this matter long before Senate and House majority investigators turned their attention to this issue leads me to ask whether you have any information that might assist the Attorney General in her deliberations regarding the appointment of an Independent Counsel.

Please have Mr. Ballen provide all information on this subject to Majority staff and to the Attorney General.

Sincerely,

[Signature]
Chairman
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter of November 7, 1997, regarding the Committee's immunity procedures. I appreciate your taking the time to address the concerns raised by the minority members in our letter of October 22, but I disagree with many of the assertions you make in your letter.

First, your assertion that Mr. Wang's testimony was "thoroughly investigated" by your staff is puzzling to me. At the hearing on October 8, your chief counsel conceded that he was warned several days before the hearing that Mr. Wang's testimony was demonstrably untrue, because John Huang was in Los Angeles on the day Mr. Wang said John Huang solicited him. Nevertheless, no attempt was apparently made by your staff to independently verify Mr. Wang's testimony. If your staff had sought to independently verify Mr. Wang's testimony, your staff would have learned -- as my staff did -- that John Huang was in fact in New York City on the days in question.

Second, you have apparently misunderstood the minority position concerning subpoena procedures. Since your investigation began, you have issued close to 350 subpoenas without either the concurrence of the minority or a Committee vote. This partisan approach is completely unprecedented. As you know, no Democratic chairman issued unilateral subpoenas. Your predecessor, Chairman Clinger, also refrained from issuing unilateral subpoenas -- and even adopted rules that required minority concurrence or a Committee vote before issuance of subpoenas for depositions. Our position is simple: we should be afforded the traditional right of the minority to obtain a Committee vote before the issuance of subpoenas to which we object.

The minority also believes that if this is to be a fair and bipartisan investigation, the minority should be able to submit its subpoena requests to the Committee for vote. You are wrong in asserting that there is no precedent for such a procedure. On the contrary, the resolution authorizing the House Watergate investigation (H. Res. 803) expressly provided that the subpoena authority may be exercised by the chairman and the ranking minority member acting jointly, or, if either declines to act, by the other acting alone, except that in the event either so declines,
The Honorable Dan Burton  
November 26, 1997  
Page 2

either shall have the right to refer to the committee for decision the question whether such
authority shall be so exercised.

Moreover, in the Senate campaign finance investigation, the minority had the opportunity to have
subpoena requests regularly voted upon by the committee.

Third, you write in your letter that I have "no grounds for complaint" concerning the
document protocol which grants you unilateral power to release confidential and sensitive documents.
As you know, however, your power to unilaterally release documents is inconsistent with the rules
governing other similar investigations, including the Senate campaign finance investigation, the Senate
Whitewater investigation, and the Iran-Contra investigation. Furthermore, the document protocol is
not functioning as planned. Committee documents have apparently been released to the public
without authorization. On September 3, 1997, I wrote to you about a particularly egregious example
of leaked documents concerning the Wisconsin casino project. But to date, I have not even received a
response to my letter.

Finally, you suggest that my staff submitted a "misleading" statement to the Committee.
Nothing could be further from the truth. As part of their effort to ensure that David Wang's testimony
was properly investigated, Ken Bailen and Chris Lui of the minority staff contacted David Wang's
father, James Wang, several days prior to David Wang's public testimony. As noted in your letter,
they interviewed him in both English and Chinese, a practice that my staff follows when interviewing
Chinese Americans with limited English skills. James Wang told them clearly in both English and
Chinese that he and his son did not meet with John Huang on August 16. While James Wang later
gave a differing account of his recollection of events, it was entirely appropriate for my staff to report
the results of their investigation to the Committee. As noted above, the fault in this matter actually
lies with your staff, which apparently did not bother to investigate the veracity of Mr. Wang's
testimony despite being warned about its inaccuracies.

In conclusion, I would reiterate once again that the minority members of the Committee take
their investigative responsibilities very seriously. We do not believe that the conduct of the
investigation to date has reflected favorably on this Committee or the House. The letter of October
22 provides you with our views on how the situation can be improved.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
November 26, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

I am in receipt of your letter of November 18 regarding the proposed Hudson casino, and I must say that I was surprised to learn that my staff was aware of this matter "long before Senate and House majority investigators turned their attention to this issue." The fact is, my staff inquired into this issue only after it had been widely reported in the press (see, e.g., "Midwest Indian Tribes Pile Washington Muscle in Successful Drive to Sink Rival Gaming Project," Wall Street Journal (July 12, 1996); "Tribes Opposing Dog Track Casino Contributed to Democrats," Associated Press (Mar. 31, 1997); "Did Campaign Cash Help Kill Casino?" Wisconsin State Journal (April 6, 1997)).

I am also surprised at your suggestion that minority staff provide "all information on this subject to Majority staff." As you know, I have repeatedly requested that our staffs share information and conduct joint interviews. For example, I wrote to you on June 4 about "the unfairness of your policy of excluding the minority staff from witness interviews," specifically explaining that "your policy denies the minority access to information you and your staff acquire and, as a result, prevents the minority from ever knowing the full facts." Despite these requests, you have continued to keep the minority in the dark about your staff's activities. To take but one example, you have sent your staff on secret trips to interview witnesses in Arkansas, California, Florida, Ohio, Oklahoma, and New York -- without ever inviting the minority to attend or share the information learned.

You can rest assured, however, that the minority's policy is to communicate all relevant information to the Department of Justice, although in this case there is no such information to communicate.
The Honorable Dan Burton
November 25, 1997
Page 1

Finally, on the topic of the Hudson casino, I would like to remind you that you have yet to respond to my letter of September 4 asking you to investigate the facts underlying deposition testimony indicating that your staff leaked confidential Committee records about this issue to the press.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Throughout this year, you have repeatedly said that the primary focus of the Government Reform and Oversight Committee’s campaign finance investigation is foreign attempts to influence the U.S. electoral system. On March 7, for instance, you told The Los Angeles Times that “[w]e will seek to determine whether foreign governments and foreign companies were trying to buy influence with this administration and whether U.S. government policies were affected.” On July 28, you told our colleagues that “the investigation this Committee is conducting focuses on foreign money that found its way into American elections. We intend to find out what and from whom overseas interests came to believe that U.S. policy was a commodity for sale.” And at our last hearing, you stated that “[w]e’re looking at foreign contributions, illegal, foreign contributions, that may have bought influence in this country, in the political process. That’s what it’s all about.”

The Committee’s supposed focus on foreign money is also the rationale you have used to defend your rejection of minority subpoena requests. Although you haven’t even responded to most of our requests, you have in a few instances explained your decision not to issue minority subpoenas. In each case, you denied the requests on the grounds that they did not involve potential foreign contributions.

Notwithstanding these assertions about the focus of your investigation, you have pursued over the last several months numerous domestic topics relating to Democrats that are completely unrelated to foreign influence. These topics include:

Alleged Improper Campaign Activities by Organizations Supporting Democrats. On October 23 and November 12, you subpoenaed the records of Citizen Action and the International Brotherhood of Teamsters, two organizations that supported Democrats in the 1996 elections.

Alleged Improper Democratic Party Coordination. Over the past week, you have issued notices of deposition to Democratic party officials in Kansas. The purpose of these depositions is to examine possible coordination of fund transfers and expenditures between the DNC and state and local party organizations and various other Democratic campaign entities.
Alleged Democratic "Quid Pro Quo." On August 21, you subpoenaed documents from the White House relating to the Hudson Casino in Wisconsin. These documents relate to possible improper access by Democratic contributors and lobbyists into governmental decision-making processes. You also held public hearings on November 13 and 14 on Johnny Chung's access to the White House (although I will note that there is no evidence of an attempt by Mr. Chung to procure a quid pro quo). And last Friday, you told The Indianapolis Star News that you would also be investigating the recent unfounded allegations concerning Arlington National Cemetery burial plots, saying that they might be added to "the laundry list of hearings next year.

Alleged Improper Use of Federal Property by Democrats for Campaign Purposes. The Committee has extensively questioned 17 individuals as part of its investigation into whether the White House database was improperly used by the White House for political purposes. Also, your staff has also used depositions to investigate other potential misuses of federal resources, including: (a) whether the President and Vice President made fundraising calls from the White House (see, e.g., deposition of Art Swiller at p. 178-180); and (b) whether White House "perks" such as tours, mess privileges, rides on Air Force One and overnight stays were ever given to Democratic contributors (see, e.g., deposition of Eric Seldon at pp. 46, 53, 57).

Alleged Improper Use of Issue Advertising by Democrats. During depositions, your staff has investigated whether Democrats improperly used soft money to support the President's reelection campaign through issue advertising (see, e.g., deposition of Dick Morris, pp. 46-60).

Alleged Illegal Expenditure of Soft Money by Democrats. On May 28, you issued a request to Harold Isaks requesting documents relating to the organizations Vote Now '96 and the National Coalition for Black Voter Participation. Your staff has also inquired into these groups' relationship with the DNC during depositions (see, e.g., deposition of Art Swiller, p. 182). These inquiries seek to determine whether the DNC improperly coordinated its campaign activities and expenditures with outside groups and grassroots organizations.

These wide-ranging subjects -- and the fact that you have refused to investigate virtually identical Republican abuses in each of these areas -- create a clear appearance that a double standard is being applied to majority and minority subpoena requests.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable David M. McIntosh  
Chairman  
Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs  
B-377 Rayburn House Office Building  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton and Chairman McIntosh:

I am writing with regard to a detailee from the Department of Labor who has been assigned to the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, Stephen Silbiger.

I have been informed that Mr. Silbiger has begun to work on the Committee’s campaign finance investigation, including participating in depositions taken under the authority of H. Res. 167. While I do not have any objection to Mr. Silbiger serving as a detailee to the Subcommittee, I do not believe that Mr. Silbiger should be participating in the campaign finance investigation unless he is following the same procedures that apply to other federal detailees working on the investigation.

On June 12, I entered into an agreement with Chairman Burton regarding the use of detailees in the campaign finance investigation. This agreement, which is embodied in a Memorandum of Understanding with the Treasury Department, provides that detailees working on the investigation “shall be a joint resource to both the Majority and Minority staffs for the Committee.” It then sets out procedures for insuring that both staffs are involved in identifying appropriate projects for the detailees and in benefiting from their work product. A copy of the agreement, which was modeled on a similar agreement used in the Senate investigation, is enclosed.
The Honorable Dan Burton
The Honorable David M. McIntosh
December 2, 1997
Page 2

The terms of Mr. Silbiger's detail to the Committee were negotiated after this agreement was reached. My staff has learned from the Department of Labor, however, that there was no discussion during these negotiations of his involvement in the campaign finance investigation. I assume it is for this reason that I was not notified in advance about Mr. Silbiger's detail -- and that the terms of our June 12 understanding were not formally applied to the detail.

It now appears the Mr. Silbiger is in fact working on the campaign finance investigation. Given this turn of events, I believe it is appropriate to apply the terms of the June 12 agreement to Mr. Silbiger's work on the investigation. The campaign finance investigation is being conducted in a highly charged partisan atmosphere. As was recognized in the June 12 agreement, detailees who are career federal employees should be insulated from these partisan pressures to the maximum extent possible. I believe that this is best accomplished by treating the detailees as a joint resource available to all Committee members, whether Republican or Democrat.

Sincerely,

Henry A. Waxman
Ranking Minority Member

excl
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515  

Dear Mr. Chairman,

It is my understanding that the Committee is scheduling the depositions of Ann Lewis, Patrick O'Donnell, and Lawrence Summers for December 9, 1997. I would like to request that consistent with the Committee's precedent, these depositions be rescheduled for a different date so that they do not conflict with the Committee's recently scheduled hearing.

Thank you, in advance, for your assistance in this matter.

Sincerely,

[Signature]

Ranking Minority Member
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman,

I am writing regarding your announcement yesterday that you will hold a Committee hearing on December 9.

As you know, I wrote you the enclosed letter on November 12, informing you that I had been designated by Speaker Gingrich to attend the Framework Convention on Climate Change in Kyoto, Japan, from December 5 to December 10. I asked that you not hold hearings during this time, and was subsequently assured by staff that you would not. In fact, you recently sent a notice to all Committee members notifying us that we might have hearings during the week of December 15.

I am, of course, disappointed that you have not extended the most basic courtesy to me and other minority members in scheduling this hearing. Since I will be in Kyoto, as I notified you on November 12, I will not be able to attend this hearing.

Sincerely,

[Signature]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
House of Representatives
Washington, D.C. 20515

Dear Chairman Burton,

I am writing to convey my concerns about the decision to depose former Secretary of Energy Hazel O’Leary tomorrow, despite the decision of the Attorney General yesterday that “there are no reasonable grounds to believe that further investigation of Mrs. O’Leary is warranted.” See Notification to the Court Pursuant to 28 U.S.C. Section 592(b) of Results of Preliminary Investigation (filed in the United States Court of Appeals on December 2, 1997).

The investigation of Secretary O’Leary began several months ago when Johnny Chung, in the course of actively seeking immunity, alleged in the press that Mrs. O’Leary might have provided a meeting in her office in exchange for a charitable contribution from Mr. Chung. After an extensive investigation, the Attorney General has found the allegation baseless and explained her reasons in a publicly released court filing. According to the Attorney General, “there is no evidence whatsoever that suggests that Mrs. O’Leary had any involvement in or knowledge about the alleged solicitation of the Africans donation or any possible connection that anyone was drawing between the meeting and the donation.”

As our colleague Representative Condit has pointed out, our Committee’s investigation has unfairly burdened numerous citizens and officials. Tomorrow’s deposition appears to be another example of unfair burden. Because Mrs. O’Leary already has been extensively investigated and exonerated by the Justice Department, this Committee should not add to the cost and stress imposed upon Mrs. O’Leary by subjecting her to a deposition unless the Committee has new evidence of wrongdoing that was not available to the Department of Justice. I urge you to explain the new evidence that justifies tomorrow’s deposition -- or else to cancel the deposition.

Sincerely,

[Signature]

Henry Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515  

Dear Chairman Burton:  

On June 12, I entered into a Memorandum of Understanding with you regarding the use of three detailees from the Treasury Department. According to our agreement, these detailees were to be a joint resource to both the Majority and Minority staffs and were to receive their assignments from the Chief Counsel and the Minority Chief Counsel, acting jointly. The MOU further provided that the detail would end on January 2, 1998, unless we agreed to an extension and could be “terminated upon written notice” by either of us.  

After careful consideration, I have determined that the detail should end on January 2, 1998, as contemplated in the MOU. Earlier this year, I had hoped that your investigation would be a bipartisan one. This has not happened, as the investigation statistics show (329 out of 739 subpoenas, depositions notices, and document requests target Democratic practices). I believe that it is unfair to ask career federal employees to participate in an investigation that has become so heavily partisan.  

Moreover, the detailees have not been managed in the manner that I anticipated. I wrote to you on July 11 to complain that the detailees were not being managed in accordance with the MOU. Your staff acknowledged this and agreed to follow new procedures. These procedures were memorialized in a letter I wrote you on July 18. They included the provision that your staff would schedule weekly meetings with minority staff and the detailees to jointly agree upon assignments. Yet since my July 18 letter, there have been virtually no meetings scheduled by your staff with minority staff and the detailees to review assignments.  

Sincerely,  

Henry A. Waxman  
Ranking Minority Member  

cc: The Honorable Robert E. Rubin
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton,

I am writing to request that the Committee not schedule depositions during the full Committee hearing on campaign finance scheduled for January 20 through 22, 1998.

It is my understanding that the Committee has scheduled the depositions of Ms. Phyllis Shoer Jones and Mr. Jerome Berlin for January 20, 1998. I would like your assurance that these depositions will be rescheduled for a different date, in accordance with Committee precedent, so that they do not conflict with the Committee's hearing schedule.

Thank you, in advance, for your assistance in this matter.

Sincerely,

Henry A. Waxman
Ranking Minority Member
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
U.S. House of Representatives  
Washington, D.C. 20515

January 12, 1998

Dear Chairman Burton:

I am writing to request that the Committee call as witnesses for the January 20-22, 1998, hearing:

- Deputy Assistant Secretary of the Interior for Indian Affairs Mike Anderson;  
- Director of the Bureau of Indian Affairs Indian Gaming Staff George Skibine;  
- State Representative Sheila Harsdorf;  
- County Board Supervisor Nancy Bieraugel;  
- Former Representative Steve Gunderson; and  
- Governor Tommy Thompson.

Messrs. Anderson and Skibine should be called to testify about the Department of Interior's decision-making process on this application. As Director of the Indian Gaming Management staff, Mr. Skibine authored the letter rejecting the application. Mr. Anderson had the final authority to approve or disapprove the project on behalf of Secretary Babbitt, and signed the letter rejecting the application.

Rep. Harsdorf, Rep. Gunderson, Supervisor Bieraugel, and Gov. Thompson should be called to testify about the impact on the local community. Under the applicable law, the Department of Interior cannot approve the casino until it determines that the casino "would not be detrimental to the surrounding community." 25 U.S.C. 2720(b)(1)(A). As the state representative, congressional representative, county board supervisor, and governor, these current and former elected officials are in a good position to inform the Committee about this central issue.
The Honorable Dan Burton  
January 12, 1998  

Page 2

I believe that this hearing can only be credible if the Committee hears from the full spectrum of participants involved in the Hudson casino issue. Any investigation into allegations of political contributions affecting the Department of Interior’s decision on the application must include testimony from decision-makers and elected and local representatives of the community that would be affected by the casino project.

In calling these witnesses to testify, I request that you take the same approach that you have taken toward other witnesses for this and other hearings, including paying travel expenses and issuing subpoenas where necessary.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
January 13, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton,

I am writing to request that the Committee call Fred Havenick as a witness at the Hudson casino hearings scheduled to begin on January 21, 1998.

Mr. Havenick is the president of both HAH Enterprises of Wisconsin, Inc. and Southwest Florida Enterprises, Inc., the entities with controlling interests in the St. Croix Meadows Greyhound Racing Track and the Four Feathers Casino Joint Venture, respectively. Four Feathers was the partnership created to convert the track into a gaming casino. As such, Mr. Havenick is uniquely qualified to testify before the Committee about the involvement of these two entities in the Hudson application and the reason why this site was selected and pursued despite community opposition to the casino.

Mr. Havenick was involved in the Hudson project from its inception. It would therefore be appropriate for the Committee to hear from him as part of the opening panel on the Hudson matter.

In calling this witness to testify, I request that you take the same approach that you have taken toward other witnesses for this and other hearings, including paying travel expenses and issuing subpoenas where necessary.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
January 13, 1998

The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
2157 Rayburn House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to request that the Committee issue subpoenas, conduct depositions, and hold hearings on the improper influence of tobacco industry campaign contributions on government officials. This issue is similar to the Hudson casino hearings scheduled to begin on January 20, 1998, because it involves allegations that domestic entities received favorable policy decisions in exchange for large political contributions. The main differences are that (1) the size of the political contributions and the alleged pay-backs are far larger than in the Hudson casino case and (2) Republicans are involved.

There is significant evidence that the tobacco industry received quid pro quo from Republican officials in exchange for millions of dollars in political contributions. The tobacco industry contributed $8.8 million to Republican political committees and candidates since the beginning of the 104th Congress.¹ The top three corporate contributors over that time period were all tobacco companies: Philip Morris, RJR-Nabisco, and Brown & Williamson.² The Washington Post reported that during last year’s budget negotiations House Speaker Gingrich and Senate Majority Leader Lott “insisted on a provision that would give tobacco companies a $50 billion [tax] credit against the sum they had pledged to settle anti-tobacco litigation.”³ The Republican leaders “were among Congress’s top recipients of tobacco industry funds.”⁴

¹“Tilting the Balanced Budget,” Citizen Action, 1997
²FYC Records
³“How a $50 Billion ‘Orphan’ Was Adopted: No One Admits Authorship of GOP Rider Cutting Tobacco
⁴Ibid
The Honorable Dan Burton
January 13, 1997
Page 2

There are allegations the tax credit was “pushed” by former Republican National Committee Chairman Haley Barbour, who is now a tobacco industry lobbyist. This is similar to allegations that former Democratic National Committee treasurer Patrick O’Connor, a lobbyist for the tribes opposed to the Hudson casino, used his influence to pressure the Department of Interior to deny the application.

There also are apparent instances of Haley Barbour intervening on behalf of the tobacco industry when he was the head of the RNC. This is similar to allegations that then-DNC chairman Don Fowler called the Department of Interior on behalf of the opposing tribes who contributed to the DNC. The Post reported that in 1995 Barbour called Arizona House Speaker Mark Killian at home to “urge[] his fellow Republican to release for a vote a pro-tobacco bill that the speaker was holding up,” and that Barbour made a similar call to the office of Texas Governor George Bush. According to the Post article, “For the Republican national chairman to reach down to a state legislator on behalf of the tobacco industry suggests how strong the industry’s clout within the party has become.”

Throughout this investigation, you have pledged that “substantial evidence of impropriety will be pursued wherever it leads.” Yet you have repeatedly denied Democratic requests to investigate allegations of campaign finance abuses by Republicans on the grounds that this investigation was focusing on foreign contributions. In fact, in the case of the tobacco industry, you have not even responded to either my June 10 or my August 29, 1997, letters urging you to investigate the substantial evidence of improper influence.

The upcoming hearings on Hudson confirm that the foreign-contributions standard is no longer being applied to allegations relating to Democratic activities. It should therefore no longer be a bar to investigating substantial evidence of illegals involving Republicans, including the matters raised in this letter.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

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The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Henry:

Thank you for your letters of January 12 and 15 requesting witnesses for the Committee's upcoming hearings. On December 15, I announced that the Committee would hold hearings from January 20 to 22 regarding the Department of Interior and the denial of a casino permit for three impoverished Indian tribes in Wisconsin.

On Monday of this week, you wrote to me requesting that the Committee call as witnesses the following persons: Interior Department officials Mike Anderson and George Skibine; Wisconsin Governor Tommy Thompson; former Congressman Steve Gunderson; and two other elected officials -- State Representative Sheila Hasdorf and County Board Supervisor Nancy Bieraugel. On Tuesday, you requested that the Committee call Fred Havenick, president of HAH Enterprises.

It is obviously not possible to satisfy a request for seven minority witnesses the week before the hearings. However, please be advised that, per your request, the Committee will call Fred Havenick, George Skibine and Mike Anderson as witnesses. Please be assured that arrangements will be made for these witnesses in the same manner as for other witnesses being called.

I also wanted to respond to your January 12 letter regarding depositions scheduled for January 20. As you are probably aware, the first day of hearings has now been shifted to January 21 instead of January 20. That being the case, I do not believe that there is any reason to reschedule the depositions mentioned in your letter.

Thank you for your letters.

Best Regard,

[Signature]

Chairman
The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515  

January 16, 1998  

Dear Mr. Chairman:  

I am writing to object to the omission of several witnesses requested by the minority for the Hudson Dog Track hearings scheduled to begin on January 21, 1998, and request that those witnesses, along with Bureau of Indian Affairs Deputy Commissioner Hilda Manuel, be called to appear before the Committee.  

The minority asked that the Committee include seven witnesses at the hearing that represented the local community and the Department of Interior decision-makers. While the majority plans to call three of those witnesses, dog track owner Fred Haveniek, Assistant Deputy Secretary Michael Anderson, and former Indian Gaming Management Staff Director George Skibine, the list excludes any elected official who represented Hudson at the time the application was being considered.  

As I noted in my January 12, 1998, letter to you, it is inconceivable that this Committee could properly investigate this matter without also hearing testimony from County Supervisor Nancy Blauvelt, state Representative Nancy Hardorf, former Representative Steve Gunderson, or Governor Tommy Thompson. These democratically elected local officials would be in the best position to speak for the people of Hudson and the surrounding area about detrimental to their community. I believe that this hearing can only be credible if the Committee hears from representatives of all those who were affected by the Hudson decision.  

The Committee should also hear from Deputy Commissioner Hilda Manuel, the highest ranking career civil servant on Indian gaming issues. Further investigation has found that Ms. Manuel had a significant role in the decision to reject the application.  

In calling these witnesses to testify, I request that you take the same approach that you have taken toward other witnesses for this and other hearings, including paying travel expenses and issuing subpoenas where necessary.  

Sincerely,  

Henry A. Waxman  
Ranking Minority Member  

cc. Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman,

I was surprised and somewhat amazed to learn that you conducted a campaign finance deposition on January 14 without notifying the members of the Committee of the deposition - and without even a witness present.

Fortunately, the members of the Committee did not miss the opportunity to hear substantive testimony because, as the transcript makes clear, the only individual present for the deposition was Jay Apperson, Special Counsel for the Subcommittee on Regulatory Affairs. Apparently, the witness was not present because the White House Counsel’s Office, which coordinates these matters, also was not aware that a deposition of the Custodian of Records at the White House was taking place. Furthermore, the majority staff did not call either the majority or the witness to request their appearance when he realized that, for the first time, they were not in attendance at a Committee deposition.

Although there is a humorous aspect to this episode, it was a violation of Committee rule 20, which requires 3 days notice to Committee members. It was also a waste of taxpayer dollars since the Committee hired an expensive court reporter to record this witnessless deposition.

In the past I have objected to the length of depositions (they are frequently six to eight hours), the number of depositions, the waste of time, the lack of focus, the inadequate opportunity for the minority to question witnesses, the lack of opportunity for the minority to call witnesses, and the waste of taxpayer dollars. Although the January 14 deposition cured many of these defects, I don’t believe it is an effective long-term solution.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Committee Members
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton:

I am writing to request that the Committee depose Patrick O’Conor and Scott Dacey in preparation for the January 28, 1998, hearing on the Hudson casino application. These depositions would be very useful in helping Committee members understand the allegations of campaign finance abuses which are the subject of this investigation.

You have already deposed over 100 individuals in this investigation, including many who are only tangentially related to alleged campaign finance abuses. These witnesses, Mr. O’Conor and Mr. Dacey, are the subject of serious allegations of wrongdoing. You have maintained that Mr. O’Conor was the catalyst for bringing in hundreds of thousands of dollars in contributions from tribes opposed to the casino to the Democratic National Committee in return for the Department of the Interior’s denial of the casino application. Mr. Dacey was also a lobbyist for an opposing tribe. I can see no reason to deviate from the Committee’s normal practice of deposing relevant witnesses -- especially since this would have the effect of denying Committee members with relevant information that would help in preparation for the hearing.

I do not think it is necessary for the Committee to depose the other witnesses scheduled to testify next week: Secretary Babbitt, Tom Collier or John Duffy. The Secretary testified before the Thompson committee under oath on this matter. Similarly, Messrs. Collier and Duffy were deposed during the Senate investigation. It would be unnecessarily duplicative and wasteful for this Committee to depose these individuals again when they have already testified at length about their involvement with the Hudson application.

Thank you, in advance, for your assistance on this matter.

Sincerely,

cc: Members of the Committee on Government Reform and Oversight
January 26, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing in regard to your investigation into allegations that Venezuelan money was contributed to the Democratic National Committee in 1992.

Based on an affidavit executed by Joseph J. Dawson, an assistant district attorney in Manhattan, I understand that two of your staff members -- Richard Bennett and David Kass -- met on December 26, 1997 with Mr. Dawson and another prosecutor to discuss the Manhattan DA's investigation into this matter. I am troubled -- although not particularly surprised -- that you did not see fit to invite my staff to attend a meeting with a law enforcement agency. The exclusion of the minority from this meeting underscores the partisan nature of this investigation.

Moreover, Mr. Dawson's affidavit indicates that he provided your staff with some non-public documents. As you know, the minority has a right to all documents provided to the majority. Although documents regarding these allegations were provided to the minority on January 6 and 18, it is not clear whether the minority is now in possession of all documents given to Messrs. Bennett and Kass on December 26, 1997. I ask that you confirm in writing that this is the case.

Sincerely,

[Signature]

Henry A. Waxman
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee
The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515  

Dear Mr. Chairman:  

I was surprised to learn that you have decided to depose Dr. Robert Prins, the president of Iowa Wesleyan College, on Tuesday, January 27.  

I assume your interest in Dr. Prins is related to recent news reports that Iowa Wesleyan awarded honorary doctorates to Cambodian Prime Minister Hun Sen and Cambodian businessman Theng Bunna, at the request of Ted Sioeng. Apparently, Mr. Bunna is barred from entering the United States because of his alleged role in drug trafficking.  

While Iowa Wesleyan’s decision to award these degrees can be questioned, I question whether this decision merits the attention of this Committee. Moreover, I am once again concerned that the Committee could be exceeding its mandate and intruding on private affairs. Mr. Sioeng’s role as a trustee of the college and his role in encouraging Iowa Wesleyan to award the degrees appear to be beyond the scope of the campaign fundraising investigation. No allegation has been made that Iowa Wesleyan’s actions were intended to influence political elections or somehow curry favor with a political party or candidate. There is also no reason to believe that Dr. Prins has any knowledge of political contributions made by Mr. Sioeng’s family and businesses to either the Democratic or Republican parties.  

If this Committee is going to investigate foreign contacts with educational institutions, I strongly suggest that we first look at $325,000 in contributions from the governments of Taiwan and Kuwait to the Jesse Helms Center, a charitable foundation that houses Senator Helms’ archives and hosts conservative speakers.  

Sincerely,  

Jim McInerney  
Ranking Minority Member  

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515  

Dear Mr. Chairman:

I am writing to object to the draft subpoena sent to the minority on January 23, 1998, to the Executive Office of the President for all records relating to the White House Counsel’s office and First Lady Hillary Rodham Clinton pertaining to the acquisition of FBI files.

The FBI file issue was thoroughly investigated by this Committee in the 104th Congress. The Committee held hearings, conducted depositions and subpoenaed all relevant documents on the matter. Despite all of the majority’s accusations, the investigation uncovered no evidence of an “enemies list” or any other malevolent conduct on the part of the White House staff.

Moreover, you have repeatedly stated that this Committee would focus on allegations of campaign finance abuses. I am not aware, nor have you articulated, any link between campaign finance and the FBI file matter. Unless you have new evidence of wrongdoing, which you have not shared me or any of the other Democratic Members of this Committee, it is difficult to see how this subpoena furthers this Committee’s legitimate oversight objectives.

I hope that you will reconsider issuing this subpoena.

Sincerely,


Mary A. Waxman  
Ranking Minority Member  

cc: Members of the Government Reform and Oversight Committee
The Honorable William M. Thomas  
Chairman  
Committee on House Oversight  
1309 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Sam Gejdenson  
Ranking Minority Member  
Committee on House Oversight  
1339 Longworth House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman and Ranking Minority Member:

I am writing about several important issues related to the new Subcommittee on the Census.

First, I request that you not approve the budget at this time. I did not receive a copy of the budget until yesterday afternoon, at about the same time that the budget was to be transmitted to the Committee on House Oversight. There was no prior consultation with the minority in clear violation of rule 18 of our Committee rules, which requires consultation with the minority prior to the submission of a budget. Since this is the second year in a row in which Chairman Burton has violated the Committee's consultation requirements in preparing Committee budgets, I would suggest that the House Oversight Committee take no action on the budget until there is an opportunity for minority consultation.

Second, I believe Mr. Burton's budget should be rejected because it does not comply with the House Oversight's official policy of allocating a minimum of one-third of the resources to the minority. The budget submitted allocates only 25 percent of salary dollars and 26.7 percent of the staff positions to the minority. The House Oversight Committee has stated that the House should move expeditiously to assure that the minority gets a full one-third of all resources. Since the Census subcommittee is a new subcommittee, there is no conceivable rationale for deviating from the policy of providing one-third of the available resources to the minority.
In addition, when this allocation issue was raised last year, it was argued that 25% represented a larger share than the Republican minority historically received on the former Committee on Government Operations. I am sure in this case you will remember that until 1995 census issues were within the jurisdiction of Committee on the Post Office and Civil Service, and that Committee gave the Republican minority 33% of the Committee's resources.

Third, I must strenuously object to the request of $1.15 million for this subcommittee. That would make the budget for this subcommittee larger than the budget for the entire Committee on Standards of Official Conduct and more than half the funding for the Committee on Rules, the Committee on Veterans' Affairs, and the Select Committee on Intelligence. While I understand the importance of the census, I do not agree that it is more important than the ethics of Congress. The proposed budget for this subcommittee is ten times larger than the budget in the 103rd Congress for the Post Office and Civil Service Subcommittee on the Census, Statistics, and Postal Personnel. That subcommittee operated with a staff of 3 throughout the 1990 census.

Finally, I object to the source of funding for this new subcommittee. When the House voted to authorize creation of this subcommittee, Rep. Lindner of the Rules Committee represented on the House floor that the expenses for the subcommittee would "be derived from the existing resources of the Committee on Government Reform." Mr. Burton's proposed budget, however, seeks new funds for the census subcommittee. The Committee on Government Reform and Oversight has the largest budget of any committee in Congress. As I have documented in numerous letters to Chairman Burton and the House leadership, the Committee has been extraordinarily wasteful in how it has expended its enormous budget. Surely you should be able to find a way to fund the new subcommittee from the $20 million dollar budget for the Committee on Government Reform and Oversight, rather than allocating additional taxpayer dollars to the Committee.

Thank you for your consideration, and I look forward to working with you on a revised budget for the Subcommittee on the Census.

Sincerely,

[Signature]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
February 3, 1998

The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform & Oversight
House of Representatives
Washington, D.C. 20515

Re: Proposed Closed Executive Session

Dear Henry:

Please find enclosed my letters to Attorney General Reno, Federal Bureau of Investigation Director Freeh, Central Intelligence Agency Director Tenet and General Minihan of the National Security Agency inviting them to appear before our Committee to provide a briefing about the intelligence aspects of the campaign finance investigation. As the investigation focuses upon foreign money in American political campaigns, it is important that our Committee receive the same briefings as were provided to the Senate Governmental Affairs Committee last year.

I am available to discuss this proposed closed Executive Session with you at your convenience.

Sincerely,

[Signature]

Dan Burton
Chairman

Enclosure
February 5, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Four members of the minority staff now are permitted to review CIA documents and attend CIA briefings in connection with the campaign fundraising investigation. I previously have designated Kenneth M. Ballen, Christopher P. Lu, and Michael J. Yeager to be three of the recipients of this information. With this letter, I hereby designate a fourth staff member, Michael J. Raphael, who has the appropriate security clearance, to receive this information.

Sincerely,

Marcy Kaptur
Ranking Minority Member
February 10, 1998

Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
Washington, D.C. 20515

Re:  **Deposition of Jude Kearney**

Dear Henry:

As you know, the Committee is attempting to take the deposition of Jude Kearney. Mr. Kearney and his counsel have a busy schedule during the next two weeks, and have requested that the deposition be scheduled for Wednesday, February 11. Although this early scheduling causes some inconvenience for the majority staff, we agreed to this date for the convenience of Mr. Kearney. However, when we requested the minority staff to waive their objection under the Committee's three day notice provision, they refused, claiming it would be inconvenient to conduct the deposition on the 11th.

I am disappointed that your staff will not waive their objections in order to allow this deposition to proceed. The Committee hopes to hold hearings in the next month on matters relating to Charlie Trie, and Mr. Kearney has information about Mr. Trie important to the Committee's inquiry. Unless you waive your objection under the three day rule, we will be forced to subpoena Mr. Kearney to appear for deposition on a date that is certainly less convenient for both Mr. Kearney and his counsel.

I would appreciate your reconsideration in this matter, and I know Mr. Kearney would appreciate the waiver.

Very truly yours,

Dan Burton  
Chairman
February 10, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

I am unable to agree to a waiver of the three-day notice requirement for the deposition of Jude Kearney, as you request in your letter to me today. My understanding, however, is that the staff has worked out this matter in a way that should be satisfactory.

On Monday, February 9, my staff was informed orally that your staff would like to schedule Mr. Kearney's deposition on Wednesday, February 11. That Wednesday happened to be a day when you already had scheduled three depositions (two of them in Los Angeles), and, unfortunately, my staff attorney who would be assigned to take Mr. Kearney's deposition needed to attend his grandmother's funeral at Arlington Cemetery.

Moreover, I would point out that you have not explained why Mr. Kearney's testimony is so urgently needed. Mr. Kearney already was deposed by the Senate Governmental Affairs Committee last May, and we have access to that deposition. In addition, he produced documents in response to our Committee's subpoena on August 13, 1997 -- approximately six months ago -- and there has been as far as I know no effort to depute him during all this time.

Sincerely,

Henry A. Waxman
Ranking Minority Member
February 10, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to put on record my objection to recent actions in the campaign finance investigation.

As you know, I have requested on many occasions that this Committee's investigation follow the precedent of joint interviews established in previous Congressional investigations, including Senator Thompson's campaign finance investigation, the Senate Whitewater investigation, and the Iran-Contra investigation. In a June 4, 1997, letter, I explained that secret meetings conducted by the majority deny the minority access to information and unduly wastes resources by requiring duplicative interviews. With few exceptions, you have refused to assent to joint interviews. Although I disagree with your decision, I recognize that you are the Chairman and will conduct the investigation as you see fit.

Recently, however, the majority has gone beyond simply excluding the minority from interviews and has apparently attempted to mislead the minority by stating that a witness who had already been secretly interviewed would not be interviewed. On February 3, 1998, minority counsel called majority counsel David Kass about an ongoing investigation into foreign contributions. Minority counsel expressed a desire to join Mr. Kass if the majority intended to go to New York City to interview Jose Castro Barredo, who has apparently admitted to making illegal campaign contributions. Mr. Castro is currently in prison serving a sentence on an unrelated charge. Mr. Kass sent an e-mail reply, in which he wrote, "With regard to your second question, I currently have no plans to go to New York."

This response was clearly misleading. I have recently learned that at the time of Mr. Kass's response, majority counsel had already interviewed Mr. Castro on January 19, 1998. Majority counsel took the extraordinary measure of arranging with the Manhattan District...
The Honorable Dan Burton  
February 10, 1998
Page 2

Attorney to have Mr. Castro brought from prison to the DA's office for that meeting. It would be extremely difficult, if not impossible, for the minority to arrange a second interview with Mr. Castro under these circumstances. Thus, the majority insisted that there were no plans to interview Mr. Castro when in fact the interview had already taken place without minority participation.

I continue to believe that these interviews should be conducted jointly. If, however, you insist on interviewing relevant witnesses without the minority, I request your assistance in arranging for minority interviews of the same witnesses.

I hope that you share my concerns about this conduct, and look forward to your reply.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
February 18, 1998

The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing in regard to the draft document subpoenas to Dennis Langley, Tom Beall, Jerry Karr, Henry Helgerson, Marge Petty, Richard Alldrit, Doug Walker, Steve Boyd, Constance Wray, Dorothy Davis, Micheline Z. Burger, and Jim Lawing faxed to my office today. These people are county and state Democratic Party officials, present and former elected Democratic members of the Kansas legislature, and former state legislature candidates.

Depositions of many of these individuals are being taken over the next seven days, beginning today. I do not understand why the Committee is subpoenaing documents from witnesses after these same witnesses have been deposed. This approach of subpoenaing documents after depositions is inefficient and potentially burdensome to these elected and Democratic officials because you may seek to re-depose them after receiving the documents as you have done with other witnesses during your investigation.

Moreover, the subpoenas have an extraordinarily broad scope that suggests that they may be part of a fishing expedition. They request “All records from 1996 that discuss or mention Kansas, the Kansas Democratic Party, or any individual running for state or federal political office in or from Kansas.” You have not provided any justification for the broad scope of these subpoenas.

I request that you refrain from issuing the subpoenas until you explain the basis for the breadth of the subpoenas and that you not proceed with depositions until you have explained what your plans are regarding these witnesses.

Thank you for your prompt attention to this matter. If you or your staff have any questions, please call me or my chief investigative counsel, Ken Ballen, at 225-5420.

Sincerely,

Larry J. Pratt
Ranking Minority Member

cc: Members of the Government Reform Committee
February 18, 1998

The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform & Oversight
House of Representatives
Washington, D.C. 20515

Re: Proposed Immunity Candidate

Dear Henry:

As you know, the Majority staff is currently investigating the political contributions and related activities of Ted Sioeng. Sioeng, his family, and his business interests, you will recall, contributed $50,000 or more during the 1996 election cycle to the Democratic National Committee, Matt Fong, Treasurer of the State of California, and the National Policy Forum. All of these large contributions, both to Democratic and Republican causes, are subjects of our investigation. As such, I view Sioeng, who left the country soon after the campaign finance scandal broke, as an important and central subject of this Committee’s investigation into potentially illegal foreign fundraising.

It has been difficult to investigate Sioeng because he and most of his family have left the country. When subpoenaed by the Senate Committee on Governmental Affairs, Sioeng’s daughter, Jessica Elshita, invoked the Fifth Amendment. Similarly, attempts to interview or depose business associates of Sioeng have met with little success. Nearly all of the business associates contacted by the Majority staff are in touch with Elshita’s attorneys, Akins, Gump, Strauss, Hauer & Feld, L.L.P., who have orchestrated a far-reaching stall campaign designed to frustrate our attempts to learn about their client and her family. This has forced us to speak to individuals with somewhat peripheral knowledge of Sioeng and his political contributions.
The Honorable Henry A. Waxman
February 18, 1998
Page 2

One person we believe may have more direct knowledge of Sioeng is Kent L.a, the
president and registered agent of Loh Sun International. Loh Sun, based in Los Angeles, is the
U.S. distributor of cigarettes manufactured by Sioeng in Singapore and China. When the
Majority staff recently attempted to schedule Kent La's deposition, La's attorney invoked the
Fifth Amendment on his behalf and has refused to provide the Committee with a proffer
concerning what he knows about Ted Sioeng.

I would like to propose that the Committee vote to immunize Kent La, and seek your
support for my proposal. I envision that, after La received immunity, Committee staff would
depose him in a closed setting and that the deposition transcript would be shared only with those
who had a need to see it and only within the Committee. The Committee could then determine,
based on his deposition testimony, whether La should be asked to testify in a public hearing. If
the Committee decided he should not, no damage will have been done to a potential criminal
prosecution of La.

I know the Committee has had disagreements in the past trying to decide who should be
immunized. But I feel that, in this case, the choice is clear and the issue is one of pragmatism,
ot politics. Let's try to move this investigation in a constructive direction. I will also write to
the Justice Department to ask for their position on granting immunity to Mr. La.

I am available to discuss this matter at your convenience.

Sincerely,

[Signature]

Dan Burton
Chairman
February 23, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

I am concerned about a recent press report that suggests that you may be using the Committee's subpoena power to assist private litigants.

It was recently reported in The Hill newspaper that the subpoena you issued on February 3, 1998, may have been issued for the benefit of private litigants ("Burton Subpoenas Hillary on Filegate," The Hill, February 17, 1998). The subpoena was issued to the White House for all records related to Hillary Rodham Clinton and the White House Counsel's office in connection with the acquisition of the FBI file of former employees. As I noted in a previous letter, that issue was thoroughly investigated by this Committee in the last Congress.

According to The Hill, this subpoena may have been "designed to bolster the private lawsuit of Judicial Watch, a non-profit group headed by a leading Clinton critic Larry Klayman." The lawsuit claims that the White House invaded the privacy of the former employees whose files were obtained. Mrs. Clinton is a co-defendant. The article quotes Mr. Klayman as saying that his group and this Committee "generally know what each other is doing" and that his group would be "interested to see" what documents the Committee obtains.

This is the second time in recent weeks that this issue of providing documents for private litigants has been raised. As you know, I expressed serious concerns at the Hudson casino hearings about this Committee releasing Interior Department documents subject to privilege in its ongoing litigation over the casino application in federal court in Wisconsin. In that case, the Interior Department provided this Committee with documents prepared by the U.S. Attorney's office in connection with that lawsuit. The Interior Department did not intend to waive any attorney-client or work product privilege with respect to those documents, but this Committee released the documents to the public. The result is that the litigants now have access to documents that, for this Committee's release, would not be available to them.
The Honorable Dan Burton
February 23, 1998
Page 2

I do not believe that assisting private litigants is a legitimate oversight activity of this Committee. I hope you will investigate whether that is occurring, and if it is, that you will take whatever steps are necessary to stop this practice.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
February 23, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
U.S. House of Representatives
Washington D.C. 20515

Dear Mr. Chairman:

As you know, the Committee is scheduled to interview California State Treasurer Matt Fong on March 2. I write to request that the Committee's questioning of Mr. Fong be conducted as a deposition rather than as an interview.

It is my understanding that an interview was requested as a courtesy to Mr. Fong as an elected state official. However, I would note that this courtesy has not been extended to Democratic state officials questioned by the Committee. The Committee has deposed or will depose within the week Kansas state senator Marie Petty and Kansas state representatives Henry Helgren and Jerry Karr. I believe the standard applied to these Democratic elected officials from Kansas should also apply to Mr. Fong.

Sincerely,

[Signature]

Ranking Minority Member

c: Members of the Committee on Government Reform and Oversight
Honorable Henry A. Waxman  
Ranking Minority Member  
Committee on Government Reform  
and Oversight  
House of Representatives  
Washington, D.C. 20515-6143

Re: Deposition of Matthew Fong

Dear Congressman Waxman:

In your letter of Monday, February 23, 1998, you requested that the questioning of California State Treasurer Matthew Fong be conducted as a deposition rather than an interview. I am more than willing to accede to that request and please find enclosed the appropriate deposition notice.

The reason that the session had originally been set up as an interview was not only to accord courtesy to Mr. Fong as an elected state official but also to his mother, March Fong Eu, the former Democratic Secretary of State of California and President’s Clinton's Ambassador to the Federated States of Micronesia. Our Chief Counsel, Richard D. Bennett, and Chief Minority Investigative Counsel, Kenneth H. Ballem, had discussed interviewing both Mr. Fong and Ms. Eu. She is apparently still out of the country and we will be noticing her deposition as well.

Please call me if you have any questions.

Sincerely,

Dan Burton  
Chairman

Enclosure

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton,

I am writing in response to your February 25, 1998, letter and press release in which you stated your intent “to make public thousands of pages of documents revealing [Charlie] Trie’s role in the campaign fund-raising scandal.” As I have stated on numerous occasions, I believe all relevant documents, including depositions, should be made public. I object, however, to the release of private records that are not related to the campaign finance investigation.

The minority has consented to previous requests to release information, provided that personal information was redacted to protect the privacy of individuals. For example, on January 28, 1998, during the Committee’s hearings on the Hudson casino matter, we did not object to your unanimous consent request that relevant documents “be made publicly available, provided that any documents with personal information such as Social Security numbers and home addresses and phone numbers shall be redacted by committee staff before release.”

The Trie records currently intend to release contain personal information beyond the scope of the Committee’s investigation. For example, Mr. Trie’s American Express bills show his expenditures for clothing and personal entertainment. Furthermore, by releasing Mr. Trie’s phone records, the Committee may be exposing innocent bystanders to harassment by the press and other individuals with an interest in the campaign finance controversy.

Although this Committee does have the authority to release the records, it is important to note that Congress has strictly regulated other entities’ ability to release such information. The Right to Financial Privacy Act (12 U.S.C. ch. 35), first passed in 1978, provides strict regulations on when an individual’s financial records may be released. Also, the Fair Credit Reporting Act (18 U.S.C. ch. 41) restricts the ability of credit card companies to release their customers’ billing records. By releasing Mr. Trie’s records, the Committee is depriving Mr. Trie of his rights under these federal statutes.
The Honorable Dan Burton
February 25, 1998
Page 2

I urge to reconsider your position. A better approach would be to schedule a Committee
meeting at which we could vote to release the relevant depositions and, once personal
information has been appropriately redacted, the relevant records relating to Charlie Trie.

Sincerely,

[Signature]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to request that all members of the Committee be allowed to attend the full briefing on the intelligence aspects of the campaign finance investigation scheduled for March 4, 1998.

I understand that Attorney General Reno, FBI Director Freeh, CIA Director Tenet, and National Security Agency Director Minihan are scheduled to conduct two separate briefings for the Committee. You have proposed that the 9:00 detailed briefing be attended only by the Chairman, Ranking Minority Member, and counsel. This would be followed by a closed executive session for all Committee members.

I believe that every member of this Committee is entitled to be briefed on all relevant information on the campaign finance investigation. Any information presented to the Chairman and Ranking Minority Member should be provided to all the Committee members.

Furthermore, as currently scheduled, counsel would be allowed to attend the detailed briefing that Committee members are not invited to attend. I think it is inappropriate to give staff greater access to information than members of Congress.

I hope that you will consult with the intelligence agencies to arrange for one briefing for all members of the Committee. This will eliminate the need for duplicate briefings, and ensure that Committee members are given the same access to relevant information as the Committee staff.

Thank you, in advance, for your assistance on this matter.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members, Committee on Government Reform and Oversight
The Honorable Janet Reno, Attorney General
The Honorable Louis Freeh, Director, Federal Bureau of Investigation
The Honorable George Tenet, Director, Central Intelligence Agency
Lt. General Kenneth A. Minihan, Director, National Security Agency
Congress of the United States
House of Representatives
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
2167 Rayburn House Office Building
Washington, DC 20515-6143

February 25, 1998

The Honorable Henry Waxman
Ranking Minority Member
House Committee on Government
Reform and Oversight
Washington, D.C. 20515

Re: Document Release Pursuant to the Committee Protocol

Dear Mr. Waxman:

Pursuant to the Committee’s protocol for documents, I hereby notify you of the Committee’s intention to release certain documents relating to Charlie Trie. Those documents are attached for your review. You should know that many of these documents have already been released by the Senate Governmental Affairs Committee, particularly those regarding the United States-Pacific Trade and Investment Policy.

In the event that you object to the release of these documents, I have scheduled a meeting of the protocol Working Group for 11 a.m. tomorrow morning in room 2247 of the Rayburn building so that the working group may make a recommendation regarding the release of these documents.

I appreciate your considering this matter and look forward to hearing from you by tomorrow morning.

Sincerely,

[Signature]

Dan Burton
Chairman
February 27, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to follow up on a request made to the Committee this week by Lawrence Tenopir, attorney for several of the individuals the Committee deposed in Kansas. Mr. Tenopir asked for an estimate of the costs incurred by the Committee in going to Kansas and taking depositions.

I hope that you share my view that the Committee should be accountable to the taxpayers regarding the use of funds on this investigation. It also is only fair that the Committee is responsive to individuals, and their representatives, who have been spending time and resources to respond to Committee requests for information from them.

Accordingly, I would appreciate your providing me with an estimate of the travel, hotel, court reporter, staff salary and other Committee costs associated with the depositions the Committee took in Kansas between February 18 and February 24, 1998. Thank you very much for your attention to this matter.

Sincerely,

Henry A. Waxman
Ranking Minority Member
The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton:

I am writing regarding your dispute with Donald Lam, the accountant for Ted Sioeng and his companies.

You initially demanded that Mr. Lam turn over to you and your staff tax preparation materials related to Mr. Sioeng. Both Mr. Sioeng and Mr. Lam objected to disclosure of this information without a court order.

Notwithstanding their objections, you ruled in a February 20, 1998, letter that he must provide this information to you or risk being held in contempt of Congress. That means, as Chairman of our Committee, you are unilaterally compelling a private citizen to violate a federal law. With all due respect to the considerable powers you wield as Chairman, I do not believe the House has given you authority to force American citizens to commit illegal acts.

Accordingly, I hereby appeal your ruling and request that you schedule a Committee meeting at which time the members of the Committee may vote on this appeal. Your unilateral ruling is appealable under House rule I clause 4, which provides that although the chair shall "decide all questions of order," the chair's rulings are "subject to an appeal by any member." Your ruling is also appealable under House rule IX clause 26(0), which provides that "the Committee" — not the chair — "is the sole judge of the pertinency of testimony and evidence adduced." I do not believe that compelling an accountant to violate a federal criminal law is a pertinent line of inquiry in your investigation.

Mr. Lam is an accountant who is subject to 26 U.S.C. § 7216. This statutory provision prohibits someone "who is engaged in the business of preparing . . . returns" from "disclos[ing] any information furnished to him for, or in connection with, the preparation of any such return." 26 U.S.C. § 7216(a)(1). If Mr. Lam were to comply with your order, he would be violating the statute and subject to criminal penalties including fines and/or imprisonment.
The Honorable Dan Burton  
February 27, 1998  
Page 2

As should be obvious, this is not the proper way for a congressional committee to obtain tax records. When Congress seeks access to tax materials, disclosure is dictated by another provision of the Internal Revenue Code, 26 U.S.C. § 6103. That provision specifically states that only the House Ways and Means Committee, the Senate Finance Committee, and the Joint Committee on Taxation have a standing authorization to inspect tax returns. 26 U.S.C. § 6103(b)(1). Other Congressional committees must be "specially authorized" by the House to receive such information. 26 U.S.C. § 6103(b)(3).

Under these laws, if you want access to tax returns, you must receive special authorization under § 6103. I know you are aware of this fact, because last year you unsuccessfully sought authorization under § 6103 to obtain tax records. Your subpoenas and order to Mr. Lam are a transparent attempt to circumvent these statutes. If a congressional committee could obtain any person's tax records simply by issuing subpoenas to the accountant who prepared the tax return -- as you propose -- the carefully crafted limitations on congressional access to tax returns would be meaningless.

Your citations to "general confidentiality provisions" in other statutes are not persuasive. The statutes you cite are irrelevant because they apply to federal agencies, not private citizens. Moreover, unlike the Internal Revenue Code, these statutes did not specifically address the conditions under which a congressional committee could obtain confidential information.

This is not an issue of first impression. During the House Judiciary Committee's Watergate Impeachment investigation, Chairman Peter Rodino requested from the IRS the audit report on President Nixon's tax returns. In a lengthy legal opinion, Attorney General William Saxbe stated that the Judiciary Committee's request did not satisfy § 6103 because the committee's authorization, while broad, did not specifically provide for the inspection of tax return information. Impeachment Grave by House Comm. -- Statutory Provisions on Disclosure of Tax Return Info., 42 U.S. Op. Att'y Gen. 483 (May 25, 1974). Attorney General Saxbe also rejected the argument that the House's constitutional power of impeachment overrode the clear mandate of § 6103.

More recently, in 1990, the House Subcommittee on Oversight and Investigations of the Committee on Energy and Commerce was investigating Michael Milken and Drexel Burnham Lambert. When the subcommittee determined that it wanted to inspect Drexel Burnham's tax preparation records, it didn't order the accountants to turn over the tax records in violation of § 7216. Instead, the subcommittee followed the proper course and applied for a court order pursuant to § 7216(b)(1)(B). See Application for Order for Providing Tax Preparer Information, Misc. No. 90-231 (D.D.C. Aug. 14, 1990).

I understand that you intend to call Mr. Lam before the Committee for a deposition next
The Honorable Dan Burton  
February 27, 1998  
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week. Although you clearly have the power to do this, you do not have the authority to trample on his rights and compel him to violate a criminal provision of the Internal Revenue Code. I therefore request that you schedule a Committee meeting before then at which my appeal can be voted on by the members of the Committee.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee
February 27, 1998

The Honorable Newt Gingrich
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

I am writing to express my concerns with the conduct of the Committee on Government Reform and Oversight with regard to this week's scheduled hearing.

I am particularly troubled over Chairman Burton's handling of Steve Clemons, a former aide to Senator Bingaman, who was scheduled to testify on Wednesday, February 25, 1998. I understand that Chairman Burton's staff first interviewed Mr. Clemons in December, without notice to the minority or the presence of his lawyer. As recently as February 16, the majority staff sent the minority staff a list of potential witnesses. Mr. Clemons was omitted from that list. It was not until the last possible moment under the rules -- late last Friday afternoon -- that the minority was notified that Mr. Clemons would be called to testify. Given the circumstances, the only explanation for the timing is that this was an attempt to sandbag the minority members and impede our preparation for the hearings.

Chairman Burton's request for Mr. Clemons' testimony was made without the approval of the Senate. When the Senate Majority Leader Trent Lott and the Minority Leader Tom Daschle learned of his effort to call a former Senate staffer before our Committee, they both objected. As a result, at 10:00 p.m. on Tuesday, the night before the hearings were to begin, Chairman Burton decided to cancel the hearings.

The following morning, Chairman Burton issued a press release that stated that "Chairman Burton agreed with Senate Majority Leader Lott that the 120-year tradition of not allowing present or former Senate staff members to testify before House committees need not be challenged." At the same time, however, Chairman Burton's staff was violating that tradition by leaking to the press the notes from his staff's interview of Mr. Clemons, which Mr. Clemons was assured would not be made public without his consent.

According to a statement released on February 25, Mr. Clemons said: "The notes have
The Honorable Newt Gingrich  
February 27, 1998  
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significant inaccuracies and misrepresentations about the important matters which were discussed." In fact, not only are the notes inaccurate, they are also double hearsay. They are Chairman Burton's staff's notes of Mr. Clemons' recollection of what others told him about Charlie Trie. The individuals with first-hand knowledge of Charlie Trie's appointment to the Binghamton Commission (Charles Duncan, the Assistant Director of the Office of Presidential Personnel; and Phyllis Jones, the former Assistant U.S. Trade Representative for Intergovernmental Liaison) deny that the notes are an accurate summary of what they said.

I understand that some of Chairman Burton's staff believes that this conduct was consistent with the normal practice of federal prosecutors around the country. Although I am not a criminal lawyer, I would be extremely surprised to learn that federal prosecutors are authorized to leak interview notes to the press in the middle of pending investigations - as Chairman Burton's staff did in this case. Under certain circumstances, it may be appropriate to release interview notes in official Committee hearings, as the minority did in the David Wang hearing, or as part of an official Committee report. But there is simply no justification for leaking interview notes of a Senate staffer to the media - especially after the Senate Majority Leader and the Senate Minority Leader have just expressed their opposition to the House investigation of the Senate staffer.

These bizarre circumstances lead me to conclude that the release of the notes was a calculated attempt to distort information and smear the reputations of innocent public servants. If Chairman Burton had proceeded with the hearing, Mr. Duncan and Ms. Jones would have appeared as witnesses and would have had the opportunity to rebut his allegations. Canceling the hearing and leaking the interview notes denied them this opportunity.

I am also concerned with the costs and inconvenience this ill-planned hearing imposed on witnesses and Committee members. Witnesses were subpoenaed to appear before the Committee, compelling them to rearrange their schedules and incur significant legal costs associated with their depositions and preparation for the hearings. Committee members also needed to arrange their schedules and spend considerable time preparing for the hearings. Chairman Burton's last minute cancellation and decision to release inaccurate information in place of a hearing is a gross disservice to both witnesses and members.

Mr. Speaker, you have said you would be overseeing the campaign finance investigation (CNN, "Inside Politics," June 4, 1997). I hope you will look into the events described in this letter. This conduct taints the reputation of this Committee and undermines the credibility of future Congressional investigations.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

Last week, during the meeting of the Committee’s document protocol working group, I am sure you will remember that one of your staff members animatedly informed me that he had "forgotten more about criminal law" than I ever knew. Although I appreciate your staff's willingness to share his views of his abilities, I still want to express my concerns to you about the questionable legal advice your staff for the campaign finance investigation is providing to the Committee.

I believe the decision to release your staff's notes of their interview of Steven Clements, who was scheduled to testify before the Committee last week, was reprehensible. By releasing the notes and simultaneously canceling the hearing, you released unverifiable information about two individuals, Charles Duncan and Phyllis Jones, and then denied Mr. Duncan and Ms. Jones an opportunity to respond to the allegations in a hearing. Furthermore, Mr. Clements has disputed the accuracy of the notes and claims they do not reflect his views.

Your staff’s justification for this act was that it is standard practice for federal prosecutors to leak confidential witness interviews to the media. If that is indeed the standard practice, and I strongly suspect it is not, then I suggest we commence an investigation into this abuse by federal prosecutors.

I am also concerned with the legal advice you have received with regard to the Fifth Amendment. I understand that the Committee attempted to compel testimony from Miami lawyer Charles Intriago even after his attorney, Robert Plotkin, informed the Committee that Mr. Intriago would be asserting his Fifth Amendment privilege. In a February 18, 1998, letter to your chief counsel Richard Bennett, Mr. Plotkin noted that Mr. Bennett had advised him that Mr. Intriago did not need to assert his Fifth Amendment privilege because the applicable statute of limitations had run. Mr. Bennett then informed Mr. Plotkin that the Committee would seek contempt if Mr. Intriago exerted his constitutional rights.
In a February 25, 1998, article in the Hill newspaper, your staff's views were described as "ludicrous at best" by Washington attorney Steve Ryan, an adjunct professor at Georgetown University Law Center who teaches a course on congressional investigations. Among the many defects in Mr. Bennett's legal reasoning are the fact that: (1) fixing precise dates to statutes of limitations is complicated; (2) Mr. Intriago could potentially be prosecuted for conspiracy or obstruction of justice even if the statute of limitations on possible illegal campaign contributions had run; and (3) Mr. Intriago is apparently the subject of an ongoing criminal investigation by the Department of Justice. An even more basic question is why your counsel is providing legal advice to Mr. Intriago in the first place.

In addition, as I noted in a February 27, 1998, letter, I believe the legal reasoning behind your February 20, 1998, ruling regarding the subpoena issued to Donald Lam is unfounded. It is clear that as an accountant, Mr. Lam is subject to 26 U.S.C. §7216, which prohibits Mr. Lam from disclosing a client's tax returns. If the Committee were to follow your legal interpretation of this statute, and enforce the subpoena issued to Mr. Lam, the Committee would be compelling a witness to commit a crime. I do not believe this is an appropriate action for this Committee to undertake.

I am dismayed that our Committee would be receiving -- and apparently relying upon -- this kind of dubious advice from the attorneys conducting the campaign finance investigation.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton:

I am in receipt of a draft subpoena that will apparently be issued to Marvin Rosen, the former finance chairman of the Democratic National Committee. I write to object to those portions of the subpoena that require production of records related to the International Brotherhood of Teamsters (IBT), Teamsters for a Corruptions Free Union, or any other Ron Carey Campaign vehicle. I also suggest that majority and minority staff confer about demands for certain personal information to determine whether they are justified by a valid investigative purpose.

First, as you may be aware, the Committee on Education and the Workforce is conducting an extensive investigation of alleged improprieties in Ron Carey’s campaign for re-election as IBT president. The proposed subpoena to Mr. Rosen indicates that this Committee is investigating the very same subject matter. Such a duplication of effort would constitute a waste of taxpayer-funded resources and would impose an undue burden on potential fact witnesses, including Mr. Rosen.

Second, the draft subpoena requires production of any records, from January 1992 to the present, related to Mr. Rosen’s telephone numbers and bank accounts. It is unclear whether these requests are a baseless probe into Mr. Rosen’s personal life or are justified by a valid investigative purpose. I suggest that majority and minority staff confer on this point prior to issuance of the subpoena.

Sincerely,

Ranking Minority Member

cc: Members, Committee on Government Reform and Oversight
March 3, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

Thank you for your letter dated February 18, 1998, concerning proposed immunity for Kent La.

As you will recall, the minority members of the Committee wrote you on October 22, 1997, to explain our views on how the Committee should proceed in considering immunity for witnesses. A copy of this letter is attached.

At that time, we expressed our disappointment with the conduct of the campaign finance investigation, including the partisan nature of the inquiry and the complete disregard for the minority’s rights. We also made it clear that we would only consider future requests for immunity if the Committee adopted fair procedures for the investigation. Your response, dated November 7, 1997, rejected these requests.

Since that rejection there have been no developments in this investigation to change our view. In fact, despite our requests that you investigate significant evidence of Republican campaign finance abuses, your probe continues to be a partisan, one-sided investigation into allegations of Democratic fund raising abuses. Although you have issued at least 945 requests for information, including subpoenas, documents requests and depositions, only 11 of these requests have sought information about Republican practices.

We have asked you to investigate a number of specific allegations of Republican campaign finance abuses, virtually all of which you have failed to do. For example:

- We have asked that you investigate the evidence that Republicans in Congress -- led by Speaker Gingrich -- used federal property for fund raising purposes. You rejected that request.

- We have asked that you subpoena Haley Barbour to investigate the evidence that he accepted illegal foreign contributions as chairman of the Republican National Committee. You rejected that request.

- We have asked that you investigate the evidence that the National Republican Congressional Committee knowingly solicited illegal corporate contributions to fund House races. You rejected that request.
The Honorable Dan Burton  
March 3, 1998  
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• We have asked that you investigate the evidence that Rep. Jay Kim received illegal foreign contributions. You rejected that request.  

• We have asked that you investigate the evidence that the Republican party and a handful of wealthy contributors engaged in a scheme to launder campaign contributions in Kansas. You said that you would investigate this months ago, but nothing has happened.  

Probably the clearest example of the one-sided and partisan nature of your campaign finance investigation is your refusal to investigate the evidence that Haley Barbour, Speaker Gingrich, and Senate Majority Leader Lott worked together to give the tobacco industry a $50 billion tax break in last year’s budget bill. Although the tobacco industry is the single biggest campaign contributor to the Republican party ($8.8 million since 1995), the tobacco tax break appears to be the most egregious quid pro quo imaginable, and you have refused to investigate this apparent campaign finance abuse.  

The approach the minority intends to follow in considering immunity for Mr. La and other witnesses was clearly stated in the October 22, 1997, letter. Please let me know if you would like to discuss these issues further.  

Sincerely,  

Henry A. Waxman  
Ranking Minority Member  

cc: Members of the Committee on Government Reform and Oversight
March 3, 1998

The Honorable Janet Reno
Attorney General
United States Department of Justice
Washington, DC 20530

Dear General Reno:

I am writing to bring your attention to statements made by this Committee’s Republican chief counsel regarding the conduct of federal prosecutors.

Last week, Chairman Burton’s staff leaked to the press confidential notes from their interview of Steven Clemmons, a former aide to Senator Bingaman, relating to Charlie Trie. In response to my objection to this leak, the Republican chief counsel, a former U.S. attorney, told me and the members of the Committee’s document protocol working group that this is standard practice for federal prosecutors. According to the Republican chief counsel, this happens “all the time.”

I am not an expert in this area, but I find it doubtful that the Department of Justice would permit prosecutors to leak confidential witness interviews to the news media. However, if the allegation is correct, this would appear to be a very serious matter. I am interested in knowing your view on whether this occurs frequently. If it does occur frequently, do you believe it is appropriate conduct for federal prosecutors? If you do not believe it is appropriate, would you agree that it is important that you investigate this matter further?

Thank you for your attention to this matter.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
March 4, 1998

The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Re: March 3, 1998 Draft Subpoenas to State Democratic Parties

Dear Chairman Burton:

I write to set forth my concerns about the draft subpoenas which you propose to serve on the State Democratic Parties of Arkansas, California, Florida, Georgia, Illinois, Louisiana, Michigan, New York, North Carolina, Ohio, and Pennsylvania (the "State Party Subpoenas").

Your State Party Subpoenas include 47 individuals and 24 entities within their scope. My staff is aware of no evidence that any of these individuals or entities made contributions to the state Democratic parties of these states or to any federal candidates from these states, with the possible exception of federal candidates from California. For example, our research indicates that Kenneth Wynn made contributions to several Republican campaigns, including the Ensign for Senate, Ensign for Congress, Farmer for Senate, and Dole for President campaigns, but we are aware of no evidence -- or credible allegation -- that Mr. Wynn contributed monies to any of the state Democratic parties covered by the State Party Subpoenas.

I therefore request an explanation and justification for each of your proposed State Party Subpoenas. These State Party Subpoenas appear to be nothing more than an unnecessary fishing expedition to search for evidence that may not exist.

Your State Party Subpoenas also appear to impose an unnecessary burden and expense on the state Democratic parties who will needlessly be tasked with complying with them. The Majority’s investigators should be able to acquire all the contribution information it seeks — to the extent it may exist — directly from the appropriate state authority which maintains state party contribution records. It is inappropriate to force the various state Democratic parties to bear the cost of responding to these subpoenas when all the responsive information you are seeking can be obtained from the public source tasked to maintain them.
The Honorable Dan Burton
March 4, 1998
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I request that you refrain from issuing the State Party Subpoenas until you have responded to my request for explanation.

Sincerely,

[Signature]

[Ranking Minority Member]

cc: Members of the Committee on Government Reform and Oversight
March 5, 1998

The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton:

I am writing regarding your dispute with Michael C. Schaufele, the accountant for Webster Hubbell. You have requested that Mr. Schaufele provide to this Committee all tax preparation materials related to Mr. Hubbell’s 1994 and 1995 tax returns. When Mr. Schaufele refused to produce such documents, you directed him to do so on February 27, 1998.

Your subpoena to Mr. Schaufele seeks the same type of information that you are seeking from Donald Lam, the accountant for Ted Sioeng and his companies. As I stated in my February 27, 1998, letter regarding Mr. Lam, federal law prohibits an accountant from disclosing such information without a court order. As with Mr. Lam, Mr. Schaufele cannot comply with your subpoena without violating 26 U.S.C. § 7216 and subjecting himself to criminal penalties. Moreover, this Committee has not received the special authorization necessary to gain access to tax preparation materials under 26 U.S.C. § 6103.

Consequently, for the reasons stated in my February 27 letter, I again object to your approach and renew my request that you schedule a Committee meeting at which time the members of the Committee may vote on this issue.

Sincerely,

[Signature]

Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee
March 5, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

We are writing in reference to the Charlie Trie documents you intend to release today. We are pleased that you followed the document protocol working group’s recommendation to allow Mr. Trie’s attorney to review the documents and raise objections to the release of personal information. We have no objection to the public release of the documents.

As we noted at the working group meeting last week, there are a number of depositions related to Mr. Trie that the Committee intended to release at last week’s canceled hearings. These depositions provide context for understanding the documents you intend to release. We think it would be appropriate, therefore, to wait to release the documents until the Committee can meet to vote to release the depositions.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
March 6, 1998

The Honorable Henry Waxman
Ranking Minority Member
House Committee on Government
Reform and Oversight
Washington, D.C. 20515

Dear Mr. Waxman:

I write in response to your February 27, 1998, letter regarding the Committee's subpoena for certain tax related records in the possession of Donald Lam, Ted Stoen's accountant.

In response to a letter from a third party interested in the subpoena, I went the extra mile in outlining the legal rationale for the validity of the subpoena and the legal reasons why Mr. Lam should comply. I was under no obligation to do so and could have told Mr. Lam that he was expected to comply with the subpoena. Furthermore, the legal opinions in that letter are consistent with similar opinions put forth by prominent Democratic Chairman and House General Counsels who zealously advocated legal positions in support of congressional supremacy.

I must tell you that, while we disagree often, we should do so in an agreeable manner. I can assure you that all legal arguments made by the Committee have a substantial basis in law and fact. In your terse letter, in which you accuse me of "unilaterally compelling a private citizen to violate a federal law," you adopt an unnecessarily acrimonious tone. If uttered on the floor of the House, the words in your letter would likely be unparliamentary as a violation of the rules of decorum during debate. I take seriously my oath to uphold the Constitution and the laws of the United States and would never urge anyone to do otherwise.

I suspect that you did not write a similar letter to Congressman John Dingell when he was the Chairman of the House Subcommitte on Oversight and Investigations of the Committee on Energy and Commerce. That subcommittee, as you may recall, conducted an investigation of insider trading and related issues. As part of that investigation, the subcommittee obtained from Dreese Burnham, an eighteen page list of partnerships involved in what the subcommittee suspected was a criminal enterprise. That subcommittee subpoenaed tax returns prepared for those partnerships and investment entities from Bergman, Knox and Green, an accounting firm that prepared federal tax returns for those entities. I would not ascribe an improper motive to the actions of the subcommittee or Mr. Dingell. In fact, I assume the subcommittee believed it had sufficient legal justification for issuing the subpoena. So do we.
I appreciate the fact that nowhere in your three page letter did you suggest that the subpoena called for anything other than relevant material. If you had relevancy concerns, I'm sure you would have raised an objection when the subpoena was shared with you prior to its issuance. While you take issue with the Committee's legal basis for its request for tax return and financial information relating to Ted Sioeng's family members and business entities, it is clear the information is relevant. Ted Sioeng, his family, and his business interests contributed $50,000 to the National Policy Forum and $400,000 to the DNC during the 1996 election cycle. Sioeng himself also contributed $190,000 to Jack Fong in 1995 and 1996. (I understand that your staff is vigorously investigating a number of these matters.) The Committee has determined that some of these contributions were made, at least in part, with foreign money. The Committee is also examining allegations of Sioeng's ties to the PRC government and his business ventures overseas in an effort to determine how and why the contributions were made.

Based on the records we have reviewed thus far, it seems that funds pass freely and often among various Sioeng-related accounts. The Federal Election Campaign Act makes it illegal for one person to make a campaign contribution in the name of another. It is also unlawful for a foreign national to make a contribution directly or through another person. See 2 U.S.C. §§ 441e and 441f. These are a few of the issues the Committee is investigating and the sources of various political contributions, on which the records we requested may well shine light, are integral to that inquiry.

You contend that Mr. Lam is prohibited from complying with the subpoena based on your analysis of 26 U.S.C. § 7216. The Committee's position is consistent with the long-standing precedents of the House of Representatives, judicial precedent, and accepted terms of statutory construction. Mr. Lam's compliance with the Committee's subpoena would not violate 26 U.S.C. § 7216. Both the House of Representatives and the courts have consistently taken the position that general confidentiality statutes cannot be used to withhold information from Congress, even though the statutes contain no express exemption for Congress. For example, in contempt proceedings brought against former Secretary of Commerce Rogers C.B. Morton, a House subcommittee rejected the contention that a general confidentiality provision of the Export Administration Act warranted withholding documents from Congress. See Contempt Proceedings against Secretary of Commerce Rogers C.B. Morton, Including Hearings and Related Documents before the Subcommittee on Oversight and Investigations of the House Committee on Interstate and Foreign Commerce, 94 Cong., 1st Sess. (1975). Similarly, the subcommittee rejected the assertion by former Secretary of HEW Joseph A. Califano, Jr., that a general confidentiality provision of the Food and Drug Administration Act applied to Congress, even though it contained an explicit exemption for disclosure to the courts, but no such explicit exemption with respect to Congress. See Contempt Proceedings Against Secretary of HEW, Joseph A. Califano, Jr., Business Meeting of the Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce, 95th Cong., 2d Sess (1978). In both cases, after being cited by the subcommittee for contempt, the executive branch officials agreed.
to produce responsive documents.\footnote{In the aftermath of the Morton controversy, Congress amended the confidentiality provision of the Export Administration Act to make explicit the availability of information to Congress. 91 Stat. 235, 241 (1977). The House report stated:}

The House’s position is well supported by judicial decisions. The courts have long recognized that “the constitutional provisions which commit the legislative function to the two houses [of Congress]" inherently include “the power of inquiry—... with enforcing process—... as a necessary and appropriate attribute of the power to legislate.” \textit{McGraw v. Daugherty}, 273 U.S. 135, 174-75 (1927). Serious constitutional questions would arise if general confidentiality statutes were interpreted to implicitly limit the House’s constitutional power to obtain information by compulsory process punishable by contempt. In re \textit{Chapman}, 166 U.S. 661, 671-72 (1977) ("We grant that Congress could not divest itself, or either of its Houses, of the essential and inherent power to punish for contempt, in cases to which the power of either House property extended."); \textit{Hennes v. McCracken}, 294 U.S. 125 (1935); \textit{Seymour v. United States}, 77 F.2d 577, 579 (8th Cir. 1935). The courts have therefore consistently refused to interpret such general confidentiality statutes as prohibiting disclosure to Congress. See, e.g., \textit{FTC v. Owens-Illinois Fiberglass Corp.}, 626 F.2d 966, 970 (D.C. Cir. 1980) (court held that the FTC cannot deny Congress access to trade secret information based upon statutory provision requiring such information be kept confidential, noting that “the judiciary must refrain from slowing or otherwise interfering with the legitimate investigatory functions of Congress.").

Moreover, it is simply not plausible that Congress intended by silence to limit its own constitutional power to obtain information needed for legislative purposes. When Congress has intended to limit or guide its own constitutional right of access to information, it has done so in a clear and explicit manner. See, e.g., 1 U.S.C. § 112b (providing for the manner in which Congress may have access to certain international treaties); 26 U.S.C. § 6103 (providing for manner in which Congress may obtain tax return information from the IRS). Congress’s constitutional right to information may only be restricted by an explicit statutory limitation.

\footnote{In the aftermath of the Morton controversy, Congress amended the confidentiality provision of the Export Administration Act to make explicit the availability of information to Congress. 91 Stat. 235, 241 (1977). The House report stated:}

The Committee finds it incomprehensible that Congress intended by section 7(c) to deny itself access to such information as it might later deem necessary for the effective exercise of its legislative and oversight responsibilities. . .

This amendment should not be necessary. It is made necessary only by the decision of the executive branch to interpret section 7(c) in a manner inconsistent with the intent of Congress. The Committee presumes that the rights of Congress reaffirmed by this amendment already exist and would exist without this amendment. The addition of this language to this statute is not meant to imply that the absence of similar language in other statutes in any way limits the right of Congress to acquire information.

There is no explicit restriction in § 7216.

The legislative history of 26 U.S.C. § 7216 is devoid of any indication it was intended to limit congressional access to information. The provision was designed to prohibit misuse of confidential information by tax preparers, not to prevent compliance with congressional subpoenas. Although the statute contains an explicit exemption for "court orders," there is no basis for concluding that the statute was intended to require that congressional committees seek a court order to enforce their subpoenas. Given the fact that § 7216 does not prevent a tax preparer from complying with a court order, administrative order, demand, summons or subpoena from "[a]ny Federal agency, or [a] State agency, body or commission charged under the laws of the State or a political subdivision of the State with the licensing, registration, or regulation of tax return preparers," 26 C.F.R. § 301.7216-2 (c)(3), it would be absurd to read the statute as preventing compliance with a congressional subpoena authorized by the Constitution as "an essential and appropriate auxiliary to the legislative function." *McGrain v. Daugherty*, 273 U.S. 135, 174-75 (1927).

In addition to your contentions concerning the reach of § 7216, you opine that the only way a congressional committee may lawfully obtain tax related information is under 26 U.S.C. § 6103. I see no support for your position in the text of § 6103. That provision only applies to obtaining tax returns from the Internal Revenue Service, not to subpoenas directed to other parties; therefore, it is inapplicable to this situation. See *St. Regis Paper Co. v. United States*, 368 U.S. 208, 219 (1961) ("Although tax returns . . . are made confidential within the government bureau . . ., copies in the hands of the taxpayer are held subject to discovery.")

Lastly, you requested that I schedule a business meeting so that the full Committee could consider your various concerns. I would point out that the attorney for Mr. Lam became aware of your position and wrote majority counsel that he was withholding any determination of whether to comply with the Committee's subpoena pending the outcome of the Committee meeting that you requested. As I suspect you know, the attorney's advice could subject Mr. Lam to criminal contempt.

There is no House or Committee rule necessitating calling a collegial meeting of the Committee on the issues you have raised. Any concerns, evidentiary or otherwise, are not ripe for consideration; therefore, there is no question for the Committee to decide. I understand that your staff has consulted the Committee's parliamentarian and the House parliamentarian and now agree with this position.

Please note that because counsel for Donald Lam became aware of your request for a Committee meeting, I will send him a copy of this letter.

Sincerely,

[Signature]

Chairman

cc: John Walsh, Esq.
March 10, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I received your letter dated March 6, 1998, in response to my February 27, 1998, letter regarding the Donald Lam subpoena.

In your letter, you disagreed with my statement that you are “unilaterally compelling a private citizen to violate a federal law.” I am surprised by your complaint, since that is exactly what you are seeking to do when you subpoena an accountant to produce a client’s tax preparation materials. I believe the tone of my letter was necessarily serious and concerned, given the subject at hand.

I will not address every point you raise because most of those were addressed in my February 27 letter. I would point out, however, that your citation to the actions of Chairman Dingell turns reality on its head. It is true that Mr. Dingell subpoenaed certain tax preparer information. Once Chairman Dingell became aware that the subpoena would cause an accountant to violate federal law, he did what you should be -- but are not -- doing. He applied to a court for an order to have the tax preparation material made available to his Committee, as prescribed under 26 U.S.C. 7216.

I also question the Committee procedures you are seeking to follow. You may be technically correct that I cannot insist under the House rules on a Committee meeting to resolve my appeal until after you have made an official “ruling” in a deposition or a Committee meeting. I believe, however, that delaying my appeal until such a ruling is a tremendous waste of taxpayer dollars and an unnecessary burden on the witness. The deposition is scheduled to be taken in Los Angeles on March 12. Proceeding with the deposition before my appeal is resolved will require both majority and minority staff to fly to California to take a deposition that will in all likelihood be recessed once my objection is made on the record.

As I noted in my previous letter, a better approach would be for the Committee to apply for a court order for the subpoenaed documents. If you choose not to follow that course of action, I renew my request that you schedule a Committee meeting to vote on my appeal before needlessly spending taxpayer money on this trip to California.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton:

I am writing to object to the deposition of David Tseng scheduled for Thursday, March 12, 1998, at 10:00 a.m.

As you know, Committee rule 20 clearly sets out the criteria for the taking of depositions. According to the rule, "Consultation with the ranking minority member shall include three business day's written notice before any deposition is taken" and that "[a]ll members shall also receive three business day's written notice that a deposition has been scheduled." Neither of these requirements were met.

Contrary to the rules, no effort was made to consult with the minority. Your staff faxed my counsel notice of this deposition at 7:28 p.m. on Monday, March 9. Furthermore, as of 5:00 p.m. Tuesday, March 10, minority members have not received notice of this deposition.

On other occasions, I have tried to accommodate your requests to schedule depositions without the required notice. In this case, staff scheduling conflicts made this impossible. I therefore must insist that the deposition of David Tseng be rescheduled, and the minority be given adequate notice as specified in Committee rule 20.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
March 13, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton:

I have reviewed the draft subpoena that you propose to send to the Investigative Group, Inc. ("IGI"). The subpoena appears to be nothing more than a thinly-veiled attempt to assist Independent Counsel Kenneth Starr in his current investigation of Monica Lewinsky. Since you have previously stated that the Committee will not be investigating the Monica Lewinsky matter, I do not believe this subpoena should be issued.

In connection with his Lewinsky investigation, Mr. Starr is trying to determine whether the White House has been spreading misinformation about him and his staff. As part of that investigation, Mr. Starr has called a number of people before the grand jury, including Terry P.论证, the chairman and founder of IGI. According to news accounts, IGI has been retained by the law firm of Williams & Connolly, which represents President Clinton in his personal capacity.

In your subpoena, you appear to be investigating these very same issues. For example, you seek from IGI "any records relating to any contact with White House... staff for any purpose related to an existing or proposed investigation." You also seek "all records relating to any investigation of... any official of the Department of Justice," which would include Mr. Starr and his staff.

It is my understanding that the House Judiciary Committee under Chairman Hyde will receive any findings that are transmitted by Mr. Starr and will conduct any further investigation that is warranted. I do not believe that our campaign finance investigation should extend to these matters.

Sincerely,

Tom A. Emmer
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee
The Honorable Henry J. Hyde
The Honorable John Conyers, Jr.
March 16, 1998

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Re: March 12, 1998 Revised Draft Subpoenas to State Democratic Parties

Dear Chairman Burton:

I write to let you know my concerns about the March 12, 1998 revised draft subpoenas which you propose to serve on the State Democratic Parties of Arkansas, California, Florida, Georgia, Illinois, Louisiana, Maine, Michigan, New Hampshire, New York, North Carolina, Ohio, and Pennsylvania (the "Revised State Party Subpoenas"). In my March 4 letter, I set out a similar series of concerns to the original State Party Subpoenas which you provided. To date, I have received no response to the points I raised in my March 4 letter.

These Revised State Party Subpoenas continue to include 47 individuals and 24 entities within their scope. It appears that the Revised State Party Subpoenas are word-for-word identical to the earlier subpoenas, except that the Revised State Party Subpoenas seek additional information from the state Democratic parties of Arkansas, California, Florida, Georgia, and Louisiana relating to their interactions, if any, with Democratic-affiliated entities in Kansas. The Revised State Party Subpoenas also seek information, for the first time, from the state Democratic parties of Maine and New Hampshire pertaining to their alleged interactions with Kansas.

I am mystified by many of these requests. My staff is still aware of no evidence that any of these 70-plus individuals or entities made contributions to the state Democratic parties of the targeted states in any federal candidates from these states, or that a federal contribution from California -- as I noted in my March 4 letter. For example, our research indicates that one of the individuals listed on the subpoena, Kenneth Wynne, made contributions to several Republican campaigns, including the Ensign Senate, Ensign for Congress, Furman for Senate, and Dole for President campaigns, but we have no evidence -- or credible allegation -- that Mr. Wynne contributed monies to any of the state Democratic parties covered by the Revised State Party Subpoenas.
The Honorable Dan Burton  
March 16, 1998  
Page 2

I therefore request once again an explanation and justification for each of your proposed Revised State Party Subpoenas. These Revised State Party Subpoenas continue to appear to be nothing more than an unnecessary fishing expedition.

Your Revised State Party Subpoenas also still appear to impose an unnecessary burden and expense on the state Democratic parties who will needlessly be tasked with complying with them. If anything, your revisions have served only to increase the burden and expense of compliance from the affected state Democratic parties. The Majority’s investigators should be able to acquire all the contribution information it seeks -- to the extent it may exist -- directly from the appropriate state authority which maintains state party contribution records. It is inappropriate to force the various state Democratic parties to bear the cost of responding to these revised subpoenas when all the responsive information you are seeking can be obtained from public sources.

I request that you refrain from issuing the Revised State Party Subpoenas until you have responded to my request for an explanation. In addition, I request that you schedule a Committee meeting so that you can explain to all the Members why these subpoenas are necessary and how they relate to the campaign finance investigation.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton:

It is my understanding that the Committee is scheduled to depose Bruce Lindsey and Linda Rotan on Thursday, March 19, 1998, at 10:00 a.m. These depositions conflict with the full Committee mark-up of legislation scheduled for the same time.

I request that the depositions be rescheduled to allow members to attend.

Thank you, in advance, for your assistance.

Sincerely,

[Signature]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to question your seemingly endless investigation of the Bingaman Commission.

Last month, you abruptly canceled a scheduled hearing at which two officials were to testify about how Mr. Trie was selected for the Commission. Rather than hold the hearing, your staff released to the media memoranda written after an interview they conducted with a former Senate staff member, Steven C. Clemmons. Mr. Clemmons subsequently released a statement that said your staff's memoranda contained "significant inaccuracies and misrepresentations" regarding the interview. Even though your staff interviewed Mr. Clemmons last December, the majority never chose to ask him to provide deposition testimony under oath, as it has for almost all other witnesses that it felt were significant.

Nevertheless, in a March 11 letter to the White House, you assert that the Committee "has learned that Steven C. Clemmons . . . sent a number of e-mails to Charles Duncan in the Office of Presidential Personnel regarding Yah Lin 'Charlie' Trie." You further write that you find it "troubling that the Committee has not been provided with these highly relevant documents." Your sole basis for this accusation appears to be your staff's interview notes, which the witness himself has called an inaccurate summary of the unsworn interview.

I question whether continuing this line of investigation is a wise expenditure of taxpayer dollars. This Committee has taken sworn testimony from at least ten present and former Administration officials on Mr. Trie's appointment to the Bingaman Commission, as well as from several private citizens, and the Committee has obtained numerous released documents from the White House, the Office of the United States Trade Representative, and the Department of Commerce. Everything we have found confirms the statement by the White House last July about Mr. Trie's nomination:

"Mr. Trie was interested in serving on the commission -- his background as an Asian American, his knowledge about Asian issues and the fact that he was well-known to the president as an old friend from Little Rock as well as to other Little Rock acquaintances
The Honorable Dan Burton
March 16, 1998
Page 2

who served in the White House were all factors in the decision to add him to the

Despite this, you are pressing forward with depositions of more Administration officials
and private citizens, such as today’s deposition of a USTR official. You have asked USTR for an
estimate of what it would cost for it to reconstruct its archived e-mail files, and you apparently
are considering whether tens of thousands of dollars would be well spent doing so. Also relying
on the notes of the majority interviews with Mr. Clemons, you have sent interrogatories to Mr.
Duncan asking about the conversations he had with Mr. Clemons.

Mr. Chairman, it is well past the time to put this matter to rest. From Senator
Thompson’s report and from our many depositions and documents, we know all we need to know
about the Bingaman Commission. There must be more important matters in which we can invest
our Committee’s time and resources than this exhausted topic.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515  

Dear Chairman Burton:  

I am writing regarding your ongoing investigation into the activities of Ted Sioeng. I understand that you have postponed hearings on Mr. Sioeng which were tentatively scheduled for the end of the month. This week, however, I received eight additional subpoenas relating to Mr. Sioeng and his family. I do not believe these subpoenas are adequate to investigate the relationship between Mr. Sioeng and Republicans, including Speaker of the House Newt Gingrich.  

You wrote to me in a February 3, 1998, letter that Mr. Sioeng “has made questionable campaign contributions to both Republicans and Democrats.” In addition, your chief counsel has assured my staff that this investigation would be bipartisan and look into his involvement with both Republicans and Democrats.  

To date, this Committee’s investigation has primarily focused on Mr. Sioeng’s relationship with President Clinton and the Democratic National Committee. According to press accounts, Mr. Sioeng and his family contributed $250,000 to the DNC and attended several DNC fund raising events in 1996. There are no allegations that Mr. Sioeng or anyone in his family had a private meeting with the President or received any favorable policy treatment from the Administration.  

To investigate these allegations, the Committee has issued 33 subpoenas, deposed 6 of Mr. Sioeng’s associates, and requested an additional 13 depositions. In total, the Committee has issued 52 information requests relating to Mr. Sioeng. I understand that your chief counsel informed my staff that you also intend to interview the Democratic governor of Washington, Gary Locke, in connection with this investigation, even though I am aware of no evidence that Governor Locke received any contributions from Mr. Sioeng, his family, or their businesses.  

While you have focused your investigation on the President and other Democrats, you
have ignored the more direct and involved relationship between Mr. Sioeng and Speaker Gingrich. According to the Los Angeles Times, on July 12, 1995, California State Treasurer Matt Fong arranged for Mr. Sioeng to meet privately with Speaker Gingrich in the Speaker’s office. Mr. Sioeng also “sat in a place of honor next to Gingrich ... at a reception for Gingrich at a Beverly Hills hotel.” The following day, Mr. Sioeng contributed $50,000 through his daughter’s company, Panda Industries, to the National Policy Forum, a Republican think-tank created by then RNC-Chairman Haley Barbour ("State Treasurer Linked to Asian Funds," Los Angeles Times, February 25, 1998).

While these latest subpoenas request materials relating to the National Policy Forum, they do not request information relating to Speaker Gingrich, Matt Fong, Paula Fong, Joe Gaylord, or Steve Kinsey—all of whom have been tied in some degree to Mr. Sioeng’s activities.

The Committee’s only other significant investigation into Mr. Sioeng’s relationship with Republicans was a partial deposition of Mr. Fong, who received over $100,000 in campaign contributions from Mr. Sioeng and his family. This deposition, however, was never completed and the minority has not had an adequate opportunity to question Mr. Fong about Mr. Sioeng’s relationship with the Speaker.

If you are to continue your investigation of Mr. Sioeng, I urge that you thoroughly investigate his involvement with Speaker Gingrich and other Republican officials. I request that this investigation be conducted in the same manner as your investigation of Mr. Sioeng’s involvement with the President and DNC, including the issuance of subpoenas to the Speaker’s office and the taking of depositions of relevant members of the Speaker’s staff.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

The Honorable Newt Gingrich, Speaker of the House

The Honorable Richard A. Gephardt, Democratic Leader
March 20, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

Yesterday, the Wall Street Journal published a story based on Bureau of Prisons recordings of Webster Hubbell’s telephone calls. While it is my understanding that there is no significant new evidence on these tapes, I believe that the release of these tapes to the media was unethical and possibly illegal.

As you may know, Senator Thompson’s committee never subpoenaed or received these tapes. The only investigations that have obtained these tapes are your investigation (pursuant to your subpoena dated May 8, 1997) and Independent Counsel Kenneth Starr’s investigation.

I request that you immediately undertake an investigation to determine the source of this leak. If the tapes were released by anyone on this Committee, it would not only conflict with the Privacy Act, but it would also violate House rules and the Committee’s document protocol, which requires the minority to be notified of the release of information obtained pursuant to a subpoena. It also raises the possibility that your release of this information could impede Mr. Starr’s investigation.

If, however, the tapes were not provided to the Wall Street Journal by your staff, the Committee should immediately commence an investigation of the Independent Counsel’s office. Since Mr. Starr apparently obtained the tapes pursuant to a Grand Jury subpoena, he is prohibited from making the tapes public under both the Privacy Act and the Federal Rules of Criminal Procedure which state, in part, that “an attorney for the government ... shall not disclose matters occurring before the grand jury.” Rule 6(e)(2).

These tapes, most of which record conversations between Mr. Hubbell and his wife, include private and intimate thoughts of this family. The tape quoted in today’s article includes conversations about food, hardly relevant to the national interest. The unauthorized disclosure of this, and other personal conversations, is simply reprehensible.
The Honorable Dan Burton
March 20, 1998
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It is clear the Wall Street Journal could have only obtained this information either from your staff or Mr. Starr's office. It should not be a difficult task to determine which of the offices released the tapes in violation of its legal obligations.

Because of the serious nature of this unauthorized disclosure, I ask that you respond to this letter immediately.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
March 25, 1998

The Honorable Bill Thomas, Chairman
The Honorable Sam Gejdenson, Ranking Minority Member
Committee on Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Thomas and Representative Gejdenson:

I am writing to object to Chairman Burton’s request for $1.8 million in additional funds from the House reserve fund for the continuation of the Government Reform and Oversight Committee’s campaign finance investigation.

The Government Reform and Oversight Committee has spent nearly $6 million on the campaign finance investigation to date. Even without any additional appropriation, the Committee’s expenditures will far exceed the $1.8 million spent on the Senate Whitewater investigation, $5 million spent on the House and Senate Iran-Contra investigation, and $7 million spent on the Senate Watergate investigation (all adjusted for inflation).

Despite this enormous budget, the Committee has accomplished virtually nothing. It has held 4 public campaign finance hearings over a period of 9 days. These hearings have largely duplicated the work of the Senate, the Department of Justice, and the press.

By comparison, the Senate Governmental Affairs Committee campaign finance investigation held 33 days of hearings and published an 1,100-page report while spending less than $3.5 million -- far below its $4.3 million budget. The Senate Whitewater investigation held 66 days of public hearings, the Iran-Contra investigation held 40 days of public hearings, and the Senate Watergate investigation held 53 days of public hearings -- all at less cost to the taxpayers.

The Government Reform and Oversight Committee’s investigation has been inefficient, wasteful, and incredibly partisan. Chairman Burton has unilaterally issued 978 information requests -- many of which were over broad and unnecessarily burdensome. Of those requests, 967 (or 99%) were issued to investigate allegations of Democratic fund raising abuses. Chairman Burton unilaterally issued 511 subpoenas (502 to Democratic targets) -- almost one-half of which duplicated Senate subpoenas. These included subpoenas to accountants for tax preparation...
The Honorable Bill Thomas  
The Honorable Sam Gejdenson  
March 25, 1998  

material in violation of federal statutes. Chairman Burton also issued 190 document requests (all but 1 to Democratic targets) and 22 formal interrogatories (all to Democrats). In total, the Committee has received over 1.5 million pages of documents in response to these requests, yet only 17,280 pages (less than 2%) were turned over in response to requests to Republicans.

While I oppose continuing to fund this investigation, if your Committee decides to approve this money from the House reserve fund, the funds should be withheld until the proposed budget for the investigation is revised. This budget was once again submitted without consultation with the minority. Committee rule 18(e) clearly states that the “chairman of the full committee shall [prepare, after consultation with the minority], a budget for the committee” (emphasis added).

Furthermore, the proposed budget falls far short of Chairman Thomas’s pledge that Committees should allocate one-third of their budget to the minority. As Chairman Thomas stated in the Committee on Oversight’s Funding Resolution Report for the 104th Congress (Report 104-74 at 7):

To ensure fairness to all Members, the Republicans, when they were in the minority, argued that all committees should allocate at least one-third of resources to the minority. As the new majority, Republicans remain committed to achieving that goal. ... Our goal is to have all Committees, with the agreement of the chairman and ranking minority member, provide at least a one-third allocation of resources, for use by the minority as directed by the ranking minority member, as soon as practicable.

In 1997, Chairman Burton allocated just 25% of the investigative budget to the minority. When I brought this discrepancy to Chairman Thomas’s attention last year, he noted that this allocation was acceptable provided that our Committee made progress towards the goal of a one-third budget allocation to the minority. Chairman Burton’s budget request shows no such progress.

I hope that if the House Oversight Committee approves this additional funding that it will do so with instructions that the minority is entitled to one-third of the $1.8 million — or $600,000.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on House Oversight  
Members of the Committee on Government Reform and Oversight
March 26, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to express my concern about the improper notice that you have provided my staff of several subpoenas that were issued recently.

On March 12, 1998, my staff received four draft subpoenas directed at Investigative Group, Inc. (“IGI”), the Democratic National Committee (“DNC”) and the Maine and New Hampshire Democratic parties. In letters dated March 13 and March 16, I wrote to you objecting to the content of the subpoenas to IGI, and the Maine and New Hampshire Democratic parties.

I have since learned that these four subpoenas were issued in full form on March 12, the same day they were provided to my staff in draft form. As you are well aware, Section A.2(a) of the Committee’s document protocol requires that the minority receive 24 hours notice before any subpoenas are issued. In exceptional circumstances, the document protocol allows subpoenas to be issued without 24 hours notice if “delay in issuance could hinder or compromise the Committee’s ability to obtain documents or testimony.” You have not indicated that some exigency required the immediate issuance of these subpoenas, and I have no reason to believe such an exigency exists.

The remedy for improperly issued subpoenas is to rescind the subpoenas. This is precisely what Congressman Houseki did earlier this month, when five of his subcommittee’s subpoenas were improperly issued before their issuance (see Roll Call, March 9, 1998). Consequently, I ask that you rescind the four subpoenas issued on March 12 and reconsider their issuance in light of the concerns that I raised to you in my March 13 and March 16 letters.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee
March 27, 1998

The Honorable Henry Waxman
Ranking Minority Member
House Committee on Government
Reform and Oversight
Washington, D.C. 20515

Dear Mr. Waxman:

I write in response to your March 26, 1998, letter regarding your concerns about proper notice of four subpoenas issued by this Committee.

As you note in your letter, your staff was provided draft subpoenas directed at Investigative Group, Inc. ("IGI"), the Democratic National Committee ("DNC") and the Maine and New Hampshire Democratic parties on March 12, 1998. However, you make the assertion that these subpoenas were, "issued in final form on March 12, the same day they were provided to my staff in draft form." That is not correct.

I signed the subpoenas contingent upon my staff reviewing all concerns raised by you or your staff and the approval of the House General Counsel's Office and the Clerk of the House. The purpose of which was to delay the issuance of the subpoena since I was returning home to my district and not returning until Tuesday, March 17. The subpoenas were not actually issued until March 16, 1998, when they were delivered to the United States Marshals Service. In those intervening four days I considered your concerns and decided the subpoenas should be issued as drafted.

I appreciate your contacting me on this issue.

Sincerely,

[Handwritten Signature]

Chairman
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Henry:

This is in response to your letter of March 20, in which you accuse my staff and I of leaking Bureau of Prisons recordings of Former Associate Attorney General Webster Hubbell to the Wall Street Journal.

You have been eager throughout the course of this investigation to accuse my staff and me of "leaking." Unfortunately, you have a tendency to make these allegations without having all of the facts in hand.

For instance, in a February 27 letter to the Speaker, you accused my staff of "leaking to the press the notes from his (my) staff interview" with Steve Clemons. You make this assertion three times in your letter. In a March 3 letter to the Attorney General, you repeat this allegation of leaking two more times, saying at one point that "Chairman Burton's staff leaked to the press confidential notes from their interview of Steven Clemons."

Of course, no "leak" occurred. A leak is a secret, unauthorized disclosure of confidential information. My staff, with my authorization, released copies of non-confidential interview notes to the press in a completely above-board and appropriate manner. As you are well aware, the Committee's document protocol and House Rules allow the public release of notes taken during informal interviews or other staff work-product. What is more, the release of the information offered by Mr. Clemons clearly served the public interest. He had valuable information to offer about Yali Lin "Charlie" Trie's appointment to the Bulgarian Commission, and the authorized release (not the "leak") of this information was the right thing to do.
With regard to the Webster Hubbell tapes, you once again incorrectly state that a 'leak' occurred. In fact, the tapes in question have been on the public record since last December. Two tapes that were considered relevant were entered into the Committee record on December 10, 1997, during a hearing regarding Attorney General Reno's decision not to seek appointment of an independent counsel. As you may recall, Mr. Lantos served as Ranking Minority Member during those hearings during your absence.

The two tapes of Mr. Hubbell's conversations reference matters under investigation by the Committee, including his payments from the Rixedy's Lippo Group, which are referenced in one tape, and references to contacts with Vernon Jordan and Mickey Kantor in another tape. The several references to the Lippo/Rixedy payments were included in a taped conversation with John Phillips, whose deposition was also put into the record in the December hearings. In the course of Mr. Phillips' deposition, he generally recalled a discussion with Mr. Hubbell. Mr. Kantor's deposition was also put into the record during the December hearings.

Since the beginning of this Committee's investigation into illegal foreign fundraising and related matters, I have considered it our mission to get the facts and make them available to the public. Eighty nine people have either invoked their Fifth Amendment right against self-incrimination or left the country since this investigation commenced, indicating a remarkable level of illegal and unethical behavior surrounding the President's last reelection campaign. I believe that the public has a right to know what happened, and I believe that information released by this Committee to date, and information that will be released in the future, serves the public interest.

I hope that in the future, you will be a little more cautious in making unfounded allegations of leaks. Thank you for the opportunity to clarify this matter.

Sincerely,

[Signature]

Dan Burton
Chairman
March 30, 1998

The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform & Oversight
House of Representatives
Washington, D.C. 20515

Re: The Committee’s Investigation of Ted Sioung

Dear Henry:

I am writing in response to your letter of March 20, 1998 in which you question the Committee’s investigation of political contributions made by Ted Sioung, his family, and business associates. I am puzzled by the tone of your letter, which seems to suggest that the Majority staff has been conducting a thoroughly partisan investigation of these matters. I believe that your criticisms are misplaced.

Sioung, his family, and his business interests, you will recall, contributed $500,000 or more during the 1996 election cycle to the Democratic National Committee, Matt Fong, and the National Policy Forum. These large contributions, both to Democratic and Republican causes, are subjects of our investigation. I continue to view Sioung, who left the country soon after the campaign finance scandal broke, as an important and central subject of this Committee’s investigation into potentially illegal foreign fundraising.

The Majority staff has attempted to conduct a bipartisan investigation of Mr. Sioung. However, as you know, the Majority staff has run into consistent obstructionist tactics during their attempts to speak to potential witnesses and gather information. Nearly all of the business associates contacted by the Majority staff are in touch with Jessica Elmitaria’s attorneys, Akin, Gump, Strauss, Hauer & Feld, L.L.P., who have orchestrated a far-reaching and effective campaign designed to frustrate our attempts to learn about their client and her family.

Nevertheless, the Majority staff has attempted to assist the Minority staff in this
The Honorable Henry A. Waxman  
March 30, 1998
Page 2

investigation. In fact, members of the Majority staff set up a joint interview with a local California Republican politician at the Minority staff’s request and have agreed to share information on other individuals. Moreover, in all of the depositions arranged by my staff, yours has been given ample notice and the opportunity to ask whatever questions it deemed relevant.

In your letter, you also express concern about our communication with Washington State Governor Gary Locke. As you know, I recently wrote Governor Locke and requested an interview to discuss contributions made to his campaign by members and associates of the Siueng family. Governor Locke received contributions from five family and business associates of Mr. Siueng in 1996. Some or all of those donations were made on the same day. Information on such contributions is, of course, publicly available. Furthermore, some checks to Governor Locke -- from Jessica Elinitarta, Sundari, Sandra, and Lauren Elinitarta, Ridwan Dinata, and Glenville Stuart -- can be found in the bank records the Committee has subpoenaed, and of which your staff has a copy.

Let me add a few words concerning your request that the Majority staff investigate allegations of Siueng’s contributions to Republican causes. As my Chief Counsel, Richard Beckett, has stated previously, the Committee fully intends to continue the deposition of Matt Fong. It is our intention once again to allow the Minority staff every opportunity to question Mr. Fong on topics of its choice. As far as others you might depose, I would note that, during the Senate’s investigation of campaign finance abuses, both Joe Gaylord and Steve Kinney agreed to and were deposed voluntarily at the request of the Minority staff. I understand that your staff has been undertaking investigative efforts on its own. Moreover, I am certain the Minority staff has enjoyed somewhat greater cooperation from the Siueng family attorneys than has the Majority staff. In short, I do not view the Majority staff’s decisions to pursue certain investigative angles more actively than others or to schedule or not a particular deposition or interview as precluding other efforts that your staff might undertake.

Sincerely,

Dan Burton  
Chairman

cc. Members of the Committee on Government Reform and Oversight  
The Honorable Newt Gingrich, Speaker of the House
March 30, 1998

The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform & Oversight
House of Representatives
Washington, D.C. 20515

Re: Proposed Immunity Candidates

Dear Henry:

As you know, the Majority staff continues to investigate the political contributions and related activities of Ted Soong, his family, and his business interests, you will recall, made large contributions to Democratic and Republican causes in 1995 and 1996. I view all of these contributions as subjects of our investigation.

You are familiar with the difficulties we have encountered attempting to investigate Soong, and I will not recount them here. Suffice it so say that many persons we think are likely to have knowledge relevant to the investigation have left the country, invoked their privilege against self-incrimination, or asserted additional objections to producing documents or otherwise complying with Committee subpoenas.

On February 18, 1998, I wrote to ask for your support in seeking to immunize Kent La, a business associate of Ted Soong. Mr. La, we believe, has knowledge of Ted Soong's political contributions, his business dealings, and his ties to the PRC government. On February 20, 1998, I wrote Attorney General Reno to ask for the Justice Department's position on the issue of immunizing La. I am still waiting for a response.

I am writing now because I intend to propose that the Committee vote to immunize two other business associates of Ted Soong, Soong Fei Man and Simon Chen. I hope I can count on your support. We have been informed that Soong Fei Man is the managing editor of the International Daily News, a formerly pro-Taiwan newspaper Ted Soong purchased from the family of Simon Chen. After purchasing the newspaper, Soong shifted its ideology to favor the People's Republic of China. It is our understanding that Ted Soong hired Soong Fei Man,
The Honorable Henry A. Waxman
March 30, 1998
Page 2

previously an editor with a PRC-controlled newspaper, in order to effect the ideological transformation. Both Sioeng Fei Man and Simon Chen likely have knowledge of why Ted Sioeng and his family made the political contributions they did in 1995 and 1996. As you know, each man has asserted his privilege against self-incrimination in response to a Committee subpoena.

I hope you agree that this matter is important to the integrity of the Committee's investigation of Ted Sioeng. The testimony of these two men may well bear on the Sioeng family's contributions to both Republican and Democratic causes and, as such, should not be sacrificed to partisan concerns.

I will also write to the Justice Department to ask for their position on granting immunity to Sioeng Fei Man and Simon Chen. I am available to discuss this matter at your convenience.

Sincerely,

Dan Burton
Chairman
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515  

Dear Chairman Burton:  

I am writing with regard to the scheduled deposition of Bruce Lindsey and the possible deposition of Erskine Bowles.  

At about 6 p.m. yesterday, my staff received notice that Mr. Lindsey's deposition would take place on Monday, April 6. As you are well aware, the House will not be in session from April 2 to April 20. Because minority members of the Committee have expressed to me their interest in attending Mr. Lindsey's deposition, this deposition should be rescheduled until after the House returns on April 21. I also understand that your staff is interested in depoising Mr. Bowles. Because I anticipate that I and other minority members will want to attend Mr. Bowles' deposition, this deposition also should not take place until after the House returns.  

Thank you for your prompt attention to this matter.  

Sincerely,  

Henry A. Waxman  
Ranking Minority Member  

cc: Committee on Government Reform and Oversight
April 1, 1998

The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

The majority’s recent actions relating to the deposition of Martha Scott, as discussed in March 24 and March 26 letters from her attorney, Stuart Pierson, appear to be unreasonable and potentially constitute harassment of Ms. Scott. I am writing to request an explanation of the majority’s conduct in this matter.

Ms. Scott is the deputy director and chief of staff of the White House Office of Personnel. She has not been charged with any wrongdoing and has been a cooperative witness in this Committee’s investigation despite this Committee’s unnecessarily burdensome and duplicative inquiries to her. As Mr. Pierson’s March 24 letter pointed out, Ms. Scott has already provided extensive deposition testimony to congressional investigators. She gave three days of deposition testimony before the Senate Governmental Affairs Committee in June 1997. She then came in for a deposition before this Committee on September 10, 1997. The majority on this Committee called her in for a second and a third day of depositions on February 18 and 19, 1998. Many of the questions posed to Ms. Scott by the majority staff during the House depositions covered issues about which she had already testified in the Senate.

Today, the majority staff will be conducting a fourth day of deposition of Ms. Scott. This appears to be entirely unnecessary. During her previous three days of depositions in the House, Ms. Scott answered questions from the majority staff for over 17 hours. In total, she has responded to over 25 hours of questioning from House and Senate staffers in closed-door depositions. It would seem inconceivable that there is any point besides harassment to subject Ms. Scott to additional questioning.

The majority staff has maintained that the additional deposition is needed because in her last deposition session on February 19, on the instruction of her counsel, Ms. Scott declined to answer questions on the limited issue of her conversations with White House counsel regarding the substance of a June 28, 1994, memorandum she authored. Since the February 19 deposition,
The Honorable Dan Burton
April 1, 1998
Page 2

however, Mr. Pierson has advised this Committee that Ms. Scott’s conversations with White House counsel on the substance of the memo were “entirely consistent with, contained no other content and were no more extensive in substance than the testimony that Ms. Scott has given” both to the Senate and this Committee on the document. He further represented that Ms. Scott was willing to provide this Committee with an affidavit to confirm the substance of her conversations with the White House counsel about the memorandum.

Not only did the majority staff reject Mr. Pierson’s offer, the majority staff has refused to agree to limit the scope of today’s deposition to Ms. Scott’s conversations with the White House counsel. The position of the majority staff is that the staff has the right to subject Ms. Scott to additional questioning on any topic of interest to the majority staff.

The manner in which the majority proceeded in scheduling Ms. Scott’s deposition also gives cause for concern. On March 23, 1998, the majority issued a notice to all Committee members announcing a March 26 “continuing” deposition of Ms. Scott. According to Mr. Pierson, however, the majority never attempted to contact Ms. Scott to determine if this would be a convenient date. Instead, on March 23, the majority told him that Ms. Scott must appear for a deposition in three days because her testimony is “time sensitive.” When the minority counsel asked the majority counsel whether the majority counsel had extended Ms. Scott the simple courtesy of consulting about a mutually convenient date, majority counsel refused to answer the minority counsel’s inquiry.

On March 23, Mr. Pierson told majority counsel that March 26 was not a feasible deposition date for Ms. Scott. Without asking Mr. Pierson what other dates would be feasible, the majority issued a notice to all Committee members changing the deposition date to March 27. Ms. Scott was not available on March 27, and ultimately the deposition was rescheduled for today.

I do not understand why a witness who has already been subjected to 25 hours of staff questioning would be treated in this manner. The appearance is that the majority was attempting to make Ms. Scott appear uncooperative by placing unreasonable demands upon her.

I ask that you explain to the members of the Committee — and to Ms. Scott — why she is being treated in this seemingly discourteous, burdensome, and unfair manner. The Committee staff has deposed over 140 individuals, but you have called only 14 of them to testify. These statistics and the treatment of Ms. Scott suggest that the National Journal was right when it said that depositions and subpoenas are being “issued willy-nilly by curious congressional staffers.” (“Infinite Jeopardy,” National Journal (Mar. 14, 1998))

Sincerely,

[Signature]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
April 2, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I wrote you on March 20, 1997, to ask you to investigate the source of the leak of Bureau of
Prison recordings of Webster Hubbell's telephone calls to the Wall Street Journal. Your letter of
March 27, 1998, acknowledges that you were the source of these tapes, but maintains that these
tapes were not "leaked."

According to your letter, the tapes "were entered into the Committee record on December
10, 1997." This is simply not true. I have thoroughly reviewed the transcript from the December
10 Committee hearing. At no point were the tapes entered into the hearing record.

I am also baffled by your assertion that the leaked tapes discuss "matters under
investigation by the Committee." The Wall Street Journal article, a copy of which is attached,
reports that the tapes recorded personal conversations between Mr. Hubbell and his wife --
including a conversation about what Mrs. Hubbell should cook for dinner. I was not
aware that your investigation extended to these matters.

As I wrote in my March 20 letter, I find the unauthorized source of these tapes to be simply
reprehensible.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
Attachment
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton:

I am writing in response to your March 30, 1998, letter concerning the Committee’s investigation of Ted Sioeng. In your letter, you state that “[t]he Majority staff has attempted to conduct a bipartisan investigation” and confirm your chief counsel’s assertion to my staff that “the Committee fully intends to continue the deposition of [California Treasurer] Matt Fong.”

That is why I was surprised when I recently read that you have exonerated Mr. Fong with regard to allegations that he accepted illegal foreign campaign contributions from Mr. Sioeng. According to Roll Call, your spokesman was able to conclude that “Fong never knowingly accepted illegal contributions” (Roll Call, March 26, 1998).

This conclusion seems premature. As you acknowledge in your letter, the Committee’s deposition of Mr. Fong was never completed, leaving many important questions about Mr. Fong’s relationship with Mr. Sioeng unanswered. Furthermore, the Los Angeles Times reported that Mr. Fong repeatedly solicited campaign contributions from Mr. Sioeng, and Mr. Sioeng’s family claimed that Mr. Fong helped Mr. Sioeng write out the check to the Fong campaign (Los Angeles Times, February 23, 1998).

As I have stated on several occasions, I have been concerned that you have engaged in a pattern of making groundless accusations that are not supported by the facts. For example, you have accused the White House of altering videotapes even though there was no evidence to support your accusation. You chose to remain silent on this issue even after exculpatory evidence emerged.

It is unfair for you to fail to acknowledge the innocence of Democrats you have wrongly accused of wrongdoing even after exculpatory evidence comes to light, while exonerating Republicans, such as Mr. Fong, where significant evidence of foreign campaign contributions has yet to be fully examined.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I am in receipt of your April 1, 1998, letter concerning immunity for Simon Chen and Siong Fei Man.

The minority's position on how the Committee should proceed on this issue was clearly articulated in our October 22, 1997, letter, and reiterated in my March 3, 1998, response to your request for immunity for Kent L.a. Copies of these letters are attached.

I intend to follow this approach in considering immunity for witnesses. I am, as always, available to discuss these matters with you further.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to object to the interrogatories that you sent on April 1, 1998 to Nathan Landow, a Maryland real estate developer and a Democratic fundraiser. According to recent news accounts, Kathleen Willey has reportedly alleged that Mr. Landow may have either influenced her testimony or somehow encouraged her not to provide testimony in the Paula Jones lawsuit.

Request 27 of the interrogatories asks Mr. Landow to "[d]escribe any conversation or contact you have knowledge of regarding making a suggestion to any potential witnesses before a . . . grand jury or other legal proceeding to . . . leave any state for any period of time, or any knowledge of any efforts to make any witness in any investigatory matter related to the President . . . otherwise unavailable." This request, which is not included in any other interrogatories issued by this Committee, appears to be directed at Ms. Willey’s reported allegations about Mr. Landow.

Even though you have stated repeatedly that this Committee will not investigate the allegations involving Monica Lewinsky, your staff continues to issue document and other requests to witnesses for information on this very subject. In addition to this recent request to Mr. Landow, your staff has issued requests that seek the following information:

- Documents relating to any work that Investigative Group, Inc. has done regarding Mr. Starr or any members of his staff (Subpoena to Investigative Group, Inc., March 30, 1998);
- Information from the White House about its assertions of executive privilege in the Lewinsky matter (Interrogatories to White House, March 11, 1998);
- Information about any debriefings by the White House Counsel’s Office of witnesses.
The Honorable Dan Burton
April 2, 1998
Page 2

appearing before Mr. Starr's grand jury (Interrogatories to White House, March 11, 1998); and

Information about White House attorney work product that has been shared with the
President's personal attorneys in the Jones and Lewinsky matters (Interrogatories to

As I stated in my March 13, 1998 letter to you, these issues are well beyond the scope of
our Committee's investigation and should be left to the Judiciary Committee or whatever select
committee is constituted by the Speaker.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: The Honorable Newt Gingrich
    The Honorable Richard A. Gephardt
    The Honorable Henry J. Hyde
    The Honorable John Conyers, Jr.
    Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to reiterate my objections to the procedures that were employed on April 1 to compel the testimony of Martha Scott, the deputy director of the White House Office of Personal, at a hearing of the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs. These procedures were an affront to fairness, bipartisanship, and our rules and precedents. They were also extraordinarily discourteous to a witness who had already been forced to testify for 36 hours in seven days of depositions.

First, I object to the fact that Martha Scott was issued a subpoena on the afternoon of April 1 to testify at a hearing scheduled for 8:00 p.m. that night. This subpoena was issued in violation of the Document Protocol that the Committee adopted on April 10, 1997. Under section A(2) of the Document Protocol, the Chairman is required to “notify the ranking minority member of the proposed subpoenas at least twenty-four hours before the Chairman issues the subpoenas.” In this case, no such notice was provided. The exception that allows you to issue subpoenas if “delay in issuance could hinder or compromise the Committee’s ability to obtain... testimony” is obviously inapplicable. There was no threat that Ms. Scott would be unavailable to answer questions at a later date.

Second, I object to the fact that the hearing was scheduled with only four hours notice to the minority. The rules of the House (rule XI clause 2(g)(i)) and the Committee (rule 12) provide that the minority should receive seven days notice. Although there is an exception in the rules for shorter notice if the Committee determines there is “good cause,” this provision has never been used before in our Committee without the consent of the minority. Moreover, to the best of my knowledge, no Democratic chairman of any committee ever used this authority over the objections of the minority. While it is true that the majority has the power under the rules to deny the minority seven days notice, this does not make your exercise of the power right.

The rationale for these regrettable actions was that immediate action was necessary.
The Honorable Dan Burton
April 3, 1998
Page 2

because the witness had walked out of a deposition in defiance of a subpoena. While I do not condone defiance of congressional subpoenas, the reckless and frivolous use of that power creates a different perspective. I find it hard to blame Ms. Scott for her actions since she has few options short of defiance when the subpoena and deposition power is grossly abused.

This was certainly the case in this instance. As I wrote to you on April 1, Ms. Scott’s treatment by you and your staff has been unreasonable and harassing. Although she has not been charged with any wrongdoing and has little relevant information, she has been forced to testify for 36 hours in seven days of depositions before Senate and House investigators, including 18 hours of depositions over four days before our Committee.

While I am glad that we reached an accommodation at the last minute that avoided the need to proceed with the April 1 hearing, surely there must be a point when this kind of abusive treatment of witnesses will cease.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton:

I have been informed by my staff that you have rejected my request that the April 6, 1998, deposition of Bruce Lindsey be rescheduled for after Congress returns from the Spring District Work Period on April 21, 1998.

I am disappointed by your decision. I believe that this was a reasonable request, given the fact that minority members have expressed an interest in attending this deposition of a high-ranking White House official. You apparently have no interest in cooperating with the minority at even the most minimal level.

I understand that you have the authority to hold this deposition during the congressional recess. The members of the Committee, however, have the right to participate in this investigation, and those rights are, at a minimum, as important as the ones your staff believes they have. For this reason, I have written Mr. Lindsey and asked that he not be available for this deposition until after the April recess. A copy of this letter is attached.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight  
Attachment
Mr. Bruce Lindsay
Deputy Counsel to the President
The White House
Washington, DC 20500

Dear Mr. Lindsay:

I understand that you are scheduled to appear for a deposition before the Committee on Monday, April 6, 1998.

I asked Chairman Burton to reschedule your deposition for later this month, after Congress returns from its Spring District Work Period on April 21, in order to allow minority members to attend. A copy of my April 1 letter to Chairman Burton is attached.

My staff has been informed by the majority staff that Chairman Burton has rejected this request, and that your deposition is still scheduled for next Monday. Chairman Burton's decision was made notwithstanding the fact that the House is not in session and that this will preclude members from participating.

It is important for you to understand that this investigation is no longer being conducted by the Committee members. While the Committee has deposed 146 individuals in connection with its campaign finance investigation, members have been present at only a few of these depositions. Republican members rarely attend, either to participate or supervise the conduct of the majority staff. Furthermore, only 14 deponents have subsequently been called to testify at public hearings. In other words, this investigation is being conducted behind closed doors without accountability to the public, the media, or even the members of the Committee.

While Chairman Burton has the authority to hold this deposition during the Congressional recess, the members of the Committee, including the minority members, have the right to participate in this investigation. I am therefore asking that you not be available to be deposed by the majority staff until Congress returns from the April recess.

Sincerely,

[Signature]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
William Murphy, Esq.
Attachment
The Honorable Henry Waxman  
Ranking Minority Member  
House Committee on Government Reform and Oversight  
Washington, D.C. 20515

April 14, 1998

Dear Mr. Waxman:

Pursuant to the Committee's document protocol, I write to inform you of my intention to make available for public inspection all Committee records relating to Webster Hubbell including, but not limited to, all records regarding his consultant contracts, bank records, calendars, prison tape recordings, and other records. The President appointed Mr. Hubbell to the position of Associate Attorney General in 1993, the third highest ranking official at the Justice Department. In that position he had a senior role in the day to day management of the Department of Justice ("DOJ").

Just over a year into his tenure, Mr. Hubbell was forced to resign due to serious allegations of wrongdoing arising from his activities at his former law firm in Arkansas, the Rose Law Firm, where he was a partner along with First Lady Hillary Rodham Clinton. After he resigned from the DOJ, numerous friends of the President helped Mr. Hubbell obtain consulting contracts at a time when he was a central focus of the Whitewater investigation. Furthermore, many of the individuals who assisted Mr. Hubbell in finding lucrative consulting contracts were major donors to the Clinton/Gore and Democrat National Committee and are the subject of this Committee's and the Department of Justice's review of campaign finance violations. As a result of Independent Counsel Kenneth W. Starr's investigation, Mr. Hubbell pled guilty to income tax evasion and mail fraud and was sentenced to 21 months in federal prison. Without the Independent Counsel's investigation, we would have had someone who we now know to be a felon in charge of the Justice Department.

Allegations have been raised that Mr. Hubbell did little work for these contracts and that the work may have been part of an effort to encourage Mr. Hubbell's silence in investigations pertaining to the President and First Lady. Mr. Hubbell has publicly denied these allegations in public, but unfortunately has asserted his Fifth Amendment right against self-incrimination.
before the Committee, thereby refusing to cooperate with our investigation. Mr. Hubbell
received over $700,000 in consulting contracts from friends and political associates of the
President. You should note that the Lippo group, which is the subject of numerous allegations
regarding illegal foreign contributions, paid Mr. Hubbell $100,000 for what reports to be little, if
any, work.

As you know, the Committee has amassed a large body of records that contain troubling
information regarding the source of millions of dollars that flowed into our political system over
the past several years. Of great significance were the allegations that money from foreign and
other sources may have been provided to obstruct the workings of justice and protect various
officials from further investigation and possible prosecution. Reported payments to Webster
Hubbell of $100,000 by the Lippo Group raise serious questions about whether there was a
coordination of payments by persons close to the President from entities in the United States and
abroad to Hubbell in order to influence his cooperation with criminal investigation. The
interrelationships of the billionaire Riady, John Huang, Webster Hubbell and other senior
Administration figures are a central focus of the inquiry into alleged misuse of government
resources and/or obstruction of ongoing criminal investigations.

I appreciate your attention to this matter.

Sincerely,

Dan Burton
Chairman

cc: The Honorable Christopher Cox
The Honorable Dennis Hastert
The Honorable Tom Lantos
The Honorable Henry Waxman
Ranking Minority Member
House Committee on Government
Reform and Oversight
Washington, D.C. 20515

April 15, 1998

Re: Release of Certain Records Relating to Webster Hubbell

Dear Mr. Waxman:

I am informed that you oppose making available for public inspection all Committee records relating to Webster Hubbell. I am confused that, as a proponent of full public disclosure, you are not willing to let the American people judge for themselves whether allegations about obstruction of justice are true or not. On many occasions you have stated that all relevant documents and depositions should be made public. I intend to immediately make all records relating to Mr. Hubbell public.

You have said, time and again, in open hearings and correspondence, that the Committee has found nothing new. I disagree, but I should not be the final arbiter of what is new or not. The American people should know whether senior White House officials and friends of the President conspired to buy Webster Hubbell's silence. I have faith in the American people that they will accurately judge this situation and the work of the Committee.

The President appointed Mr. Hubbell to the position of Associate Attorney General in 1993, the third highest ranking official at the Justice Department. In that position he had a senior role in the day to day management of the Department of Justice ("DOJ"). Just over a year into his tenure, Mr. Hubbell was forced to resign due to serious allegations of wrongdoing arising from his activities at his former law firm in Arkansas, the Rose Law Firm, where he was a partner along with First Lady Hillary Rodham Clinton. After he resigned from the DOJ, numerous friends of the President helped Mr. Hubbell obtain consulting contracts at a time when he was a central focus of the Whitewater investigation. Furthermore, many of the individuals who assisted Mr. Hubbell in finding lucrative consulting contracts were major donors to the Clinton/Gore and Democrat National Committee and are the subject of this Committee’s and the Department of Justice’s review of campaign finance violations.
The Honorable Henry Waxman  
April 15, 1998  
Page Two

There are two possible explanations for the assistance Mr. Hubbell received from many of the Clintons' friends and associates. They could have been providing "humanitarian aid" as the President called it, or they may have been involved in an effort to buy Mr. Hubbell's silence in the Whitewater probe. Even though Mr. Hubbell has written a book about this and related matters and engaged in a public book tour in which he gave numerous interviews, he has refused to cooperate with the Committee's inquiry. This has prevented us from completing our designated task which is to discover the truth about this and other related matters. It is time the American people have access to the same information available to the Committee because they have the right to know and weigh the evidence and ultimately judge for themselves what is the truth.

I have consulted with Congressman Cox and Hastert who agree that the proposed release of records relating to Webster Hubbell is appropriate. I have also attempted to contact, directly or through staff, you and Mr. Lantos. I understand that you are in Hawaii. I am available to talk with you about this matter and can be reached through the Committee's offices.

Sincerely,

Dan Burton  
Chairman

cc:  The Honorable Christopher Cox  
The Honorable Dennis Hastert  
The Honorable Tom Lantos
April 27, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

We are writing to clarify the facts surrounding your release of prison tapes of Webster Hubbell, which have been the subject of much debate.

Rep. Waxman originally wrote to you about this matter on March 20, 1998, the day after an article appeared in the Wall Street Journal that quoted from prison tapes of a private conversation between Mr. Hubbell and his wife. This tape had been subpoenaed by the Committee.

In response, you wrote Rep. Waxman on March 27, 1998, and indicated that you were the likely source of the tapes. In that letter, you stated: "Two tapes that were considered relevant were entered into the Committee record on December 10, 1997." You then went on to explain that the two tapes "reference matters under investigation by the Committee."

We were puzzled by your response. Mr. Lantos, who served as ranking minority member during the December 10 hearing, does not recall these tapes being introduced at the hearing. Furthermore, there is no reference to these tapes in the hearing transcript.

At the April 23, 1998, Committee meeting, you gave a different explanation for the release of the tapes. You argued that the tapes were entered into the record on December 9, 1997, under a unanimous consent request made by Mr. Shays. This, too, is inaccurate.

Mr. Shays's unanimous consent request asked "to enter into the record ... records relating to Webster Hubbell as it relates to $100,000 of the Lippo payments and his withholding of information." ("Hearing on the Current Implementation of the Independent Counsel Act," December 9, 1997, at 213.) This request does not on its face refer to the tapes and cannot be interpreted in any way to include tape recordings of Mr. Hubbell's private conversations with his wife regarding what Mrs. Hubbell should cook for dinner — the subject of the Wall Street Journal story.

Sincerely,

Henry A. Waxman
Ranking Minority Member

Tom Lantos
Member of Congress

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am writing regarding your release of portions of the Webster Hubbell prison recordings.

You know that federal law — the Privacy Act — prohibits Independent Counsel Kenneth Starr and the Justice Department from publicly releasing prison recordings. In fact, in an article in yesterday's New York Times, experts in this field could not recall a single instance when such recordings were released outside of a trial.

The Privacy Act does not, however, apply to Congress, and you have insisted on unilaterally releasing this information. In the process of doing so, you have not consulted with the Justice Department — which provided the tapes to you pursuant to your subpoena — to evaluate any objections the Attorney General might have or to ensure that your release contained accurate information. Nor have you given any indication that you consulted with Independent Counsel Starr to ensure that the release would not in any way interfere with his ongoing investigation of Mr. Hubbell, his wife, and associates.

You first released portions of the tapes to the Wall Street Journal, which, on March 19, 1998, published excerpts from a conversation between Mr. Hubbell and his wife about what she should prepare for dinner. When I wrote to protest this unwarranted invasion of Mr. Hubbell's privacy, you initially responded that the committee had authorized the release. But as you know, you never received such authorization.

Moreover, you expressly refused to bring this matter to the Committee for its consideration or even to convene a meeting of the Document Protocol Working Group, which Committee rules require you to do. When you released your transcript of alleged verbatim portions of the tapes ("Hubbell Master Tape Log") to the media on April 30, you did not first provide your material to the members of the Committee. Indeed, it was not until Friday evening (May 1) that the minority was able to obtain a copy of what you had released.
The Honorable Dan Burton
May 3, 1998
Page 2

Accordingly, the minority staff has had barely more than 24 hours to verify the accuracy of your material. But what we have already found on a cursory review is deeply disturbing.

On March 25, 1996, Mr. Hubbell and his wife had a telephone conversation that lasted nearly two hours. Because prison rules prohibit telephone conversations of more than 15 minutes, this single conversation is recorded on a series of tapes. Tape 4a records the portion of the conversation that begins at 6:39 p.m.; Tape 5a records the portion of the conversation that ended at 7:09 p.m.; and Tapes 5b, 6a, and 6b record other portions of the conversation. The last portion of the conversation began at 7:54 p.m. You released portions of this conversation — in both transcript and audio tape — and excerpts of it have become the primary focus of the major newspapers and television networks. The portions of the conversation that you released in the “Hubbell Master Tape Log” are attached.

In this conversation, the Hubbells are discussing whether Mr. Hubbell should file a counterclaim against his former law firm. The excerpts you quote convey the impression that if Mr. Hubbell filed suit against his firm, it would “open up” the First Lady to allegations and that for this reason Mr. Hubbell has decided to “roll over” to protect the First Lady. Thus, you quote Mrs. Hubbell as saying, “And that you are opening Hillary up to all of this,” and Mr. Hubbell as responding, “I will not raise those allegations that might open it up to Hillary” and “So, I need to roll over one more time.”

Your excerpts omit, however, a later portion of the conversation that appears to exonerate the First Lady. This portion of the conversation is quoted below. The underlining shows the portion of the conversation you deleted, notwithstanding the fact that it is relevant and is no more private than what you have already released.

Mr. Hubbell: Now Suzy, I say this with love for my friend Bill Kennedy, and I do love him, he’s been a good friend, he’s one of the most vulnerable people in my counterclaim. OK?

Mrs. Hubbell: I know.

Mr. Hubbell: Ok, Hillary’s not, Hillary isn’t; the only thing is people say why didn’t she know what was going on. And I wish she never paid any attention to what was going on in the firm. That’s the gospel truth. She just had no idea what was going on. She didn’t participate in any of this.

Mrs. Hubbell: They wouldn’t have let her if she tried.

Mr. Hubbell: Of course not.

In other places, you appear to alter what Mr. Hubbell said in the tape recordings. For example, on page 9 of your “Hubbell Master Tape Log,” you purport to provide a verbatim transcript of a discussion of “hush money.” You quote Mr. Hubbell as telling Mrs. Hubbell that
The Honorable Dan Burton
May 3, 1998
Page 3

"We have to be very careful of this...Editorials are all talking about how all this is designed to keep
me and Susan quiet. We have to make sure that it's our personal friends that are helping."
A copy of your excerpt is attached.

This is not what Mr. Hubbell actually said. In fact, what he actually said appears to
exonerate Mr. Hubbell:

Mr. Hubbell: They're all talking about how, you know, all of this, everything is designed
to keep me and Susan [MacDougall] quiet. Okay? I'll give you a hypothetical — is that
most of the articles are presupposing that I, my silence is being bought. We know that's
not true. You know, we're dead solid broke and getting broke. But, from that
supposition, you have to realize that we have to be careful and only talk to friends. And
make sure, you know, that it's only our personal friends that are helping. (Emphasis added.)

This distortion in both words and meaning is inexcusable.

The solution now is not for you to act on the threat you made yesterday and release the
Hubbells' personal conversations. That would only destroy the little remaining privacy they and
their friends still have. They should not have to bear the burden for the distortions and omissions in
your release of information.

What you must do is convene an immediate meeting of the Committee — open or closed
session — so that the Committee can decide how to remedy this unacceptable situation. You have
unilaterally subpoenaed these tapes, unilaterally released them, and apparently unilaterally altered
the consent to suit your purposes. You act, in effect, as if the Committee were your private
playground and that none of our nation's laws, the rules of Congress, or any sense of decency or fair
play applies to you.

You are not above the law, Mr. Chairman. Your actions suggest, however, that you are out
of control and fulfilling the promise you made two weeks ago to "get" the President. I request an
immediate meeting of our Committee to deal with this matter.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
Enclosures
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
Washington, D.C. 20515  

Dear Henry:  

I am writing in response to your letter of May 3 regarding the Hubbell prison recordings. In your letter, you accuse me of selectively editing the tapes to leave out comments that tend to exonerate people. In fact, when you review the entire record, I believe that you will see that just the opposite is true. I in fact left out a number of incriminating conversations.  

As you know, Committee staff worked for two weeks to edit out hours and hours of personal conversations so that the Committee could release only those conversations that have a bearing on our investigation. In the process, 150 hours of conversations were narrowed down to close to one hour. In such a massive undertaking, anyone could argue after the fact that this or that passage should have been included or excluded from the final product.  

I don’t disagree with the argument that the remarks Mr. Hubbell made about Mrs. Clinton on Tape 58 should have been included in the transcript. However, I am sure you are aware that other remarks made by Mr. Hubbell that put Mrs. Clinton in a more favorable light were included in the transcript. Specifically, on tape 35B, Mr. Hubbell says, “What it all boils down to is they can’t say she (meaning Hillary Clinton) did anything.” This passage was not only included in the transcript, it was underlined to draw attention to it. So the argument that all exculpatory material about the First Lady was selectively edited out just doesn’t stand up to the light of day. Today, I will release the complete tapes of all 54 conversations in question so that it will become apparent that you are attempting to make a mountain out of a molehill.  

Along the same lines, your argument that I selectively edited out material that puts Clinton Administration officials in a better light does not hold water. In fact, just the opposite is true. I made a decision last week not to release several tapes that contain material that casts Mr. Hubbell and others in a negative light. This decision probably was not in the best interest of the public, but I wanted to bend over backwards to be fair to Mr. Hubbell.
The Honorable Henry Waxman

Page 2

If you intend to persist in making these rash allegations that comments that exonerate Clinton Administration officials were selectively edited out, allegations that are not true, I will be forced to release these additional tapes to the public to prove that just the opposite is true. This is a step that I did not intend to take, but you seem intent on placing me in a position where I have no choice. The entire record will reflect that I was very fair and even-handed in respecting the people's right to know.

On another point, I would like to once again address your irresponsible allegation that two Hubbell tapes were made public by me last year in violation of Committee rules. I have written to you to inform you that these tapes were included in the Committee Record last December. I have shown you the exact point in the Committee transcript in which they were placed in the record. I cannot imagine why you continue to make this allegation in the face of the facts. You seem to be operating under the premise that if you repeat a lie often enough, it will be accepted as the truth.

Let me conclude by reiterating some facts that I think are obvious. Webster Hubbell was the Associate Attorney General of the United States. He was the third-highest ranking law enforcement officer in the land. He has been accused of accepting $700,000 in "hush money" by friends and associates of the President to influence his cooperation with ongoing criminal investigations. These are, needless to say, very serious allegations. The public has a right to know exactly what happened. Because Mr. Hubbell has asserted his Fifth Amendment rights not to cooperate with this Committee, we have been compelled to turn to other avenues to find the truth and report it to the American people.

In spite of your allegations to the contrary, I withheld, in the interest of fairness, information from the public that tends to incriminate Mr. Hubbell. If it appears that the public is being misled about the fairness of this process, I will have little choice but to release the information that makes the public record complete.

Sincerely,

Dan Burton
Member of Congress
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515  

Dear Mr. Chairman:

I am writing in response to the letter you sent me today about your release of portions of the Webster Hubbell tapes.

Since I wrote you yesterday, my staff has had time to conduct a preliminary review of the excerpts you released. It is now clear that the extent of the alteration and selective editing of the tapes is much greater than I had previously thought. There was a systematic effort to mislead the public. Crucial passages that appear to exonerate Mr. Hubbell and the First Lady have been deleted. The text of other passages has been so heavily paraphrased that the original tape is barely recognizable. In at least one instance, you or your staff apparently simply made up text.

Last fall, you made a reckless allegation that the White House had altered video tapes of White House coffees and other functions. Although your allegations were completely discredited after an extensive investigation, they received wide publicity. On national television, you said: "Some of the tapes were cut off very abruptly. ... We think maybe some of those tapes may have been cut off intentionally. They've been, you know, altered in some way." You called for a thorough investigation "to get to the bottom of it," including an analysis of the tapes by "lip-readers." (CBS, "Face the Nation" (Oct. 19, 1997))

It now appears that it is you or your staff who have intentionally altered the transcripts of tapes. If your accusations against the White House had been true, it would have been an extraordinarily serious matter. Your conduct is no less serious. Indeed, as far as I am aware, it is without precedent in the history of the U.S. House of Representatives.

In your letter, you state that you will release 54 complete tapes to the public. You state that these 54 tapes are the tapes referred to in the "Hubbell Master Tape Log," which you released on April 30. And you threaten to release even more tapes if I persist in raising objections to your conduct.
The Honorable Dan Burton  
May 4, 1998  
Page 2

I urge you not to take this step. The release of complete tapes would be a grave mistake and a serious invasion of the privacy of Mr. and Mrs. Hubbell and their friends and associates. The tapes discussed in the Hubbell Master Tape Log include intimate discussions between a husband and wife. The matters discussed include purely personal matters, such as family medical problems, the personal problems affecting the Hubbell children, the marital problems of relatives, and even an attempted suicide by a family friend. These are private matters that have no conceivable relevance to any legitimate congressional investigation.

According to your comments yesterday on CNN's "Late Edition," you have already allowed some news media to listen to these purely private conversations. You stated: "Your staff and the staff of 'Meet the Press,' came to my office and we let them go through these tapes in their entirety. They went through all kinds of tapes." This invasion of privacy is as astounding as it is repugnant. Two weeks ago, you assured our Committee that you would not release this kind of personal information to the media. Yet without consulting with the Committee, it appears that you have done -- and intend to continue to do -- exactly that.

Your justification for releasing the entire tapes to the public is that such action is necessary to respond to the evidence that you have intentionally altered the tapes. This is no justification. You made an enormous error in judgment in releasing the Hubbell Master Tape Log to the news media. As a result of your error, newspapers and networks across the nation published inaccurate and misleading accounts of Mr. Hubbell's telephone conversations. This was unfair to Mr. and Mrs. Hubbell and their friends and family -- and to the American people. You will only make matters worse if you release the purely private conversations on the tapes. You owe the Hubbells fair treatment -- not further embarrassment by publicly releasing their most private conversations.

I have attached to this letter a memorandum prepared by my staff that analyzes some of the omissions and alterations in the Hubbell Master Tape Log that you released last week. As this preliminary analysis shows, the material that you released is rife with errors and misleading quotations.

On a final point, you are simply wrong in stating that you had authority to release the taped conversations described in the Wall Street Journal on March 19, 1998. This conversation concerned a private discussion between Mr. Hubbell and his wife about what she should cook for dinner. Under no circumstances did the Committee ever give you authority to release this kind of personal information.
The Honorable Dan Burton  
May 4, 1998  
Page 3  

You have scheduled a Committee meeting for Wednesday, May 6. I urge you not to release any tapes -- or take any other action related to them -- without the consent of the Committee. Given the serious questions that have been raised, there is no justification for your continued unilateral actions. You are acting as if the powers of the Committee belong to you and you alone. They do not. They belong to the Committee members and to the American people.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

Enc.

cc: Members of the Committee on Government Reform and Oversight
May 8, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I am writing to ask for your response to an allegation raised in today's Roll Call newspaper regarding the transcription of the Webster Hubbell tapes.

According to Roll Call, "outside lawyers transcribed the tapes" for the Committee. I am not aware, however, of any authority that would permit you to allow outside lawyers to transcribe these tapes. I therefore request an explanation of the role of outside lawyers in transcribing the tapes and the authority under which the lawyers were permitted to do this.

I believe the seriousness of this allegation, in the aftermath of recent questions raised about the Committee's credibility, requires an immediate response.

Sincerely,

Mary A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Newt Gingrich  
Speaker  
U. S. House of Representatives  
14222, The Capitol  
Washington, DC 20515  

Dear Mr. Speaker:  

I am writing in the spirit of bipartisanship to work with you to find a constructive solution to the difficult problems facing the Committee on Government Reform and Oversight. During the past several weeks, you have personally attacked me and questioned my integrity without justification. I believe, however, that the American people expect more from us than name-calling and partisan battles. Instead of escalating this fight, I want to make a genuine attempt to work with you to meet their expectations.

I am prepared to recommend to my Democratic colleagues that they support the pending immunity requests. But before I do, I believe that the rules and procedures guiding the Committee's campaign finance investigation must be changed so that the Committee can conduct a fair and thorough investigation.

Of course, such changes also require that the chair of the investigation be fair and credible. Mr. Burton, the current chairman, has disqualified himself by his actions. He has called the President a vulgar name and said that he is out to get the President. And he has "doctored" evidence by releasing altered and selectively edited transcripts of the Webster Hubbell tapes. There are several senior Republican members of the Committee who could immediately take his place and continue the investigation. For the investigation to have any legitimacy, this must happen.

A fair investigation must have fair procedures. Some have asserted that the Democratic members want a veto over the conduct of the investigation. This is not true. We are not seeking the right to block the issuance of subpoenas or the release of documents. All we want is the opportunity to present our arguments to the Committee if we raise objections that the chair is unwilling to acknowledge. We recognize that we are in the minority and that we can be outvoted. Fairness dictates, however, that we should at least have the right to appeal our case to the Committee members if we are summarily rejected by the chair.
I am not asking for unusual procedures. The exact opposite is the case. In the last year, Mr. Burton issued over 600 subpoenas unilaterally, without minority concurrence or a Committee vote. That is more than three unilateral subpoenas for every day the House was in session. To the best of my knowledge, however, no Democratic committee chairman since the McCarthy era forty years ago ever issued a subpoena unilaterally. The congressional subpoena power is an awesome power. It compels an individual to turn over documents to Congress or to testify before Congress against the individual's will. Prior to Mr. Burton, committee chairmen simply did not exercise this power unilaterally.

As Lee Hamilton, the chair of the House Iran-Contra investigation, wrote me:

As a matter of practice in the Iran-Contra investigation, the four Congressional leaders of the Select Committee -- Senators Inouye and Rudman, Representative Cheney and I -- made decisions jointly on all matter or procedural issues, including the issuance of subpoenas. I do not recall a single instance in which the majority acted unilaterally.

Likewise, Mr. Burton's unilateral release of subpoenaed documents is the exception, not the rule. I cannot think of a precedent for a committee chairman releasing such personal information -- such as Mr. Hubbell's private conversations with his wife and daughters -- unilaterally.

There are many precedents in congressional history for fair investigative procedures. You have referred repeatedly to the Watergate investigation as a model of bipartisanship. The House Watergate investigation had fair procedures that provided the minority the right to seek a committee vote if they objected to a proposed subpoena or document release. These Watergate procedures would provide an excellent model for this investigation.

Fair procedures do not lead to gridlock. To the contrary, they lead to bipartisan cooperation and a more successful investigation. They also are a safeguard against the kind of abuses that have characterized Mr. Burton's investigation. Under the rules followed in other congressional investigations, the entire committee is accountable for the investigation. Under Mr. Burton's rules, the Committee has transferred virtually all its power to him alone and he is accountable to no one. The events of the past weeks make it clear why this model should never be used again.

Senator Thompson followed fair procedures in his campaign finance investigation, and he was able to accomplish far more than Mr. Burton. In fact, he held 33 days of hearings and filed a 1,100-page report before Mr. Burton held his twelfth day of hearings. The Thompson procedures would be another excellent model for this investigation.
The Honorable Newt Gingrich
May 10, 1998
Page 5

You have accused me and other Democrats of "stonewalling" the investigation. That is not accurate. Mr. Burton has had virtually limitless powers. Democrats have blocked none of the 602 unilateral subpoenas he has issued, nor have we blocked any of the 148 depositions that his staff has conducted. In fact, we even supported the only other three immunity requests made by Mr. Burton. I want to be part of a thorough investigation of campaign finance abuses. I don't want to be in the position I am in now, where I must oppose immunity requests as a matter of principle.

Mr. Speaker, I am willing to put partisanship aside in addressing the problems on the Committee on Government Reform and Oversight. I hope you will join with me in this effort.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight.
May 11, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I am writing to inform you that I intend to offer a motion at the Committee meeting scheduled for this Wednesday, May 13, 1998, to amend the Committee rules to establish fair procedures for investigations.

The rule changes I will propose will give minority members the right to seek a Committee vote if the chairman refuses to acknowledge minority objections. They will also prevent the chairman from unilaterally releasing Committee documents to the media. The rule changes will provide our Committee with the same procedures followed in Senator Thompson's investigation.

These rule changes will not give the minority a veto over the campaign finance investigation. But they will help prevent the abuses that have characterized the investigation to date.

Sincerely,

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
May 11, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I am writing to express my concerns over a report in today’s Roll Call newspaper that the Committee released documents relating to Webster Hubbell to the Office of Independent Counsel Ken Starr, in apparent violation of Committee rules and protocols.

According to Roll Call, “A GOP committee aide said Burton’s committee printed out his database of information on Hubbell a few months ago and handed it to Starr’s investigative team.” In the same article, your former investigative coordinator, David Bossie, confirmed that the Committee provided information to Mr. Starr’s office, stating, “There is a one-way communication street from us to them.” (“Bossie’s Departure May Hurt GOP Pipeline to Starr’s Team.” Roll Call, May 11, 1998)

As you know, the Committee’s Document Protocol requires you to “notify the Ranking Minority Member” of your intention to release Committee documents. To date, the only authorized release of Hubbell documents were the November 6, 1997, unanimous consent request to release 23 depositions to the Independent Counsel and Mr. Shay’s December 9, 1997, unanimous consent request to make public “records relating to Webster Hubbell as it relates to $100,000 of the Lippo payments and his withholding of information.” A copy of the request for the depositions from the Independent Counsel is enclosed. On April 15, 1998, you announced your intent to release “all Committee records relating to Webster Hubbell,” but this was done over the objection of the minority and without a meeting of the Document Protocol Working Group.

If the database was provided to the Independent Counsel “a few months ago,” it is likely that the release of the database to the Independent Counsel occurred before the April 15 release. It is also likely, given the breadth of your subpoenas and document requests relating to Mr. Hubbell, that the material provided to the Independent Counsel was much greater than that which was authorized under the December 9 unanimous consent request.
The Honorable Dan Burton
May 11, 1998
Page 2

I am therefore asking that you provide the minority with a complete accounting of the materials provided to the Independent Counsel by the Committee. This accounting should include the identical printout from the database of information referred to in the Roll Call article.

Mr. Chairman, as I stated at the November 6, 1997, Committee hearing, I have no objection to releasing relevant information to the Independent Counsel. I do believe, however, that the Committee has an obligation to safeguard documents and other materials received pursuant to Committee information requests, and that this information should only be released in accordance with Committee rules and protocols. This information belongs to the Committee, and cannot be released to anyone, including former employees, except as provided by Committee rules and protocols.

Sincerely,

[Signature]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
May 11, 1998

The Honorable Henry Waxman
Ranking Member
Committee on Government Reform and Oversight
B-350 Rayburn House Office Building
Washington, DC 20515

Dear Henry:

I am writing to give you information about the Committee's expenditures for the campaign finance investigation in 1997. You have made repeated public statements that the Committee has spent $6 million on the investigation, which is more than double the exact amount expended. This letter should clarify any remaining questions.

The funds allocated in 1997 for the Committee investigation were $3.8 million. To date and including unpaid obligations, the total amount spent for 1997 has been $3,843,279.10.

The majority has spent $2,197,363.42. This figure includes the salaries and expenditures of all Committee staff involved in the investigation, including permanent full Committee staff. The following is a breakdown of expenditures:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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<tr>
<td>Staff Salaries</td>
<td>$1,466,556.73</td>
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<tr>
<td>Overtime</td>
<td>91,830.19</td>
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<tr>
<td>Detailers</td>
<td>136,639.91</td>
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<tr>
<td>Consultants</td>
<td>153,452.84</td>
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<tr>
<td>Equipment</td>
<td>213,720.89</td>
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<td>Travel</td>
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<tr>
<td>Printing</td>
<td>19,325.58</td>
</tr>
<tr>
<td>Supplies</td>
<td>43,525.46</td>
</tr>
</tbody>
</table>
The minority expenditures from the investigative budget totaled $245,915.68. The breakdown is $140,988.91 for the 7 temporary staff slot salaries, $292.78 for overtime and $104,633.99 for equipment.

I hope this information clarifies the record.

Sincerely,

Dan Burton
Chairman
June 5, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton:

I am writing regarding the subpoenas that you are sending to the Democratic Senatorial Campaign Committee, the Democratic Consulting Group, Bank One, the Democratic Congressional Campaign Committee, Chemical Bank, Chase Manhattan Bank, and the Democratic National Committee concerning the Teamsters election in 1996.

I am concerned that we are duplicating the work of the Education and the Workforce committee.

In a meeting with counsel for the International Brotherhood of Teamsters, your staff apparently represented that you had reached an understanding with Chairman Hoekstra about dividing portions of the investigation into the Teamsters election between this Committee and the Education and Workforce Subcommittee on Oversight and Investigations. If this is the case, I am surprised that I have not been informed of this development.

If you have reached an understanding with Chairman Hoekstra regarding the division of jurisdiction over the Teamsters investigation, I request that you inform the minority of this agreement. If you have not, I request that you explain why we are apparently duplicating Chairman Hoekstra’s investigation.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee
    The Honorable Newt Gingrich
    The Honorable Peter Hoekstra
    The Honorable Patsy Mink
The Honorable Dan Burton  
Chairman  
House Government Reform and Oversight Committee  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

Over the past year, one of the targets of the Committee’s investigation has been Ted Sioeng and the contributions made by his family and businesses to the Democratic and Republican Parties. You have consistently stated that this aspect of the Committee’s investigation would be fair and nonpartisan. For example, in a March 30, 1998 letter to me, you indicated that “the Majority staff has attempted to conduct a bipartisan investigation of Mr. Sioeng”; at an April 30, 1998 Committee hearing, you stated that “the entire investigation involving Ted Sioeng and the foreign money he gave the campaigns is exploring both Democrat and Republican contributions”; and on May 12, 1998, you said on the House floor that the investigation of Mr. Sioeng “is not a partisan issue.”

To date, however, these commitments have not been fulfilled. On March 20, 1998, I wrote to request that you investigate the evidence linking Mr. Sioeng to Speaker Gingrich. In that letter, I pointed out evidence indicating that Mr. Sioeng met privately with the Speaker in the Speaker’s office, that Mr. Sioeng sat next to the Speaker at a Beverly Hills reception, and that Mr. Sioeng gave $50,000 to the National Policy Forum (NPF), an arm of the Republican National Committee. I specifically requested that you investigate the activities of Steve Kinney and Joe Gaylord, who are both Republican fundraisers with close ties to Speaker Gingrich and who both may have relevant knowledge of Mr. Sioeng. To date, however, you have failed to investigate these and other related activities.

At the same time that you have failed to investigate the evidence linking Mr. Sioeng to Speaker Gingrich, you have expanded your investigation of Mr. Sioeng’s ties to Democrats. Recently, for example, your staff announced its intention to depute two high-level Democratic elected officials, Governor Gary Locke of Washington and Ambassador Fong Eu, who appear to have only tangential connections to Ted Sioeng.
The Honorable Dan Burton
June 11, 1998
Page 2

As explained in more detail below, I urge you reconsider the course you are apparently taking. If you intend to pursue the investigation of Mr. Sioeng, you should do so in the fair and nonpartisan manner that you have promised.

Mr. Sioeng’s Connections to Speaker Gingrich, the Republican Party, and the NPF

This spring, Committee staff deposed California Treasurer and senatorial candidate Matt Fong, a Republican, over the course of two days. According to press reports, Mr. Fong received over $100,000 in contributions from Mr. Sioeng, his family and his businesses. Moreover, Mr. Fong appears to be the only elected public official who has directly and personally solicited funds from Mr. Sioeng. Having reviewed Mr. Fong’s deposition testimony, I believe that there are many aspects of his testimony that require further investigation.

In particular, the activities of Steve Kinney and Joe Gaylord, both close associates of Speaker Gingrich, deserve scrutiny by this Committee. According to the minority report of the Senate Governmental Affairs Committee, one of Mr. Sioeng’s businesses made a $50,000 contribution to the NPF on July 18, 1995, six days after Mr. Sioeng met with Speaker Gingrich in the Speaker’s office and one day before Mr. Sioeng sat next to the Speaker at a California event organized by Steve Kinney. The Senate minority report also indicates that Joe Gaylord had knowledge of both the California event and the NPF contribution.

The Committee should also examine the role of Paula Fong (Matt Fong’s wife) in soliciting the $50,000 NPF contribution from one of Mr. Sioeng’s businesses. Press accounts have indicated that Paula Fong received a 10% commission from this contribution. Moreover, the Committee should investigate the numerous other Republican officials who may have knowledge of the relationship between Mr. Sioeng’s contributions to the NPF and his meetings with Speaker Gingrich. These officials would include, inter alia, NPF President John Bolton, NPF Chief Operating Officer Dan Denning, NPF Finance Directors Grace Wiegert and Diane Harrison, and Hardy Lott, who was Speaker Gingrich’s scheduler in 1995.

A credible investigation of the activities of Mr. Sioeng must follow the same course that your investigation of Democratic fundraising has followed. First, document requests should be issued to Speaker Gingrich’s office and to any Republican officials with relevant knowledge, including Steve Kinney, Joe Gaylord, Paula Fong, John Bolton, Dan Denning, Grace Wiegert, Diane Harrison and Hardy Lott. A broader document request should also be issued to the NPF, which last fall produced a manager seven pages of Sioeng-related documents in response to the narrowly-worded request that you sent on September 23, 1997. Second, following the receipt of all responsive documents, the Committee should deposing any Republican officials with relevant knowledge. At a minimum, this should include Steve Kinney, Joe Gaylord, Paula Fong, John Bolton, Dan Denning, Grace Wiegert, Diane Harrison, and Hardy Lott.

In addition, new evidence obtained by the Committee this week suggests that Matt Fong may have a closer connection to the Lippo Group than he has previously indicated. I request that Mr. Fong be deposed again on this subject or, at the very least, that he be sent written interrogatories.
The Honorable Dan Burton  
June 11, 1998  
Page 3

**Deposition of Governor Locke**

Today you informed my staff that you intend to subpoena Governor Locke for a deposition next week. As an initial matter, I question the sudden urgency in taking Governor Locke's deposition. On May 11, 1998, through his campaign consultant, Governor Locke provided documents to this Committee and made clear that he has no direct substantive knowledge of the individuals being investigated by this Committee. Notwithstanding the purported "fast track" nature of this Committee's investigation, your staff waited almost a full month before contacting Governor Locke about a possible deposition.

While it is reasonable to ask Governor Locke about his knowledge of possible federal campaign finance violations, I do not understand why it is imperative to have a sitting governor submit to a sworn deposition on such short notice. Because Governor Locke appears to have only limited knowledge of Mr. Stoeng, I propose that the Committee extend Governor Locke the basic courtesy of allowing him to provide testimony in a less intrusive manner, perhaps through written interrogatories.

At a minimum, I urge you to call a Committee meeting before you subpoena Governor Locke, so that the Committee as a whole can decide whether this is an appropriate step.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
House Government Reform and Oversight Committee  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Burton:

Yesterday, majority chief counsel Richard Bennett sent minority chief investigative counsel Ken Ballen a set of lengthy draft interrogatories to the Democratic National Committee ("DNC"). It appears that the issuance of these interrogatories would directly contradict understandings reached between the Committee and the DNC at a meeting that took place just two days earlier between Mr. Bennett, Mr. Ballen, majority attorneys Michael Bopp and Jay Apperson, minority attorneys Kristin Amerling and Elizabeth Munsinger, and DNC attorneys Judith Best and Paul Palmer.

As you may know, the DNC requested the June 9 meeting to discuss prioritizing the multiple information requests the Committee has issued to the DNC. At that meeting, and in correspondence preceding it, DNC attorneys explained that the DNC had received 48 subpoenas, as well as other requests for information, including multiple subpoenas and requests from this Committee. They further stated the DNC has limited resources with which to respond, and draws on the same resources to respond to the information requests it receives from various investigative bodies. In the June 9 meeting, after good faith discussion and negotiation, Mr. Bennett set forth the Committee’s priorities and a schedule for response. Mr. Bennett directed the DNC to make certain requests of Rep. McNamara a top priority, with a target response date of June 19. Mr. Bennett said the DNC then should make the Committee’s June 2 requests a priority over other outstanding Committee requests, with the understanding that the DNC should attempt to make an initial response by June 30.

In contrast to Mr. Bennett’s June 9 instructions, the 19-page draft interrogatories demand that the DNC provide the Committee information on a host of new topics by June 24. In light of the contradictory instructions the majority has given the DNC, I object to the issuance of these interrogatories at this time. I also request an explanation of why the majority is making new demands on the DNC less than 48 hours after agreeing in good faith with the DNC on a specific course of action on June 9.

Sincerely,

Henry A. Waxman  
Ranking Minority Member
June 15, 1998

The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Henry:

This letter responds to the issue you raised in your correspondence of June 5, 1998. In brief, you expressed concern that our Committee may be duplicating the work of the Oversight and Investigations Subcommittee of the Committee on Education and the Workforce.

I have reached an understanding with Chairman Hokestra, whose committee has been conducting an investigation of the International Brotherhood of Teamsters. Under that understanding, our committee will have jurisdiction over the widely-reported allegations relating to so-called “contribution swaps” involving the Democratic National Committee, the Democratic Congressional Campaign Committee, the Democratic Senatorial Campaign Committee, the Ron Carey campaign, and the International Brotherhood of Teamsters. The Committee on Education and the Workforce will investigate all other matters relating to the 1996 election of a general president for the International Brotherhood of Teamsters.

As you note in your letter to me, our understanding with the Education and the Workforce Committee was discussed in meetings attended by both Majority and Minority staff members. There has been no attempt on anyone’s part to keep this matter a secret. I hope this assures any concerns you may have had about our Committee duplicating the efforts of other committees. I also hope you share my belief that, given our experience investigating political contributions and related activities, it makes sense for this committee to examine the alleged contribution swaps referred to earlier. Please do not hesitate to contact me should you have any future concerns about this or other matters.

Sincerely,

D. Burton
Chairman

cc: The Honorable Peter Hokestra
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Henry:

Thank you for your letter of June 11 regarding the investigation of Ted smooth. While you raise a number of concerns in your letter, I would like to respond immediately to the concerns you have raised about the deposition of Governor Locke.

In your letter, you contend that it is inappropriate and unnecessarily intrusive to ask a sitting governor to sit for a deposition. Given the sequence of events that led up to the deposition of Matt Fong on the same subject, I was surprised at your reaction. As you will recall, it was originally my intention to have Committee staff, both majority and minority, interview Matt Fong informally. You objected to this, and asked that Mr. Fong be deposed under oath. Despite the fact that he is the elected Treasurer of the State of California and a candidate for the U.S. Senate, you apparently did not believe that a sworn deposition was too intrusive or inappropriate at that time. I acceded to your request, and Mr. Fong was deposed over two days.

I am puzzled by your recent change of heart. Why is it appropriate to debase a Republican elected official from the state of California and inappropriate to deposite a Democrat elected official from the state of Washington? I believe that it is more than appropriate to treat both officials in the same manner.

On Thursday, I personally spoke to Governor Locke's chief of staff. I told him that we had no desire to embarrass the Governor and that we had no intention of drawing advance notice to the deposition. I informed him that we are willing to quietly come to Washington, take a deposition of
The Honorable Henry Waxman

Page 2

a very reasonable duration, and leave without any fanfare. That is how the Matt Fong deposition was
dhandled, and I believe that is the appropriate way to handle the deposition of Governor Locke.

I hope that this explanation resolves some of your concerns in this area.

Sincerely,

Dan Burton
Chapman
June 16, 1998

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

I have received your partial response to my June 11 letter regarding the investigation of Ted Sioeng. I believe you misunderstood my position.

In my letter, I did not say that it would never be appropriate to take the deposition of Governor Locke. Instead, I asked that you take into account the fact (1) that Governor Locke is a sitting Governor with many pressing demands on his time and (2) that he appears to have virtually no knowledge of Mr. Sioeng’s business and political activities. Under these circumstances, I believed -- and I continue to believe -- that it is appropriate to use the less intrusive means of written interrogatories to question Governor Locke. The apparently unprecedented step of deposing a sitting governor could then be avoided unless it turned out that Governor Locke has significant information about Mr. Sioeng’s activities.

I cannot accept your argument that Matt Fong’s situation is analogous to Governor Locke’s. The deposition of Matt Fong was appropriate because Mr. Fong has substantial information about Mr. Sioeng’s activities. Mr. Fong personally solicited campaign contributions from Ted Sioeng. Mr. Fong received $100,000 in campaign contributions from Mr. Sioeng and his family business, including $50,000 from Mr. Sioeng himself. Moreover, Mr. Fong apparently has had substantial personal contact with Mr. Sioeng, referring to Mr. Sioeng as an “old friend” (San Francisco Chronicle, April 22, 1997), and has even attended the wedding of one of Mr. Sioeng’s daughters. In addition, in July 1995, Mr. Fong invited Mr. Sioeng to meet Speaker Gingrich in the Speaker’s office, which apparently led a few days later to Mr. Sioeng making a $50,000 contribution to the Republican-affiliated National Policy Forum.
In contrast, Governor Locke's contacts with Mr. Sioeng appear to have been far more limited. As far as my staff is aware, Governor Locke does not have a personal relationship with Mr. Sioeng, did not personally solicit Mr. Sioeng, and did not intercede to set up a meeting between Mr. Sioeng and congressional leaders. In fact, it appears that Governor Locke received less than $10,000 from individuals associated with Mr. Sioeng, all of which appears to have been solicited by a paid fundraiser -- not Governor Locke himself.

While you have responded to one aspect of my June 11 letter, I have yet to hear from you regarding my principal request -- namely, that the Committee investigate Mr. Sioeng's connections to Speaker Gingrich, the Republican Party and the NPF. I look forward to hearing your views on this issue.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
June 17, 1998

Dear Chairman Burton:

Thank you for your June 15, 1998 letter informing me that you have reached an understanding with Chairman Hoeffa regarding the International Brotherhood of Teamsters. I understand that you have agreed that our Committee will investigate the allegations of "contribution swaps" between Democratic party committees, the Ron Carey campaign, and the Teamsters.

Now that you have decided that our Committee will investigate certain "contribution swaps," I would like to request that our Committee investigate similar allegations concerning the Republican party.

First, the Committee should investigate the $4.6 million in "soft money" that the Republican National Committee gave to the independent group Americans for Tax Reform in October 1996, allegedly in exchange for advertising and other advocacy activities that benefited Republican candidates. This swap—which was the largest transfer of money from a national party to a tax-exempt organization in American history—may have had several illegal consequences, including, for example, enabling the RNC to circumvent the law and use an illegal level of soft money to fund its issue advertising budget, and enabling the RNC to avoid contribution limits and disclosure laws.

Second, we should investigate whether the Republican National Senatorial Committee transferred money improperly to various state parties. According to press accounts, the RNSC transferred nearly $2 million at the direction of Senator Alfonse D'Amato to the campaign of New York Governor George Pataki. The money that Governor Pataki's campaign received included contributions from Wall Street companies that underwrite municipal bond offerings—entities who are legally prohibited from giving money directly to gubernatorial candidates. The RNSC also transferred over $700,000 to races in Florida in 1996, even though there was no Senate contest in Florida in 1996.

The Committee should also investigate the swaps between Triad Management, Inc. and various Republican campaigns. There are credible allegations that Republican candidates for
The Honorable Dan Burton  
June 17, 1998  
Page 2  

federal office provided Triad with the names of their donors who had already given the maximum legal contributions to their campaign committees, and Triad then solicited those contributors for contributions to certain political action committees. These PACs then returned the favor by contributing to the same political candidates, according to the minority report of the Senate Governmental Affairs Committee. These and other investigations involving Triad -- a secretive, for-profit corporation -- should be investigated. If you recall, you have publicly agreed to investigate Triad at a December 1997 hearing of our Committee, but despite our continual requests, no meaningful investigation has begun to date.

Mr. Chairman, you have pledged repeatedly that this would be a bipartisan investigation, yet so far this investigation has been a partisan attempt to harm the President, the DNC, and other Democratic entities. If we are now going to investigate "swaps," let us do so in a fair and nonpartisan manner, pursuing allegations of improper swaps involving both political parties.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
June 18, 1998

Honorable Henry A. Waxman
Ranking Member
Committee on Government Reform and Oversight
Washington, D.C. 20515

Re: Release of Documents

Dear Henry:

I am writing to confirm that the Committee is releasing the attached document, Bates-numbered DNC 0881296-97, pursuant to the Agreed Release provisions of the Committee's document protocol. It is my understanding from discussions between majority and minority staff that you have no objections to the release of this document.

Thank you for your cooperation.

Sincerely,

Dan Burton
Chairman

Attachment
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Henry:

I am writing to follow up on our Tuesday meeting regarding the Committee’s rules and procedures.

As you know, I believe that it is very important that we move forward to immunize the four witnesses that we have had under consideration. They clearly have relevant testimony with regard to Ted Sioeng, Johnny Chung and others. The Justice Department has been thoroughly consulted and has no objections. The House, by a unanimous vote, instructed our Committee to immunize these witnesses — a charge that I take very seriously.

To that end, I have tried to go the extra mile to address the concerns that you have raised about our procedures. In your letter of last October, you stated that you and your colleagues in the minority would not vote for immunity unless three conditions were met. I have agreed to two-and-a-half of the three:

- You asked that depositions be conducted in alternating one-hour rounds. I have agreed.
- You asked that documents be released either by agreement or by a Committee vote — that we discontinue releasing documents through the working group. I have agreed.
- You asked that subpoenas to which you object be submitted to a Committee vote. I have offered a reasonable alternative — that if you object to a subpoena that I plan to issue, I submit the subpoena to the working group for consideration.

These are not cosmetic or insignificant changes. This is a serious, substantive offer. I believe that I have gone more than halfway to meet your concerns — I have agreed to two-and-a-half of the three changes that you have requested. If we are going to reach a compromise, both sides are going to have to give a little ground.
The Honorable Henry Waxman  
Page 2  

The American people have a right to know if foreign money infiltrated our political system. It is our job to get the facts and report them to the public. By not immunizing these witnesses and not getting their testimony, we are hurting the American people in the dark. We have an obligation to find some middle ground that will allow us to move forward and get the facts.

I am preparing to schedule another vote on immunity for these four witnesses for next Tuesday afternoon. At that meeting, I am more than willing to bring up the compromise rules changes outlined above. I think that I have made a more-than-reasonable proposal. I hope that between now and next Tuesday, you will meet with your Democratic colleagues to discuss this matter, and that you will agree that it is time to put our differences behind us, immunize these witnesses, and get the facts out.

Please feel free to contact me if you have any questions or concerns.

Sincerely,  
Dan Burton  
Chairman  

cc: Members, Committee on Government Reform and Oversight
June 19, 1998

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Burton:

As part of this Committee's investigation of Ted Stoeng, your staff has proposed scheduling the deposition of Steven S. Walker, Jr., the former controller of the National Policy Forum ("NPF"). Apparently, your staff believes that Mr. Walker is the person who can best shed light on why one of Mr. Stoeng’s companies contributed $50,000 to the NPF and what steps the NPF and/or the Republican National Committee took to determine the true source of the funds.

While I support a full and fair investigation of Mr. Stoeng's contributions to the NPF and California Treasurer and Senate candidate Matt Fong, I do not believe that Mr. Walker is the proper person to help the Committee achieve its objectives or that we need to subject him to the burden and expense of another Congressional deposition. Your staff has asserted that Mr. Walker can provide the Committee with information about the NPF and its fundraising practices that parallels the kind of information that Democratic National Committee General Counsel Joseph Sandler provided to the Committee at his deposition. However, there is no comparison between the scope of Mr. Walker's knowledge and the scope of Mr. Sandler's knowledge.

In his June 27, 1997, Senate deposition testimony, Mr. Walker indicated that he does not have detailed, first-hand knowledge of the NPF's fundraising decisions or the NPF's method of identifying prospective donors. There is also no assurance that Mr. Walker is knowledgeable about the fundraising vetting procedure at the NPF -- to the extent there was one -- because he refused to answer questions on this topic at his Senate deposition. Furthermore, Mr. Walker left

1 For example, when Mr. Walker was asked at his deposition about the NPF’s fundraising practices, he testified: "I didn’t do fund raising. I had no idea how [NPF] made contacts. How these people were determined, no idea" (Dep. at 47). When asked specifically about how NPF identified potential contributors, Mr. Walker testified: "Fund raising. I did not -- I didn’t get involved in. It was not my decision to decide who to approach" (Dep. at 48).
The Honorable Dan Burton
June 19, 1998
Page 2

the NPF in October 1995, and testified at his Senate deposition that he was unaware of any financial decisions made by the NPF after his departure (Dep. at 111). So, unlike Mr. Sandler, Mr. Walker would not be in a position to testify about the NPF's decision either to keep or to return the Siueng contribution.

Mr. Walker's Senate deposition also indicated that he did not participate in the decision making as to whom the NPF would hire as outside consultants to assist the NPF in raising money (Dep. at 52). Thus, Mr. Walker could not shed any light on: the NPF's decision to hire Steve Kinney, a fundraiser with close connections to Speaker Gingrich; whether the Siueng contribution to the NPF was connected to two July 1995 meetings between Mr. Siueng and the Speaker; or whether Paula Fong (Matt Fong's wife) received a commission from the Siueng contribution.

In sum, I find it hard to believe that Mr. Walker is the best witness the NPF can make available to answer the Committee's questions about Mr. Siueng's involvement with the NPF. I believe that a more appropriate person for this Committee to depose is Haley Barbour, the Chairman of the NPF. Unlike Mr. Walker, Mr. Barbour can testify about conversations that NPF employees had with Speaker Gingrich, Joe Gayford, and others about raising money for the NPF from non-US citizens and corporations. Mr. Barbour can also testify about why, in spring 1994, the NPF identified three non-U.S. citizens as individuals who could contribute millions of dollars to fund the activities of the NPF and whether the decision to raise money from non-U.S. citizens was consistent with the fundraising practices and policies of the NPF. Additionally, Mr. Barbour can provide the Committee with information about whether the NPF retained the $50,000 contribution from Mr. Siueng's company and the reasons behind that decision.

These are all important questions, and I believe that Mr. Barbour -- and not Mr. Walker -- is the best person to assist the Committee in answering them.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Henry A. Waxman  
Ranking Minority Member 
Committee on Government Reform & Oversight  
House of Representatives  
Washington, D.C. 20515  

Re: Your letter to me of June 19, 1998  

Dear Mr. Waxman:  

Thank you for your letter of June 19, 1998 regarding the upcoming deposition of former National Policy Forum ("NPF") controller Steven S. Walker, Jr. In it you suggest that, instead of "subpoena[ing] Mr. Walker to the burden and expense of another Congressional deposition," we should depose Haley Barbour, who was deposed by the Senate Committee on Governmental Affairs on July 19, 1997 and who, five days later, testified before that Committee for five hours. I must respectfully disagree with your suggestion.  

I believe that Steven Walker is the person most likely to be able to answer the questions we have about what types of contributions the NPF could accept, the NPF's procedures and practices for vetting and returning contributions, and the $50,000 contribution made to the NPF by Panda Industries, Inc. With respect to the Panda Industries contribution, our focus with Steven Walker -- as it was with Joseph Sandler and the Sioeng-related contributions to the Democratic National Committee ("DNC") -- will not be on how the contribution was solicited. On that point we of course have the Senate testimony of Stephen Kinsey. I note that, in contrast, we have virtually no testimony concerning how the $400,000 in Sioeng-related contributions to the DNC were solicited. As you know, the person who solicited these contributions, John Huang, has asserted his privilege against self-incrimination.  

We have arranged for the deposition of Steven Walker in the same manner that we arranged Joseph Sandler's testimony. We decided to depose Mr. Sandler only after asking counsel for the DNC who could best answer the questions we had about vetting and so forth. We asked counsel for the NPF the same question and were told Mr. Walker would be the best person to testify. Similarly, as the attached letters indicate, it is our intent to question Mr. Walker's
The Honorable Henry A. Waxman
June 25, 1998
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questions after those we posed to Mr. Sandler.

Finally, I do not believe that Haley Barbour is, as you wrote, "a more appropriate person
for this Committee to depose." Mr. Barbour already has testified that he does not know Ted
Sioung or Jessica Elnimitra, that he never spoke to Stephen Kinney about Panda Industries or its
contribution to the NPF, that he did not know about the contribution when it came in (and further
is not sure to whose attention the Panda Industries' check would have come after it was
received), that he learned about the contribution indirectly through a reporter, and that he did not
try to get involved in the day-to-day operations of the NPF. (Barbour Depo. at 48-50). In short,
it does not appear that Mr. Barbour is the right person to depose on the matters outlined above
just as, according to counsel for the DNC, Governor Roy Romer was not the right person for us
to depose on the $400,000 in Sioung-related contributions to the DNC.

If you have further thoughts or questions on this matter, please do not hesitate to call or
write. In the meantime, I understand that my staff has worked with yours to find a suitable and
convenient time to depose Mr. Walker.

Sincerely,

Dan Burton
Chairman
The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
Washington, D.C. 20515  

Re: Release of Documents  

Dear Henry:  

I am writing to confirm that the Committee is releasing the attached documents related to Johnny Chung and his relationship with the Haasen Beer Corporation and the China Petrochemical Corporation, pursuant to the "Agreed Release" provisions of the Committee's document protocol. It is my understanding from discussions between Majority and Minority staff that you have no objections to the release of these documents. As per request of Minority staff, corporate tax returns related to Johnny Chung are not included for release at this time. The attached documents have been redacted by Majority staff.  

In addition, the Committee voted on May 21 to release depositions related to Johnny Chung following review by the Justice Department. That review having been completed, the following depositions shall be made available to the public:  

Energy Department:  
Hamel O’Leary  
Corlis Smith Moody  
Richard Rosenweig  
Woodrow Wilson Golden  

Treasury Department:  
Lawrence Summers  
James H. Fall, III  
Todd W. Crawford  
Todd T. Schneider
The Honorable Henry Waxman
Page 2

Back To Business Committee:

Lynn G. Cutler
Democratic National Committee

Richard Sullivan

Pending further discussions with the Department of Justice, the Committee is not releasing at this time the following depositions:

Israel Sendrovia
Karen Sternfeld
Brian J. Lane
Meredith B. Cross

Thank you for your cooperation.

Sincerely,

Dan Burton
Chairman
July 13, 1998

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Burton:

The Washington Post and other news organizations reported on June 29 and June 30, 1998, that the Federal Election Commission ("FEC") has subpoenaed our colleague, Representative John Boehner, as part of the FEC's investigation to determine whether members of the so-called "Thursday Group" violated federal election laws in connection with the 1996 elections. According to press accounts, the FEC is investigating whether Mr. Boehner and members of a business-oriented coalition ("the Coalition") may have discussed at meetings of the Thursday Group the spending of $4 million in issue advertising for the 1996 elections. These discussions about advertising expenditures could constitute illegal and impermissible coordination under the federal election laws.

These are serious allegations, and fall squarely within the ambit and jurisdiction of our Committee's ongoing work. I ask that you subpoena all relevant documents from Mr. Boehner, the attendees of the Thursday Group meetings, and the Coalition and its constituent members.

Additionally, I ask that you take the depositions of the members of the Thursday Group and the Coalition to determine whether participants discussed political campaigns, issue advertising, political contributions, or other topics which may have violated federal election laws. My reading of the June 29, 1998 Roll Call story suggests that it would be appropriate at this time to subpoena the head of the Coalition and its managerial committee. These individuals include: Bruce Jeston, the head of the Coalition who also serves as Executive Vice President of the United States Chamber of Commerce; Steve Sandherr of the Associated General Contractors of America; Paul Huard of the National Association of Manufacturers; Fred Nichols of the National Association of Manufacturers; Dan Danner of the National Federation of Independent Business; Dirk Van Dongen of the National Association of Wholesale-Distributors; Alan...
Krause of the National Association of Wholesale Distributors; Elaine Graham of the National Restaurant Association; Kevin Burke of the Food Distributors International; and Mark Katz of the National Association of Convenience Stores.

I look forward to your prompt response to this request.

Sincerely,

[Signature]

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Henry Waxman  
Ranking Member  
House Committee on Government Reform & Oversight  
Washington, D.C. 20515  

Re: Release of Documents Relating to Johnny Chung  

Dear Henry:  

Enclosed are documents which we have agreed to release pursuant to the  
Agreed Release provisions of the Committee’s document protocol. It is my  
understanding from discussions between majority and minority staff that you have no  
options to the release of these documents.  

The documents are copies of business cards from the rolodex of Johnny  
Chung. As you will notice, my staff has made a number of redactions to these records to  
remove the following information: telephone numbers of government officials; home  
telephone numbers; cell phone numbers; and pager numbers. We have not redacted the  
business addresses or telephone numbers from these records. In addition, we have  
withheld certain cards at the request of the Department of Justice.  

Please contact my Staff Director, Kevin Binger, at 225-5074, if you have  
any questions about these documents.  

Sincerely,  

Dan Burton  
Chairman  

Enclosure
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I am writing to request that the Committee reschedule the depositions of Irene Wu, Nancy Lee, and Kimberly Ray.

On July 23, 1998, you notified the Committee members of your intention to hold a Committee hearing next Thursday, July 30, 1998. This hearing will directly conflict with the deposition of Kimberly Ray which is scheduled to be taken the same day in Las Angeles. In keeping with the Committee's precedent, I ask that this deposition be rescheduled so as not to conflict with the Committee hearing.

I also ask that you reschedule the depositions of Irene Wu and Nancy Lee, which are also scheduled to be taken in Los Angeles next week. These depositions would require my investigative counsel to be in California on the days preceding the Committee hearing. I believe that this schedule will greatly interfere with the minority members' ability to properly prepare for this important hearing.

Thank you, in advance, for your assistance in this matter.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Committee on Government Reform and Oversight
July 24, 1998

The Honorable Dan Burton
Chairman
House Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton:

I am writing regarding the subpoena you issued today to the Department of Justice. I am concerned not only about your decision to issue the subpoenas but also about the procedure that was followed to authorize the issuance of the subpoenas.

Yesterday, my staff was notified that you intended to schedule a hearing on Attorney General Janet Reno’s decision not to appoint an independent counsel to investigate campaign fundraising matters. The staff was also notified that you intended to issue a subpoena to the Department of Justice for copies of confidential memoranda that were prepared by FBI Director Louis Freeh and Charles La Bella, the head of DOJ’s campaign task force. When I indicated to you that I would object to the issuance of the subpoena, a meeting of the Committee’s Working Group was scheduled for this morning at 9:30 a.m.

Rep. Lantos, Rep. Cox, and I attended the Working Group meeting with you this morning. The four of us discussed the subpoenas, but reached no consensus. Realizing that you did not have the majority necessary to issue the subpoenas, you stated that the Working Group would reconvene later near the House floor so that Rep. Hastert -- who was managing a bill on the floor -- could attend the meeting.

When the Working Group reconvened, four members (Reps. Burton, Waxman, Hastert and Cox) were present. Although our Document Protocol requires that “the Working Group shall endeavor in good faith to reach consensus,” you did not allow me an opportunity to present my concerns to Mr. Hastert or to engage in any meaningful discussion with him. Instead, after less than five minutes of cursory discussion, you insisted that a vote be taken. (Ironically, even though you had earlier postponed a vote because Mr. Hastert was not present, you proceeded to...
The Honorable Dan Burton
July 24, 1998
Page 2

take a vote in Mr. Lantos's absence.) Not surprisingly, I was outvoted three to one.

Last month, when you were seeking the minority's support for immunity for four
witnesses, you stated that "[w]e have offered to make our five-member working group meet to
vote on any subpoenas that you propose, and I have pledged to abide by the working group's
decisions." You also assured me that "[t]hese are not cosmetic changes." Unfortunately, your
conduct today conflicts with these assurances. A process that denies the minority the opportunity
to present its views is simply a sham process.

Not only am I concerned about the procedure that you followed in approving the
subpoenas, I also object to the subpoenas themselves. With regard to the memorandum written
by Director Frehling, the issuance of a subpoena violates the earlier agreement between the
Committee and DOJ. Last December, you subpoenaed the Frehling memo, and DOJ refused to
produce it. A compromise was reached whereby DOJ and FBI officials briefed us orally about
the contents of the document, but did not produce it. Your issuance of a new subpoena conflicts
with your prior agreement to not to subpoena the document in exchange for DOJ's agreement to
provide an oral briefing.

With regard to the fact-intensive 100-page document drafted by Mr. LaBella, your
subpoena violates the principle -- which has been followed by Administrations of both parties --
that memoranda that make recommendations regarding potential criminal prosecutions are not
provided to Congress. See, e.g., Memorandum of Charles J. Cooper (Asst. Atty. Gen.) to
President Reagan, Re: Response to Congressional Requests for Information Regarding

There is a sound basis for respecting this principle. First, disclosure of sensitive
investigative materials could compromise an ongoing criminal investigation. Second,
Congress should not be influencing or interfering with DOJ's prosecutorial decisions. This latter
factor is particularly relevant in this instance. The Attorney General has not finished reviewing
the LaBella memo and evaluating whether the information contained in the memo merits
criminal prosecutions or the appointment of an independent counsel. Until she makes these
decisions, any congressional intervention risks improperly influencing her decisions on criminal
prosecutions.

At a minimum, prior to the issuance of the subpoena, the Working Group should have

1 Simply reducing grand jury information pursuant to Federal Rule of Criminal
Procedure 6(e) would not be sufficient. The LaBella memorandum may well contain highly
sensitive investigative information -- such as witness interviews, document summaries,
investigative strategies, and legal theories -- that are not covered by Rule 6(e).
The Honorable Dan Burton
July 24, 1998

Page 3

offered DOJ and FBI representatives an opportunity to explain their views on why the Freeh and LaBella memoranda should not be produced to Congress at this time. Unfortunately, this very reasonable suggestion was also rejected at today’s meeting.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Janet Reno
Attorney General
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Madame Attorney General:

I am writing regarding the meeting you, FBI Director Freeh, and I attended today in Chairman Burton's office. During this meeting, Mr. Burton told you that he would not seek to hold you in contempt of Congress if you sought the appointment of an Independent Counsel to investigate the President. I was concerned by Mr. Burton's comments and believe that they should not be allowed to taint your decision making process.

As you know, you and FBI Director Freeh requested a meeting with Mr. Burton and me today to discuss Mr. Burton's threat to hold you in contempt of Congress unless you turn over the memorandum written by Charles La Bella, the out-going head of the Justice Department campaign finance task force. At the meeting, you and Director Freeh explained that you opposed turning over the memorandum because of the damage it would do to your criminal investigation and the chilling effect it would have on future criminal prosecutions.

Mr. Burton informed you that he disagreed with your decision not to appoint an Independent Counsel and that he thought you were trying to protect the President. He stated that if you do not turn over the memorandum, he would hold a Committee meeting next week at which he would seek to have you held in contempt of Congress. He said that he was sure he would have the votes to prevail at the Committee level. He also said that he would ask the full House of Representatives to vote on the Committee's contempt recommendation when the House reconvenes in September after the August recess.

During the meeting, you proposed an alternative to Mr. Burton. You said that you were still considering the La Bella memorandum, that you wanted other lawyers in the Department to review the memorandum, and that you wanted to make the best decision possible. You stated that your review of the issues would take you about three weeks to complete. You offered to meet with Mr. Burton and me after you had made your decision to explain your decision. You
The Honorable Janet Reno  
July 31, 1998  
Page 7

indicated that you would be prepared to discuss the contents of the La Bella memorandum with Mr. Burton at that time, but that it would be inappropriate to do so before a decision was made.

I stated my view that the Committee should not ask Mr. La Bella and Director Fresh to testify at the scheduled hearing on August 3 and that Mr. Burton should not seek to hold you in contempt next week. Instead, I urged him to wait for three weeks to allow you to make your decision about whether to appoint an Independent Counsel on the merits.

Mr. Burton rejected these proposals. He reiterated that the Committee would vote next week to hold you in contempt and that the full House would consider the matter in September. He then expressly stated that he would not insist on seeing the La Bella memorandum and would not seek a House vote on contempt if you decided to seek appointment of an Independent Counsel before the House reconvenes in September.

It is obviously inappropriate -- and at a minimum a clear violation of the House ethics rules -- for a member of Congress to seek to coerce an executive branch official to reach a predetermined conclusion on a discretionary matter. But that is exactly what happened today.

The Chairman’s remarks were a blatant attempt to influence your decision. You were told that you could avoid being held in contempt of Congress if you acceded to Mr. Burton’s demands that you seek appointment of an Independent Counsel. Conditioning a contempt citation on your willingness to appoint an Independent Counsel is clearly coercive -- and I urge you not to be influenced by the Chairman’s threat.

The ethics rules of the House provide unambiguous guidance. The opinions of the Committee on Standards of Official Conduct state that in communicating with the Executive Branch: “Direct or implied suggestion of either favoritism or reprisal in advance of, or subsequent to, action taken by the agency contacted is unwarranted abuse of the representative role.” In this case, Mr. Burton made a direct statement that he would cease his efforts to hold you in contempt if you appointed the Independent Counsel he seeks. As the ethics opinion indicates, this is an unacceptable abuse of power.

Mr. Burton’s tactics are not subtle. He knows that you cannot turn over the La Bella memorandum. For the last 100 years, the consistent precedent of the Department of Justice has been to refuse congressional requests for internal memoranda that contain the recommendations of federal prosecutors. As the Reagan Justice Department wrote, “the Department of Justice has an obligation flowing from the Due Process Clause to ensure that the fairness of the decision making with respect to the prosecutorial function is not compromised by excessive congressional

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*Committee on Standards of Official Conduct, Advisory Opinion No. 1 (Jan. 26, 1970).*
The Honorable Janet Reno
July 31, 1998
Page 2

pressure,7 This fundamental obligation would be violated if members of Congress were briefed and consulted about prosecutorial decisions before these decisions are made. Moreover, if you violated the longstanding Justice Department precedent in this instance, you and future Attorneys General would be compelled to do so in countless future cases.

Thus, Mr. Burton is seeking to place you in an untenable position. In effect, he has given you only two choices: (1) become the first Attorney General in history to be held in contempt of Congress because you cannot turn over the La Bella memorandum or (2) appoint the Independent Counsel that he demands.

I do not know whether you should appoint an Independent Counsel or not. Early last year, as your investigation was just beginning, I called upon you to appoint an Independent Counsel. Because I am not privy to the extensive evidence you have gathered since then, I do not know whether it is still appropriate to do so. But what I do know is that your decision should be made on the merits — not tainted by intimidation from Chairman Burton.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: The Honorable Dan Burton
The Honorable Louis J. Freeh
Members of the Committee on Government Reform and Oversight

7Opinion of Assistant Attorney General Cooper (Apr. 28, 1986).
August 3, 1998

The Honorable Henry A. Waxman
U.S. House of Representatives
Washington, D.C. 20510

Dear Congressman Waxman:

I write in response to your purposefully inaccurate letter of July 31, 1998. In this letter you misrepresent statements made during the meeting we both attended with Attorney General Janet Reno and FBI Director Louis Freeh. Specifically, you suggest that I will seek to hold the Attorney General in contempt if she fails to appoint an Independent Counsel to investigate campaign finance matters. Nothing could be further from the truth, and I deeply resent your mischaracterization of what took place in the meeting.

In the course of our meeting, both Attorney General Reno and Director Freeh expressed their concerns about providing the Freeth and La Bella memoranda to Congress and Attorney General Reno indicated she would not comply with the Committee's subpoena for the records. I understand their concerns; nevertheless, in the context of the Department of Justice campaign finance investigation, I believe that the oversight interests of Congress are greater than the institutional policy concerns of the Department of Justice. In conjunction with a review by House Counsel and the Congressional Research Service, our analysis shows there is clearly precedent for obtaining records such as these. What is unprecedented, is for an Attorney General to fail to follow the law when her two key investigators have so strongly indicated she has no other choice.

In addition to making the fundamental point about her reluctance to turn the two memoranda over to Congress, the Attorney General also stated that she was three weeks away from completing her evaluation of the La Bella memorandum which she has already had for over two weeks. In the context of this discussion, you suggested that it would be better to wait for this three week period before making any decisions on pursuing the memos, how to pursue them, or
whether to hold the Attorney General in contempt for failing to provide them. I explained that I proposed to have a vote on contempt next week in Committee and that a vote on the House floor could not take place until September, due to our schedule.

Your observations and attacks do not square with what actually took place. In fact, the meeting was cordial with the Attorney General and FBI Director. I believe recognizing our institutional concerns, even if not agreeing with them. Mr. Freeh, in particular, stated that we had "exercised [our] oversight responsibilities very responsibly so far."

My reluctance to wait for three weeks for the Attorney General’s additional review of the La Bella memoranda before taking further action comes from my serious reservation about any additional delay. Time and again, this Committee has been faced with obstruction and delaying tactics. The Attorney General seeks to keep from the American people the memos of her own designated investigators who believe she is not following the law. In addition, the Attorney General has failed to assert any relevant privilege to do so. There could not be a more compelling case for congressional oversight.

As you well know, my decision to begin contempt proceedings is tied to this Committee’s legitimate oversight interests in the Freeh and La Bella memoranda to determine if the Attorney General is following the law. I would certainly prefer to have the documents to review, rather than hold the Attorney General in contempt for refusing Congress’ legitimate oversight in these matters. Obviously a decision to appoint an Independent Counsel might make the oversight of the Justice Department’s investigation moot since a Justice Department investigation would no longer exist under Ms. Reno’s control if there were to be an independent counsel. (I use the word “might” because the inordinate delay, and the Attorney General’s highly questionable and unsupported interpretation of the Independent Counsel statute, will continue to cause concern even if an independent counsel is appointed.) The context of what has taken place over the past two years, it may be appropriate for Congress to continue its investigation of the Department of Justice decisionmaking process even if an independent counsel is appointed. You may recall this is exactly what was done in the Iran-Contra investigation when then-Attorney General Ed Meese took all of one month to appoint an independent counsel; yet Congress subsequently investigated and reviewed his investigative decisions.)

It is the failure of the Attorney General to turn over subpoenaed records which brings us to possible contempt action — records in which her own investigators indicate she should apply the independent counsel statute to the campaign finance investigation. Yesterday’s Washington Post indicates that Mr. La Bella’s memorandum advises the Attorney General that “she must seek an independent counsel if she herself is going to obey the law, according to officials familiar with the document . . .” The Washington Post story also indicates that there is concern that the Attorney General has not treated Mr. La Bella’s information as new information that needs to be put to the “specific and credible” test defined by the statute. This would require a review within 30 days — which is beyond the time the Attorney General has asked for her review.

Director Freeh and Mr. La Bella have indicated that this investigation reaches the highest levels of the White House and Democratic National Committee as well as close associates of the
President who appointed her. This is a very serious issue — is the Attorney General following or defying the law? And, furthermore, why is the news media being provided with more access to Mr. La Bella's memo than is Congress?

We are holding a hearing this week to address these matters. The Justice Department has already committed that the witnesses will appear without our committee having to issue subpoenas. I accepted this representation from the Deputy Attorney General. In our meeting on Friday, you encouraged the Attorney General to renege on this agreement and tell the witnesses not to appear. Your continued efforts to stymie review of important matters is regrettable, but certainly consistent.

Our hearings will however, proceed. The Attorney General's failure to turn over the memos will obviously hamper our ability to discuss the key issues. Director Freeh has written: "It is difficult to imagine a more compelling situation for appointing an independent counsel." Mr. La Bella reportedly has indicated that he believes the Attorney General has "no choice" but to appoint an independent counsel. Both have indicated that the statute is triggered under both the mandatory and discretionary sections of the law. It is for these reasons, that in the course of proper oversight we seek to review these memos which indicate the Attorney General is not following the law.

In conclusion, I deeply resent your mischaracterization of our meeting on Friday. We met to discuss whether the Department would provide the Committee with the Freeh and La Bella memoranda. The fact that the Department has indicated that it intends to ignore the legitimate oversight interests of Congress cannot be met with a lack of response from the appropriate oversight committee. While it might suit your partisan interests to support yet another lengthy delay and divert attention by continued attacks on me personally, I believe that your interests and those of the American people are not in accord.

Sincerely,

Dan Burton
Chairman

cc: Attorney General Janet Reno
FBI Director Louis Freeh
August 3, 1998

The Honorable Dan Burton
Chairman
House Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Burton:

My letter of July 31, 1998, was not "purposefully inaccurate" as you claim in the letter you sent me today. Your actions on July 31 were deplorable, and I described them accurately in my July 31 letter. Indeed, notwithstanding the tone of the letter you sent me today, you apparently do not dispute the essential facts.

In your letter to me, you assert that you did not tell the Attorney General that you would seek to hold her in contempt if she fails to appoint an Independent Counsel. I agree -- and I never alleged that that is what you said to the Attorney General.

What you did say, however, was equally objectionable. You told the Attorney General (1) that you intended to hold her in contempt for failure to turn over the La Bella memorandum and (2) that you would drop your efforts to hold her in contempt if she would seek appointment of an Independent Counsel. As I wrote in my July 31 letter, you explicitly informed the Attorney General that she could avoid contempt by appointing an Independent Counsel.

Your letter to me does not dispute these key facts. Indeed, your spokesman confirmed these facts in his comments to the Washington Post. As reported in the Washington Post on August 1, Will Dewey, the Committee spokesman, stated:

"[T]he one real objective here is getting an independent counsel, as these documents advise her to do. ... If she follows that advice, there will be no need for the documents."

As I stated in my letter of July 31, your actions were a blatant and improper attempt to influence the Attorney General's decision. They would seem to violate House ethical standards.
The Honorable Dan Burton
August 3, 1998

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because they make an explicit linkage between the Attorney General's decision in a discretionary
matter and your continued efforts to hold her in contempt.

Rather than sending letters that seem designed to obfuscate, I urge you to apologize to the
Attorney General for what was clearly unacceptable conduct.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: The Honorable Janet Reno
The Honorable Louis J. Freeh
Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

Yesterday’s edition of The Hill contained a major story describing allegations of an elaborate scheme to funnel illegal campaign contributions during the 1996 congressional elections to Brian Babin, the Republican candidate for the 2nd district of Texas. We are writing to urge you to schedule a hearing on these allegations in September, when we return from the August recess.

According to the account in The Hill, House Majority Whip Tom DeLay advised a Republican contributor, Peter Cloeren, Jr., on ways to funnel illegal campaign contributions to Mr. Babin’s campaign. At the time Rep. DeLay met with Mr. Cloeren, Mr. Cloeren had already contributed the maximum amount allowed under law to Mr. Babin’s campaign. According to The Hill, Rep. DeLay advised Mr. Cloeren that “additional vehicles” could be used to send money to Mr. Babin. These additional vehicles included Triad Management Services, an organization that has previously been accused of illegally earmarking contributions to Republican candidates.

The Hill found evidence that the illegal scheme allegedly suggested by Rep. DeLay was in fact put into effect. Mr. Cloeren told The Hill that after the meeting with Mr. DeLay (1) an aide of Mr. DeLay told Mr. Cloeren to contact Triad to make contribution arrangements; (2) Triad’s executive director, Carolyn Malenick, solicited Mr. Cloeren for a $20,000 contribution to Citizens for Reform, a Triad-controlled nonprofit group; and (3) Mr. Cloeren sent the requested funds to Citizens for Reform, which then ran attack ads against Mr. Babin’s Democratic opponent. The Hill also found evidence that other “vehicles” suggested by Mr. DeLay, his aide, and Mr. Babin were used to funnel money to Mr. Babin, including the campaigns of other Republican candidates and Citizens United, another Triad-related nonprofit organization.

On April 10, 1997, at the outset of the Committee’s campaign finance investigation, you
promised the minority members of the Committee that “substantial evidence of improprieties will be pursued wherever it leads.” On November 13, in response to an inquiry from Mr. Barrett, you specifically promised to investigate the activities of Triad, stating “I am going to send a subpoena to Triad. Does that satisfy you?” A month later on December 10, in response to an inquiry from Mr. Lantos, you reiterated your promise to investigate Triad, stating “[t]here will be, as I’ve said before, an investigation into the Triad matter.”

We call on you to honor these commitments. Over eight months have passed since you first promised to subpoena Triad, but you have yet to initiate any investigation of Triad. Without question, the allegations reported in The Hill are “substantial evidence of improprieties” involving not just Triad but also the Republican leadership of Congress. They are certainly as deserving of investigation in a Committee hearing as are the allegations of Democratic conduit contributions and other Democratic campaign fundraising abuses that have been the subject of prior Committee hearings.

For these reasons, we are requesting that pursuant to the House rules you schedule a Committee hearing in September on the allegations raised in The Hill. We believe that we are entitled to this day of hearings under House rule XIX clause 2(b)(1), since this request is being made prior to the completion of the Committee hearings on campaign fundraising improprieties and possible violations of law. In addition to our rights under the House rules, we believe that fundamental fairness dictates that you should schedule a day of hearings on these allegations.

Sincerely,

H. A. Waxman
Ranking Minority Member

Tom Lantos
Member of Congress

Robert E. Wise
Member of Congress

Major R. A. Davis
Member Congress
The Honorable Dan Burton
August 5, 1998
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Thomas H. Allen
Member of Congress

Bernard Sanders
Member of Congress
The Honorable Dan Burton  
Chairman  
House Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515  

Dear Chairman Burton:  

As I stated in my July 24 letter to you, the procedures you followed in issuing a subpoena to the Department of Justice for the memoranda written by FBI Director Louis Freeh and Charles La Bella violated the Document Protocol of this Committee. I am writing to inform you of my belief that, in light of this violation, a contempt proceeding based on the Attorney General's failure to comply with that subpoena will not hold up in court.  

The Supreme Court has long held that a congressional committee must follow its own rules, and has reversed a contempt conviction where a committee failed to follow its rules. See Yellen v. United States, 374 U.S. 109, 114 (1963). Further, the U.S. Court of Appeals for the District of Columbia reversed contempt convictions of witnesses who had refused to answer questions before a Senate subcommittee, where the subcommittee had compelled the witnesses to appear with subpoenas issued in violation of a Senate resolution. See Liveright v. United States, 347 F.2d 473 (D.C. Cir. 1965); Shelton v. United States, 327 F.2d 601 (D.C. Cir. 1963).  

For example, one case concerned a subpoena issued to a witness by the subcommittee's chairman after conferring with his chief counsel and at most only one other subcommittee member. Because the entire subcommittee had not decided or even considered whether the witness should be compelled to testify, the subpoena was invalid and the witness's contempt conviction did not stand. Liveright v. United States, 347 F.2d 473, 474-75.  

As I discussed in my July 24 letter (attached), your actions in issuing the subpoena to Attorney General Reno directly contradicted the Committee's Document Protocol provision requiring that the Working Group on subpoenas "endeavor in good faith to reach consensus." Given the case law reversing contempt convictions where committees have violated their own rules, this Committee's failure to follow the Document Protocol in issuing the subpoena undermines the legal merits of a contempt proceeding based on that subpoena. These deficiencies make a contempt proceeding against Attorney General Reno a reckless and frivolous
The Honorable Dan Burton  
August 6, 1998  
Page 2

use of Committee and taxpayer resources.

I again urge you to reconsider going forward with a contempt proceeding. I ask that you adopt the reasonable approach that has been proposed by Attorney General Reno and endorsed by Senate Judiciary Chairman Hatch, and allow the Attorney General the three weeks she has requested to review the La Bella memorandum.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

Enclosure

cc: The Honorable Janet Reno  
Members of the Committee on Government Reform and Oversight
August 7, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

At the conclusion of yesterday's hearing, I mispoke when I stated that Richard Kleindienst had notified my staff that he opposed a contempt proceeding against Attorney General Reno. In fact, my staff was notified by Elliott Richardson, an Attorney General under President Nixon, that he opposed the contempt proceeding.

I ask that the Committee's official transcript be corrected to reflect this change. Thank you.

Sincerely,

Henry A. Waxman
Ranking Minority Member
August 13, 1998

The Honorable Henry Waxman
Ranking Minority Member
House Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Henry:

I write in response to the claims in your letter of July 24, 1998, which were again repeated in the Committee's business meeting of August 6, 1998, regarding the validity of the Committee's subpoena to Attorney General Reno.

As you know, the Committee carefully followed all applicable procedures in issuing this subpoena. I informed you on July 23, 1998, that I intended to issue a subpoena to the Attorney General for the memoranda prepared by FBI Director Freeh and Charles La Bella. Later that day, your staff informed my staff that you objected to the issuance of the subpoena. Pursuant to the Committee Document Protocol, I then convened a meeting of the Subpoena Working Group. Mr. Cox, Mr. Lantos, you, and I all met at 9:30 a.m. on July 24, 1998, to discuss the subpoena. As you know, Mr. Hastert was not able to attend this meeting because he was managing a bill on the House floor. We had a productive debate of a half-hour regarding the subpoena, but could not reach a consensus. However, at the end of the meeting, you abruptly moved for a vote on the subpoena. I pointed out that under the Document Protocol, only I could call for a vote of the Working Group. I told you that I felt that the Working Group should reconvene later that day when Mr. Hastert was able to join us and participate in the debate. While I had already discussed this matter with Mr. Hastert, and he was familiar with the facts and supportive of the subpoena to the Attorney General, I suggested that we should all be present to discuss this matter. I therefore scheduled another meeting in the Capitol building to be held immediately after the next floor vote.

Immediately after the next floor vote, approximately one hour later, Mr. Cox, Mr. Hastert, and I, all met in the Capitol building in the Majority Leader's room.
We waited for approximately 10 minutes before you arrived. When you finally did arrive, you had an opportunity to express your opposition to the subpoena to Mr. Hastert. Since Mr. Hastert had to go back to the floor to manage the bill at that time, I felt that it was best to conduct the vote of the Working Group. As allowed by the Document Protocol, I moved that the members render their vote. Mr. Cox, Mr. Hastert, and I all voted in favor of issuing the subpoena, and you voted against it. Mr. Lantos did not attend this meeting. After the Working Group rendered its vote, pursuant to Committee rules, I signed the subpoena to the Attorney General, which was served later that day.

Your claims that the Working Group did not deliberate in good faith are clearly false. The Working Group deliberated for a half hour, and we had a productive debate regarding the subpoena. I tried my best to ensure that all members of the Working Group, including Mr. Hastert, had an opportunity to participate in the debate, by scheduling a second meeting of the Working Group. Your letter of July 24 complains that I "did not allow [you] an opportunity to present [your] concerns to Mr. Hastert or to engage in any meaningful discussion with him." However, you attempted to move that the Working Group render a vote during the initial meeting when Mr. Hastert was not even present. It appears that your interest in having a meaningful discussion with Mr. Hastert did not develop until after the subpoena was approved by the Working Group and was issued.

Having reviewed the chronology of the issuance of the subpoena to the Attorney General, I have concluded that your claims regarding the validity of the Committee's subpoena are false. Even a cursory review of the facts shows that the subpoena was issued in full compliance with the Committee Document Protocol, Committee rules, and House rules.

Sincerely,

Dan Burton
Chairman
The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform & Oversight
House of Representatives
Washington, D.C. 20515

Re: Breach of Confidentiality Agreement

Dear Mr. Waxman:

I am disturbed by your opening statement during the Committee’s hearing on August 4, 1998. In the statement, you characterized Kent La’s deposition testimony in an unmistakably public way. I am writing to you — and not Attorney General Reno — because I do not want to exacerbate any damage you may have done already to the Justice Department’s campaign finance investigation. That is the same reason I did not raise this issue at the hearing itself.

Nevertheless, I think your statement was irresponsible and in violation of the Committee’s agreement with the DOJ.

As you know, by letter dated April 22, 1998, Mark M. Richard, Acting Assistant Attorney General, set forth several conditions which, if met, would cause the Justice Department to withdraw its objection to the Committee seeking to immunize Kent La. One of the conditions reads as follows:

6. The Committee will not present Mr. La’s public testimony until and unless the Department of Justice attorney has made the determination, discussed in No. 5, above, that public disclosure of the transcript or its contents would not compromise the investigation.

In addition, the letter states clearly that the transcript of Kent La’s deposition is not to be available outside of a small group of individuals. The letter reads: “The only persons authorized to have access to the transcript are Members of the Committee, the two staff members who took the deposition, and the majority and minority chief counsel . . . ."
The Honorable Henry A. Waxman  
August 12, 1998

The Committee, of course, agreed to the conditions set forth in the Richard letter when it voted to seek immunity for Kent La on June 22, 1998.

Kent La was deposed on July 22-23, 1998. On August 3, 1998, Mark M. Richard again wrote us, this time indicating that a DOJ designee had reviewed the transcript of Kent La’s deposition and had “concluded that release of the transcript and/or public testimony by Mr. La along the lines of his deposition testimony would compromise the Department’s ongoing criminal investigation.” The letter goes on to state that, “In light of this determination, paragraph 6 of the agreement [set forth in the April 22, 1998 letter] precludes the Committee from disclosing the transcript or its contents or presenting Mr. La’s public testimony.”

On August 4, 1998, well aware of the Committee’s agreement with the Department of Justice and the August 3, 1998 letter from Mark Richard, you made the following statement about Kent La and three other immunized witnesses recently deposed by Committee staff:

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.

I will not comment on the accuracy of your characterization of Kent La’s testimony -- testimony you did not hear and the transcript of which you have not read -- because to do so, as you have done, would violate our agreement with the Department of Justice. I, too, would like to make public the information contained in Kent La’s deposition transcript, but will seek to do so in accordance with our agreement, and not through its abrogation.

Sincerely,  

Dan Burton  
Chairman
August 24, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I am writing regarding your decision to overrule my point of order against the release of certain documents at the August 4, 1998, Committee hearing. I believe that your ruling was inconsistent with the Committee rules and document protocol.

At that meeting, you made a motion to release documents relating to Ted Sioeng and Future Tech International. When I raised a point of order against this motion, you overruled me on the grounds that you “have been informed by the counsel that during any Committee hearing, documents can be released.”

This interpretation of the Committee’s document protocol is clearly erroneous. While the document protocol does state that “Non-Classified Documents shall . . . be available for use by members of the committee in open session,” this provision was inapplicable. The overwhelming majority of the documents were not used by any member at the hearing. The release was simply a mechanism for dumping these documents on the public at a later time.

The release was therefore governed by section C.3 of the document protocol, which controls the public release of documents. This section requires that the “Chairman and Ranking Minority Member shall share their views about the [proposed release] and shall endeavor to reach consensus about the issue.” It also gives the ranking minority member twenty-four hours to object to the proposed release. As I stated in making the point of order, your actions violated section C.3 because the minority was not notified of the proposed release until after 3:00 p.m. on August 3 — less than twenty-four hours earlier.

Your ruling also ignored Committee Rule 2, which requires that “every member of the Committee . . . shall be provided with a memorandum at least three calendar days before each meeting or hearing explaining . . . the purpose of the meeting or hearing.” Your memorandum
for the August 4 meeting did not state your intention to release these documents, and therefore violated this notice requirement.

I strongly object to your decision to overrule my point of order concerning the release of documents in violation of Committee rules and the document protocol.

Sincerely,

[Signature]

[Name]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton:

I am writing in response to your August 13, 1998, letter regarding the validity of your subpoena to Attorney General Reno. As I explained in detail in my July 24, 1998, letter to you on this subject, I am concerned that the subpoenas were issued without following the procedures prescribed in the Committee's document protocol.

In your letter, you conclude that "[t]he working group shall endeavor in good faith to reach consensus" on issuing a subpoena. I would disagree that you made a "good faith" attempt to reach a consensus.

When the working group first convened -- at a time of your choosing -- the members present had an opportunity to share their views on the matter as contemplated in the document protocol. At the end of this meeting, I believed it was appropriate for the members present to vote on the issuance of the subpoena. If the working group had voted at that time to issue the subpoena, I would have not have raised concerns, since I had been given an opportunity to raise my objections to the members present.

Rather than voting at that time, however, you chose to reschedule the vote for a later time because Mr. Hastert was not present. When the working group did reconvene, you immediately called for a vote on issuing the subpoenas without giving me an opportunity to share my views with Mr. Hastert. Furthermore, while you insisted on rescheduling the vote for a time that Mr. Hastert was available, you conducted the vote at a time when Mr. Hastert was not present. This indicates that the goal was to obtain a predetermined outcome, not to allow the working group to strive in good faith to reach a consensus.
The Honorable Dan Burton  
August 24, 1998  
Page 2  

At the June 23, 1998, Committee meeting, you assured the minority that the rules changes you proposed were "not cosmetic changes." Your actions with regard to the issuance of this subpoena show otherwise. I do not believe that a " cursory review" of these facts shows that you acted in good faith, as required by the Committee's document protocol.

Sincerely,

[Signature]

[Legislative Name]
Ranking Minority Member

cc: The Honorable Janet Reno  
Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515  

Dear Chairman Burton:  

I am writing in response to your August 18, 1998, letter in which you stated that I "characterized Kent La's deposition testimony in an unmistakable public way," in contravention of the Committee's agreement with the Department of Justice.  

Contrary to your allegations, my remarks did not quote from or describe Mr. La's deposition testimony. In fact, your quotation from my remarks shows that the only statements that I made concerned what I believe Mr. La and other individuals do not know -- not what they said or did not say during the deposition.  

When you were seeking immunity for Mr. La and three other witnesses, you claimed that the witnesses would have "extensive knowledge" of Johnny Chang's fundraising activities.  

Other members made similar statements. For example, in a May 19, 1998, statement on the House floor, Rep. John Boehner said that the witnesses have "direct knowledge about how the Chinese government made illegal contributions." Similarly, on May 7, 1998, Rep. Tom DeLay said in a floor statement that the witnesses have "firsthand knowledge of Chang's fundraising activities and ties to foreign nationals."  

Thanks to the efforts of Rep. Jim Turner, the Committee voted to publicly release the deposition transcripts of three of the witnesses, Irene Wu, Nancy Lee, and Larry Wong, on August 14, 1998. These transcripts show that Ms. Wu, Ms. Lee, and Mr. Wong did not have "extensive knowledge" about any of the subjects you are investigating. In fact, the witnesses testified that they had no knowledge about technology transfers or campaign contributions involving the Chinese government.
The Honorable Dan Burton  
August 24, 1998  

Page 2

You and some of your colleagues misled the public and grossly overstated the importance of these witnesses. You may not like it, but there was nothing inappropriate in my efforts to point this out.

Sincerely,

[Signature]

Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
August 24, 1998

The Honorable Dan Burton
Chairman
House Committee on Government Reform and Oversight
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Burton:

I am writing regarding your August 18 letter request for the deposition of Raham Emanuel. It is unclear why you are planning to proceed with a deposition at this time.

Last month, your staff drafted interrogatories to Mr. Emanuel and shared them with the minority staff, but never finalized them. The minority staff raised concerns about the interrogatories and offered to discuss these concerns with the majority staff. Instead of pursuing these discussions, however, you have apparently decided to proceed directly to a deposition.

I would like to know why you are proceeding with a deposition as opposed to interrogatories. Depositions are substantially more burdensome for witnesses than interrogatories, and where interrogatories are appropriate -- as your staff earlier indicated was the case with Mr. Emanuel -- they should be used.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton:

I am writing to express my concern that the depositions of Nancy Lee, Larry Wong, and Irene Wu have not been made available to the minority or the public.

At the August 4, 1998, Committee hearing, Rep. Jim Turner asked for unanimous consent to release the depositions of these three witnesses. While you initially rejected this request, the Committee, with your approval, later voted to publicly release the depositions on August 14, 1998. As of today, however, my staff was informed by the majority staff that the majority has not yet reviewed or redacted these depositions in preparation for their public release.

When you were seeking immunity for the witnesses, you claimed that the witnesses would have "extensive knowledge" and "abuse new light" on the Committee's investigation. Other members, such as Rep. John Boehner, claimed that the witnesses have "direct knowledge about how the Chinese government made illegal contributions." Despite these claims, the testimony of Ms. Lee, Mr. Wong, and Ms. Wu showed that they did not have "extensive knowledge" about any of the subjects you are investigating. In fact, the witnesses testified that they had no knowledge about technology transfers or campaign contributions involving the Chinese government.

The public has a right to know whether the testimony of these witnesses supports the allegations that you and other Republican members have made. I request an explanation why you have not complied with the Committee vote to release these depositions on August 14.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
August 24, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I am writing regarding your proposal to issue a subpoena for the deposition of Ernest Green.

The Committee deposed Mr. Green last December 17 for nine hours. He had previously testified before the Senate Governmental Affairs Committee on July 18, 1997, for almost eight hours. Virtually all 17 hours of Mr. Green’s testimony to the House and Senate concerned Mr. Green’s business relationship with Charlie Trie. Notwithstanding this extensive testimony, your staff apparently wants to ask Mr. Green more questions about his business relationship with Charlie Trie.

I do not believe you or your staff have provided an adequate justification for this additional imposition on Mr. Green, who is a well-respected businessman and civil rights leader. I therefore request that before you issue the subpoena to Mr. Green, you explain the reasons you have for forcing Mr. Green to appear for additional questioning and why these reasons are compelling enough to warrant subjecting Mr. Green to the burden of a third day of questioning.

Under the document protocol, I am entitled to request a meeting of the working group to consider the proposed subpoena. I propose that you allow me to reserve this right pending my review of your explanation for the subpoena. If this is not acceptable, I ask that the working group be convened to consider this matter.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
August 25, 1998

The Honorable Henry Waxman
Ranking Minority Member
House Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Re: Deposition of Ernest G. Green

Dear Henry:

I write to respond to your concerns about the subpoenas for the deposition of Ernest G. Green. I will provide in this letter a brief explanation for the subpoenas, in the hope that you will see the need for it, and withdraw your objection.

As you know, Mr. Green was a close associate of Charlie Trie's between 1994 and 1996. You correctly point out that we deposed Mr. Green on many subjects relating to his relationship with Mr. Trie in December of 1997. However, in the intervening eight months, we have uncovered a great deal of new evidence relating to Mr. Green. It is this evidence that has necessitated this new deposition of Mr. Green.

I will be happy to provide a summary of the subjects that I anticipate my staff will cover in Mr. Green's deposition. While this list is not final, and could be amended, it will provide you with guidance. While Mr. Green has already been questioned on some on the following subjects, we plan to ask him new questions on these subjects. It is my understanding that Mr. Green will be questioned regarding: (1) his bank records that have been subpoenaed by the Committee; (2) his business ventures with Charlie Trie; (3) his relationship with Chinese business and government representatives, including Wang Jian and Wong Xu; (4) the October 1995 dinner at the Hong Kong Wagag-La Hotel; and (5) DNC events including the November 1995 Car Barn event, the February 1996 Hay Adams event and the February 1996 coffee. While new subjects could be added to this list, I believe it represents the bulk of material to be discussed at the deposition. In addition, as this deposition was requested because of new evidence, I
believe that the focus of the questioning will be that new evidence. It is not our goal to review old evidence that we have adequately covered in the previous deposition.

I would also like to give you assurances regarding the length of the deposition. However, a careful review of the transcript of the last deposition of Mr. Green and the show that it was rife with lengthy, dilatory interruptions from Mr. Green's counsel. In light of the behavior of Mr. Green's counsel, I am hesitant to give any assurances regarding the length of the deposition if it were conducted without unnecessary interruption. I would be surprised if majority questioning exceeded four hours.

I believe that a cursory review of the documents subpoenaed to date will clearly show the need for this deposition. For example, Mr. Green's bank records were recently subpoenaed. Mr. Green's attorneys had earlier provided copies of certain bank statements with Mr. Green's document production. However, they were heavily redacted, and so incomplete as to be worthless. Once the accounts were subpoenaed, they revealed a series of highly unusual transactions. There are many other similar issues like that of Mr. Green's bank accounts that merit explanation. For example, why did Mr. Green receive $2,000 of Charlie Trie's traveler's checks from Indonesia? When my staff brought these matters to the attention of your counsel Mr. Ballen, he agreed that these issues needed to be pursued.

Both Mr. Green's counsel and your staff have suggested that I submit interrogatories to Mr. Green. I believe that a follow-up deposition is necessary. As I have stated, I anticipate that my staff will have a number of questions for Mr. Green that may require follow-up. We have attempted to use interrogatories in cases far simpler than this with less than satisfactory results. For example, we recently sent interrogatories to David Mercer to inquire as to the meaning of a number of traveler's checks given to Mercer by Trie. However, Mercer's response was predicated with a statement that "the word usage, sentence structure and syntax may be that of the attorneys assisting in the preparation of these answers, and thus does not necessarily purport to be the precise language of the respondent." This type of linguistic loophole potentially renders Mr. Mercer's answers irrelevant. In light of this example, and the conduct of Mr. Green's attorneys in the previous deposition, I do not believe interrogatories to Mr. Green would be productive.

I would also like to bring your attention to a recent episode with your staff that causes me concern. As you may know, this letter is largely a recollection of a conversation between David Kaas of your staff and Chris Lu of the minority staff on Friday. Mr. Kaas and Mr. Lu discussed the merits of the subpoena for some time. However, when Mr. Kaas pointed out to Mr. Lu that one of the reasons I intended to issue the subpoena was because of the unusual activity in Mr. Green's bank account, Mr. Lu responded by saying that "I'm sure that if we looked at your bank account, we would find a lot of fishy transactions as well." Of course, Mr. Kaas immediately expressed his strong objection to Mr. Lu's statement. Mr. Lu did eventually offer an apology for his statement, and Mr. Kaas did accept his apology. However, Mr. Lu's statement did
represent an unwarranted personal attack on my staff. In addition, in light of reports that
groups such as the investigative Group International have investigated individuals who
are tasked with investigating the Clinton Administration in various criminal and
Congressional investigations, such comments take on an added level of sensitivity.

Given the sensitive nature of this investigation, I respectfully request that
you and your staff keep confidential the contents of this letter, and not share it with Mr.
Green or his counsel prior to the deposition.

Sincerely,

[Signature]

Dan Burton
Chairman
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to respond to your August 25, 1998, letter regarding the issuance of a
deposition subpoena to Ernest Green.

In my August 24 letter to you, I asked that you “explain the reasons you have for forcing
Mr. Green to appear for additional questioning and why these reasons are compelling enough to
warrant subjecting Mr. Green to the burden of a third day of questioning.” I appreciate your
prompt response, but I do not believe that your letter provides such compelling reasons.

In your letter, you state that Mr. Green will be questioned about: “(1) his bank records
that have been subpoenaed by the Committee; (2) his business ventures with Charlie Trie; (3) his
relationship with Chinese business and government representatives, including Wang Jun and
Wong Xue; (4) the October 1995 dinner at the Hong Kong Shangri-La Hotel; and (5) DNC events
including the November 1995 Car Bar event, the February 1996 Hay Adams event and the
February 1996 coffee.”

Mr. Green, however, has already been extensively questioned about most of these
subjects during his previous 17 hours of questioning by our Committee and the Senate. For
example, Mr. Green has already answered 798 questions about his business ventures with Charlie
Trie; 324 questions about his relationship with Chinese business and government representatives,
including both Wang Jun and Wong Xue; 252 questions about DNC events, including the events
that you list; and 73 questions about the October 1995 dinner at the Hong Kong Shangri-La Hotel.

In your letter, you do not explain why you need to recall Mr. Green to ask him additional
questions about these subjects. In addition, you state that “new subjects could be added” to the
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I am not opposed to recalling Mr. Green for additional questioning where new evidence warrants further inquiry. In your letter, you describe two such areas: Mr. Green's acceptance of travelers checks from Mr. Trie and Mr. Green's bank records, unredacted copies of which we only recently received. If you are willing to restrict the deposition to these areas where there is new evidence and a demonstrable investigatory need, I would withdraw my objection. I am not, however, willing to agree to subject Mr. Green to another day of open-ended and redundant questioning.

Finally, I am afraid that you must be misinformed about the nature of minority counsel Chris Lu's conversation with majority counsel David Kass. What Mr. Lu said to Mr. Kass was that anyone's bank accounts, when scrutinized to the degree that your staff has scrutinized Mr. Green's accounts, might raise some questions. To underscore this point, Mr. Lu used both his own accounts and Mr. Kass's accounts as purely rhetorical examples. Nothing in Mr. Lu's comments could reasonably be viewed as a personal attack on your staff — or could reasonably justify linking Mr. Lu's comments to suspicions that private detectives are investigating your staff.

Sincerely,

Nanna M. Waterman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
House of Representatives  
Washington, D.C. 20515  

Dear Mr. Chairman:

I write once again concerning Stevens S. Walker, Jr., the former controller of the Republican-affiliated National Policy Forum (NPF). In my June 19, 1998, letter to you, I noted my concern that the Committee should spare Mr. Walker the burden and expense of appearing for a deposition because he appeared to have little relevant information to offer. I urged, instead, that the Committee depose Haley Barbour, the former Chairman of the Republican National Committee and the NPF, because “unlike Mr. Walker, Mr. Barbour can testify about conversations that NPF employees had with Speaker Gingrich, Joe Gaylord, and others about raising money for the NPF from non-U.S. citizens and corporations.” Similarly, I wrote you on March 30, 1998, and stated that any fair investigation of Ted Sioeng and his political contributions would require “the taking of depositions of relevant members of the Speaker’s staff,” including Joe Gaylord and Steve Kinney.

You responded to me on June 25, 1998. You asserted your belief that “Steven Walker is the person most likely to be able to answer the questions we have about . . . the $50,000 contribution made to the NPF by Panda Industries, Inc.” The Committee deposed Mr. Walker on July 1, 1998, and publicly released the deposition on August 4, 1998. A fair review of the Walker deposition transcript confirms that the concerns I raised in my June 19 letter were well-founded. To conduct a fair and impartial investigation into all of Mr. Sioeng’s potentially improper political contributions, the Committee must investigate Mr. Barbour, Mr. Gaylord, Mr. Kinney, and others to ascertain their first-hand knowledge of Mr. Sioeng and the nature of the monies they solicited from Mr. Sioeng.

Mr. Walker’s testimony was deficient regarding the $50,000 contribution to the NPF from Panda Industries, Inc., one of Mr. Sioeng’s companies. Specifically, Mr. Walker had no idea who Mr. Sioeng or his daughter Jessica Elminitas are (Dep. at 63), and had no knowledge of the actual solicitation of Mr. Sioeng (Dep. at 63). Mr. Walker also could not offer any information about the relationship between the $50,000 contribution by Mr. Sioeng’s company and meetings that Mr. Sioeng had with Speaker Gingrich (Dep. at 67). Additionally, Mr. Walker
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knew nothing about the NPF’s decisionmaking regarding whether it should keep or return the
$50,000 Panda contribution (Dep. at 70).

The following excerpts from the deposition illustrate Mr. Walker’s lack of knowledge on
these important topics. They also suggest that the NPF may have sought to misdirect the
Committee when the NPF represented to your staff that Steven Walker is the person most likely
to be able to answer questions about the $50,000 contribution made to the NPF by Mr. Sloeng’s
company.

The NPF’s Solicitation of Ted Sloeng

“Q: Can you just tell me your understanding of how Panda Industries came to make
a $50,000 contribution to the NPF?
A: No.
Q: You have no understanding of that?
A: I do not.” (Dep. at 65)

“Q: In July 1995, did you know who the head of Panda Industries was?
A: No.
Q: Do you know now?
A: No.
Q: Finally, in July of 1995, did you know what country Ted Sloeng was a citizen of?
A: No.
Q: And I take it you don’t know now either?
A: No.” (Dep. at 64)

Ted Sloeng’s Relationship with Speaker Gingrich

“Q: In July 1995, were you aware that Ted Sloeng and Matt Fong had visited
Speaker Gingrich a few days before the $50,000 contribution?
A: I was not aware of that.” (Dep. at 67)

“Q: In July 1995, were you aware that Ted Sloeng sat next to the Speaker at a
reception in Beverly Hills a few days after the Panda contribution was made?”
A: I’m not aware of that.” (Dep. at 67)

“Q: Are you aware of the Speaker ever meeting with NPF contributors, other than
at fund-raisers?
A: Oh, no.
Q: So, I take it you don’t know whether the Speaker ever met with NPF
contributors in his Capitol office?
A: I have no idea.” (Dep. at 62)

While Mr. Walker could not provide meaningful testimony about Mr. Sloeng or other
foreign-source contributions to the NPF. Mr. Walker did identify other former NPF employees — including Ms. Barboul — who could testify knowledgeably about these and other subjects relating to Mr. Sloeng. For example, Mr. Walker testified that while he was unaware of any discussions about whether the NPF would return Mr. Sloeng’s contribution, Ms. Barboul would have participated in any discussions of this type (Dep. at 70-71).

Mr. Kinney and Mr. Gaylord are two other individuals who appear to have relevant knowledge and information to provide the Committee. Matt Fong has testified that Mr. Kinney personally solicited the Sloeng family for the NPF contribution (Fong Dep. Vol. I, at p. 77). Moreover, Mr. Walker was presented evidence at his deposition that indicated that Mr. Fong’s wife, Paula, sent Mr. Gaylord a July 28, 1995, invoice requesting payment for her role in obtaining the NPF contribution from Panda Industries during Speaker Gingrich’s visit to California between July 20 and July 23, 1995 (Walker Dep. Exh. 14). Mr. Walker also testified that NPF’s solicited fund-raiser, Diane Harrison, should know how NPF solicited the $50,000 that Panda Industries contributed (Dep. at 66, 79, 81).

Not only was Mr. Walker unable to provide any relevant information to the Committee about Mr. Sloeng’s company’s $50,000 contribution to the NPF, but his testimony in several other important areas was equally unilluminating. Mr. Walker was unable to testify about a $25,000 contribution that the Taiwanese government made to the NPF in August 1996, through an affiliated foundation. Although the contribution ostensibly came from the Pacific Cultural Foundation, both Haley Barbour and NPF President John Bolton treated the contribution as having come from the Taiwanese government and even sent thank you letters to Taiwan’s de facto ambassador to the United States. To date, this is the most direct evidence of a foreign government trying to influence U.S. elections. Additionally, Mr. Walker had little relevant knowledge to provide the Committee about some of the more serious allegations relating to the NPF and the NPF’s close relationship with the Republican Party.

In sum, a review of Mr. Walker’s deposition transcript confirms that Mr. Walker was not the most appropriate person to depose about these important topics. The evidence continues to show that there are other individuals with considerably more knowledge than Mr. Walker about Mr. Sloeng’s contributions to the NPF and other relevant issues. These individuals include Haley Barbour, Joe Gaylord, Steve Kinney, and Diane Harrison. Thus, I renew my request that the Committee take appropriate steps to obtain information from these individuals, including issuing subpoenas for appropriate documents and taking deposition testimony.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Burton:

I am writing to express my concerns regarding the release of confidential FBI and Department of Commerce Inspector General materials by the Committee. The information was included in the deposition of Larry Wong.

On August 4, 1998, the Committee voted to release Mr. Wong’s deposition, along with the depositions of Nancy Lee and Irene Wu, on August 14, 1998. The minority sought the release of these depositions in order to make publicly available the testimony of witnesses who you claimed had “extensive knowledge” and would “shed new light” on the Committee’s investigation. Despite the Committee vote, the depositions were not released on August 14. On August 24, I wrote you to inquire why the depositions had not been released. On September 1 and 2, the depositions were released -- almost three weeks after the date set by the Committee vote.

Although I appreciate that the depositions were finally released, I do not understand why the Committee failed to redact confidential information that is subject to the Privacy Act and could compromise ongoing criminal investigations. While it has been standard Committee procedure for the majority to redact this type of material and other personal, confidential, or sensitive information from depositions prior to their public release, no such prudent steps were taken to remove the FBI and Commerce Department material from Mr. Wong’s deposition. Furthermore, the minority was not consulted or given an opportunity to review the majority’s redactions prior to the release.

The FBI information you released included memos written by FBI agents summarizing information provided to the FBI from a confidential source. This material was not only included as exhibits to the deposition but sensitive portions were also read into the record and published on the majority’s internet website. In a January 17, 1998, letter to you which accompanied the production of the information, FBI Assistant Director John E. Collingswood wrote that “[o]f
The Honorable Dan Burton  
September 9, 1998  
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care for the privacy interests of those individuals mentioned in these documents and the sensitive nature of the information involved, we request that the Committee confer with us prior to publicly disseminating any of this material.” To my knowledge, however, no such consultation occurred.

The Commerce Department information was also sensitive. It included a report by agents of the Inspector General's office summarizing a witness interview in an active investigation. Like the confidential FBI memo, this report was included as an exhibit to the deposition and sensitive portions were read into the record and published on the majority's internet website. On September 12, 1997, Commerce Department Inspector General Francis D. DeGeorge wrote to you to “request that none of this information be released beyond the Committee and its staff without first contacting this office, and that the staff take all reasonable precautions to protect it from inadvertent disclosure.”

This is not the first time that the majority failed to make necessary redactions before releasing a deposition. For example, the Committee previously released the deposition of Dick Morris without redacting President Clinton's private fax number.

It took the majority 29 days from the date of the Committee's vote to release Mr. Wong's deposition. This was more than enough time to allow the majority to properly redact the depositions or, alternatively, to consult with the appropriate agencies and the minority on the proposed redactions. I hope that you will now redact this information from Mr. Wong’s deposition, and that you will take all necessary steps to ensure that this does not happen again in the future.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: The Honorable Janet Reno  
The Honorable Louis J. Freeh  
Members of the Committee on Government Reform and Oversight
The Honorable Dan Burton
Chairman
House Committee on Government Reform & Oversight
U.S. House of Representatives
Washington, DC 20515

September 15, 1998

Dear Mr. Chairman:

I am writing to follow up on the compromise reached at our working group meeting last Friday regarding the upcoming deposition of Ernest Green.

As we agreed, Mr. Green’s deposition will not be a duplication of the two previous depositions that he has given to this Committee and to the Senate. Instead, we agreed to accept Mr. Hastert’s suggestion that the questions asked during the deposition be limited to: (1) questions based on new evidence received by the Committee since Mr. Green’s previous deposition and (2) questions previously asked if Mr. Green’s prior answers conflict with the new evidence. We also agreed that Mr. Green’s deposition will be limited to one day.

I appreciate the fact that we were able to reach this understanding on how to proceed with Mr. Green’s deposition.

Sincerely,

[Signature]

Henry A. Waxman
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee
The Honorable Dan Burton
Chairman
House Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am writing with regard to the scheduled deposition of David Mercer on September 29, 1998.

Mr. Mercer has already provided four days of deposition testimony (totaling 27 hours) to this Committee and to the Senate. I understand that your staff is reopening Mr. Mercer's deposition to ask him about $5,000 of travelers checks that he received from Charlie Trie. In fact, Mr. Mercer has already provided sworn answers to written interrogatories on this very subject, and thus I question the need to reopen his deposition.

Nevertheless, it is my hope that Mr. Mercer's deposition would be conducted consistently with the ground rules that we established for Ernest Green's deposition. In particular, Mr. Mercer's deposition should not be a duplication of the four previous depositions that he has given to this Committee and to the Senate. Instead, the only questions that should be asked would be: (1) questions based on new evidence received by the Committee since Mr. Mercer's previous depositions and (2) questions previously asked if Mr. Mercer's prior answers conflict with the new evidence.

If you have a different understanding as to how Mr. Mercer's deposition will be conducted, please have your staff contact my chief investigative counsel, Ken Ballen.

Sincerely,

Henry A. Waxman
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee
Exhibit 2
EVIDENCE THAT JOHN HUANG
WAS IN NEW YORK CITY ON AUGUST 15, 16, 17, and 18

Minority Staff Report
Committee on Government Reform and Oversight
- October 9, 1997

David Wang testified under oath in a deposition on October 6, 1997, that he met with John Huang in Los Angeles on August 16, 1996. According to Mr. Wang’s testimony, John Huang and another man, Antonio Pan, asked Mr. Wang for a $5,000 contribution to the DNC and promised to reimburse Mr. Wang for the contribution. Mr. Wang testified that he gave John Huang a check for $5,000 and later on August 16, 1996, received reimbursement from Mr. Pan. Excerpts from the relevant passages of the deposition are attached as Exhibit 1.

Evidence collected by the minority staff of the Committee on Government Reform and Oversight since Mr. Wang’s testimony establishes that the meeting that Mr. Wang testified about could not have occurred because John Huang was in New York City -- not Los Angeles -- from at least August 15, 1996, through at least August 18, 1996, the day of the President’s 50th Birthday gala. [Exhibit 2] This evidence, which is summarized below, includes John Huang’s hotel receipts, eyewitness statements, and news reports.

1 Hotel and other Expense Receipts

According to the bill he submitted to the DNC for reimbursement, John Huang checked into the Sheraton New York Hotel and Towers in Manhattan on August 10, and checked out August 19. [Ex. 5] Mr. Huang’s American Express statement for the months of August and September 1996 shows the same information. [Ex. 6]

John Huang’s travel records also place him in New York City between August 10 and 19. Mr. Huang’s DNC travel request for the President’s 50th Birthday event included a receipt for plane tickets in his name from Washington National to LaGuardia on August 10 at 4 pm, and from LaGuardia to Washington National on August 19 at 12 noon. [Ex. 7]

11 Eyewitness Statements

A number of eyewitnesses have provided statements and affidavits detailing their meetings, contacts, and interactions with John Huang during the week leading up to the President’s 50th Birthday Celebration at Radio City Music Hall. In particular, these witnesses place John Huang in New York City on each day from August 15 to 18.

Several of these eyewitnesses, including Erica Payne, Bonnie Wong, Ethel Chen, and Fran Wakem, worked with John Huang on selling tickets to the President’s 50th Birthday gala fundraising event at Radio City Music Hall on August 18, 1996. According to the New York
Times, "Huang went to New York about a week or two before the event at the request of Marvin Rosen, then the Democrats’ finance chairman." [Ex. 8, at p. 4] Erica Payne, who "coordinated and supervised all DNC staff fundraisers in New York working on the celebration, including John Huang," states that John Huang "was continuously physically present in New York City conducting fundraising for at least five days prior to the August 18 celebration" and that she "worked with and saw him each day during that period." [Ex. 9]

A. August 15

Bonnie Wong states that she "spent a large part of the day and evening of August 15, 1996 with Mr. Huang in New York City." The afternoon of the 15th, John Huang met with members of Chinese Consolidated Benevolent Association in Chinatown. In her statement, Bonnie Wong recounts that she attended the meeting and saw John Huang there. Ms. Wong recalls that a photographer took pictures at the meeting, and that two newspapers ran the photographs on August 16. [Ex. 10] Yungman Lee was also present and saw Mr. Huang at the event. [Ex. 11]

After the meeting of the Benevolent Association, Bonnie Wong and John Huang attended an event sponsored by the DNC at the law firm of Skadden Arps in Manhattan. The event consisted of a pre-reception meeting with Don Fowler, followed by a reception that began at 7 pm, and ended between 8:30 and 9 pm. Ms. Wong recalls that "Mr. Huang and Mr. Fowler both spoke at this reception." [Ex. 10] In her statement, Linda SooHoo, an attorney at Skadden Arps who helped plan the event, states that "John Huang attended the entire event." Ms. SooHoo recalls "having a brief conversation with Mr. Huang at the end of the reception." [Ex. 12] The event was also attended by Yungman Lee, who recalls seeing Mr. Huang there. [Ex. 11]

After the reception, a group including Bonnie Wong, John Huang and his wife Jane, Yungman Lee, and Bill Chong went to dinner at the nearby Chiam Chinese Restaurant. The group left the restaurant together at about 11 pm. [Exs. 10, 11, 12] Mr. Lee paid for the dinner with his American Express card, and has provided a copy of the receipt. [Ex. 11, at p. 2]

B. August 16

Tak Luk Cheng, an acquaintance of John Huang who lives in New York City, states that he had lunch with John Huang at the Jing Fung restaurant on Elizabeth Street at approximately 2 pm on Friday, August 16. [Ex. 24]

Ethel Chen, an Asian-American leader in Queens, states that she personally delivered checks, "mostly from members of the business community in Queens," to John Huang at the DNC offices in midtown Manhattan on two occasions prior to the President’s 50th Birthday gala. She specifically recalls that "one of those meetings took place on the Friday before the event, August 16." Her statement is supported by an entry on her calendar for that day. [Ex. 13]
Fran Wakem, a senior DNC fundraiser who worked with John Huang to raise money in connection with the President’s 50th Birthday gala, “specifically recalls that John Huang was in New York on the Friday . . . before the August 1996 gala.” [Ex. 14]

John Huang was also spotted eating lunch in Chinatown on August 16. In her statement, Bonnie Wong recalls that “Yvonne Louie, a friend, told me that she saw Mr. Huang eating lunch at a restaurant in Chinatown, New York City on August 16.” Ms. Wong also recalls speaking with John Huang at the DNC offices in New York City on August 16. [Ex. 10]

C. August 17

Bonnie Wong recalls speaking with John Huang at the DNC offices in New York on August 17. [Ex. 10]

D. August 18

Ethel Chen and Fran Wakem state that they saw John Huang at the Radio City Music Hall event. [Exs. 13, 14]

III. Newspaper Photographs

The August 16 editions of three Chinese language newspapers in New York City include reports on John Huang’s activities on August 15, two with accompanying photographs. The China Press (Qiao Bao) carried an article about John Huang’s meeting with the Chinese American Chamber of Commerce and Chinese American Bankers Association. The caption for the accompanying photograph of Mr. Huang addressing the group states that the meeting occurred on August 15. [Ex. 17] A similar article in the Singdao Daily (Xang Dao Er Bao) included a photograph of Mr. Huang speaking before the group. [Ex. 20] The World Journal (Shi Jie Er Bao) carried two articles: one about the Skadden Arps reception with Don Fowler on August 15, noting that Mr. Huang spoke at the event; and another about Mr. Huang’s speech before the Chinese American Bankers Association. [Exs. 18, 19]

The Chinese language press also ran a photograph of Mr. Huang in New York City on August 18, the day of the gala. The August 19 edition of the China Press (Qiao Bao) ran a story stating that on August 18, Mr. Huang had accepted a painting given by the Wen-Zhou Association in honor of President Clinton’s 50th birthday celebration in Manhattan. The story is accompanied by a photograph of Mr. Huang with members of the Association. [Ex. 16]

IV. Letter from John Huang’s Counsel

In a letter received October 9, 1997, John Huang’s attorney Ty Cobb also states that John Huang was in New York from August 10 through August 19. [Ex. 21] This letter details a range of other evidence already within the possession of the Committee, or easily available for
verification. For example, Mr. Cobb states that Jackie Chan was also present in the restaurant at which Mr. Huang dined on August 15, 1996. Mr. Cobb also states that “[t]he following two days, August 16 and 17, Mr. Huang worked at the DNC site and had business meetings in Chinatown, including a business lunch at Kam Fong Restaurant, also known as Jing Fung, on Elizabeth Street.” Consistent with phone records obtained by the Committee [Ex. 22], Mr. Cobb also notes that “on the morning of the 17th of August one of Mr. and Mrs. Huang’s children attempted to reach his parents by calling the DNC number in New York City from their home in Glendale, California.” [Ex. 21]

V. Other False Statements by David Wang

David Wang’s false testimony about meeting with John Huang is not the only instance of false information provided by Mr. Wang to this Committee.

When Mr. Wang was first interviewed by this Committee’s investigators in August of this year, he made several statements that were later contradicted by his deposition testimony. The investigators’ Memorandum of Interview is attached as Exhibit 23.

1. During Mr. Wang’s first interview with Committee investigators, which lasted one hour, Mr. Wang did not say anything about being reimbursed for his contribution. He stated that the contribution was made with his money. [Ex. 23, at ¶ 4] Only when the investigators returned a second time did Mr. Wang change his story to include a reimbursement. [Ex. 23, at ¶ 6]

2. Mr. Wang told the investigators that his brother in law, John Liu, was present at an August 16 meeting with John Huang and Antonio Pan. [Ex. 23, at ¶ 6] At his deposition, Mr. Wang stated that it was his father, James Wang, not his brother-in-law who was at the meeting.

(From Wang Deposition, Page 67)

Q: Was your father present when you met with John Huang and Antonio Pan on August 16, 1996?
A: Yes.

(From Wang Deposition, Pages 91-92)

Q: Were you surprised when John Huang asked to meet with you on August 16?
A: Yes. A little surprised and happy.

Q: Who did he meet with? You testified, I believe, your father, yourself, Mr. Pan, and John Huang?
A: Yes.

3. In August, Mr. Wang told the Committee investigators that he knew little about the $5,000 contribution that Daniel Wu made to the DNC. [Ex. 23, at ¶ 8] At his deposition, however, Mr. Wang admitted that he had power of attorney over Mr. Wu’s bank account and Mr.
Wang himself wrote the $5,000 check for Mr. Wu.

(From Wang Deposition, Pages 70-71)
Q: Because you had this power of attorney [over Mr. Wu's account] ... you were able to write out the $5,000 check and then put the money back into his account when you were reimbursed the same day?
A: Yes.

4. Mr. Wang told the Committee investigators in August that he was reimbursed on two different days. [Ex. 23, at ¶ 7] He told the investigators that he was given $6,000 on August 16, 1996 and $4,000 on August 20, 1996. At his deposition, however, Mr. Wang stated that he had received the entire $10,000 amount at one time.

(From Wang Deposition, Pages 46-47)
Q: Mr. Pan came back in the afternoon.
A: Yes.
Q: How much money did he give you at that time.
A: A total of 10,000.
* * *
Q: ... He came one time and gave you $10,000?
A: Yes.
CONGRESSIONAL RECORD

EXCERPTS FROM DAVID WANG'S DEPOSITION
(October 6, 1997)

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Mr. Waxman. I take it that John Huang picked up the check to the DNC on August 16, 1996, the same day you wrote the check, is that right?

The Witness. Yes.

Mr. Waxman. The check is dated August 16. Did he pick it up that same day?

The Witness. Yes.

* * *

Mr. Waxman. So he asked you to write the check on that date, you wrote the check, and then he took the check?

The Witness. Yes.

Mr. Waxman. And that was on August 16, the day the check was written?

The Witness. Yes.

Pages 20-21

Mr. Waxman. Let me see if I understand everything. John Huang and Mr. Pan together asked you and your father for a contribution?

The Witness. Yes, in the morning.

Mr. Waxman. And then you wrote a check and they took it that morning, yes?

The Witness. Yes.

Mr. Waxman. That afternoon, the same day, Mr. Pan came in and gave you $10,000?

The Witness. Yes.

Mr. Waxman. Was that August 16, the same day that you wrote the check?

The Witness. Yes.

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Mr. Bennett. Directing your attention to August 16, 1996, as you indicated to Congressman Waxman earlier, there was a discussion about your writing a check and then being reimbursed for the money: is that correct?

The Witness. Yes.
Mr. Bennett. To refresh your recollection, the $5,000 check was written on August 16, 1996, correct?

The Witness. Yes.

Mr. Bennett. And in response to questions from Congressman Waxman you indicated that you were told by Mr. Huang and Mr. Pan, one of the two said to you that you would be reimbursed?

The Witness. Yes.

Mr. Bennett. Is that correct?

The Witness. Yes.

Mr. Bennett. And the other who did not speak sat there while the other person who did speak told you that?

The Witness. Yes.

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Mr. Bennett. And it would have either been Mr. Huang or Mr. Pan and you are not sure which one?

The Witness. No. I am not sure.

Mr. Bennett. But whichever one said it, was the other then present when the first person spoke?

The Witness. Yes.

Mr. Ballen. Can I just clarify?

Mr. Bennett. Absolutely. Go right ahead.

Mr. Ballen. And when did that occur, sir.

The Witness. August 16.

Mr. Ballen. That was the morning meeting at your office.

The Witness. Yes.

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Mr. Bennett. Was your father present when you met with John Huang and Antonio Pan on August 16, 1996?

The Witness. Yes.
Mr. Bennett. Directing your attention, sir, to August 16, 1996, do you recall how long -- you testified, I believe, that you received a phone call from John Huang before he came to your place of business on August 16?

The Witness. Yes.

Mr. Bennett. How long before August 16?

The Witness. I think not too long. I think within an hour. Within one hour of his phone call, he came to my office.

Mr. Ballen. John Huang called you on August 16, then, the same day he came?

The Witness. Yes, the same day, after the phone call and after, not over one hour, then he came here.

Mr. Ballen. Came to where, sir?

The Witness. To the office.

Mr. Ballen. Were you surprised when John Huang asked to meet with you on August 16?

The Witness. Yes. A little surprised and happy.

Mr. Ballen. He came within an hour of the phone call?

The Witness. Yes. It was within an hour.

Mr. Ballen. Who did he meet with? You testified, I believe, your father, yourself, Mr. Pan, and John Huang?

The Witness. Yes.
Mr. Ballen. First, did you understand the questions that were posed to you today by both Mr. Waxman, Mr. Bennett, and myself and your own counsel?

The Witness. Yes.

Mr. Ballen. If there was ever a point when you did not understand the questions, did you consult with the translator who is sitting next to yourself?

The Witness. Yes.

Mr. Ballen. I think the record should reflect that, and I do not know whether the court reporter indicated it or not. Every time you consulted with the translator, but I believe all counsel would agree with me that it was frequent throughout the deposition. Is that correct? You did frequently consult with him on questions and answers?

The Witness. Yes.

Mr. Ballen. So that you feel you had the opportunity to understand each question and each answer that you gave here today?

The Witness. Yes.

Mr. Ballen. And you had the opportunity throughout this deposition to consult with the translator sitting by your left?

The Witness. Yes.

Mr. Ballen. Have you understood the translator at all times?

The Witness. Yes.

Mr. Ballen. And you understand here that you are under oath today?

The Witness. Yes.

Mr. Ballen. I notice the translator actually translated that question for you. Does the translator speak the same dialect of Chinese that you speak?

The Witness. Yes.

Mr. Ballen. And you already stated that you understand your answers are under oath and that they must be truthful?

The Witness. Yes.

Mr. Ballen. And you have given truthful answers here today, sir?

The Witness. Yes.

Mr. Ballen. And you have understood both the questions and the answers and the nature of the answers you have given?

The Witness. Yes.
Mr. Bennett. Mr. Wang, when you were first interviewed on August 16, and it was paragraph 4 that was read to you by Mr. Ballen, the first paragraph, you at first were not truthful with the agents and then were honest with them when they came back the second time: isn't that correct?

The Witness. Yes.

Mr. Bennett. And the second time they came back for further inquiry, then you told them the truthful story?

The Witness. Yes.

Mr. Bennett. Thank you.

Mr. Ballen. I just have one follow-up question. Today you're telling us the truthful story: is that correct?

The Witness. Yes.
You are cordially invited to attend
the Nationwide Celebration
of
President Clinton’s 50th Birthday
on
Sunday, August 18, 1996
at 6:00 pm
via satellite from Radio City Music Hall in New York City
and featuring live entertainment by
Comedian Al Franken
and
Jazz Legend Betty Carter
also appearances by Senior Clinton Administration Guests
in Washington, D.C.

The Kennedy-Warren Ballroom
3133 Connecticut Avenue, N.W.
Washington, D.C.

Tickets: $100.00 per person
$1,000 Steering Committee
Inquiries and checks should be directed to: "Birthday Victory Fund"
c/o Kimberly Scott, Democratic National Committee
499 South Capitol Street, S.W., Washington, D.C. 20001
(202) 314-2244

The Kennedy-Warren Ballroom is a short walk from the Cleveland Park Metro station.
Parking is available on the street and at the National Zoo.
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<th>DNC Contact</th>
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<td>Date</td>
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</tbody>
</table>
| Name | David Wang | Charlie T.  

**DNC Financial Receipt**

- **Date:** 8-27-2006
- **Amount:** 5000
- **Source Code:** DONN
- **Program:** WLP, SC
- **Revenue Code:** 601

**Check Tracking Form**

(All information MUST be provided)

- **For:** David Wang
- **Party Address (circle one):** 785 E. Galley Ave
- **City:** Columbus, OH 43212

**Demographics:**

- **Title:**
- **D.O.B.:**
- **SSN:**
- **Spouse:**
- **D.O.B.:**
- **SSN:**
## Personal Card Statement of Account

**Statement Includes Payments and Charges Received by September 27, 1996**

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**Card Details**

- **Card Number**: 3720-1696825-52006
- **Expiration Date**: September 27, 1996
- **Account Number**: 3720-1696825-52006

**Payment Coupon**

- **Account Number**: 3720-1696825-52006
- **Please Pay By**: October 12, 1996
- **Total Amount Due**: $1,152.71

- **Mail Payment To**: AMERICAN EXPRESS TRS
  - Suite 0001
  - Chicago, IL 60679-0001

- **Account Number**: 3720-1696825-52006
- **Ex. 6**
DEMOCRATIC NATIONAL COMMITTEE'S TRAVEL REQUEST FORM

NAME: John Huang  DEPT. Victory '96  
ADDRESS:  

DATE OF TRAVEL: LEAVE 8/10  RETURN 8/19  
DESTINATION: FROM  TO  TO  
PURPOSE OF TRAVEL: Attend community fundraiser for gala  

YOUR REQUESTED FARE:  

2 WEEK ADVANCE/SATURDAY STAY, OR LOWEST AVAILABLE FARE  

Extra cost to the DNC (your fare minus lowest available fare) Attach a memo with explanation if amount is greater than $5.00.  

HOTEL: (ASK FOR CORPORATE RATE)  
No. of Days  $  

AUTO RENTAL  
No. of Days  $  

PER DIEM  
No. of Days  $  

TOTAL ESTIMATED EXPENDITURE FOR THIS TRIP  
(add lines 1-4 for total)  

223.55  

DIVISION DIRECTOR'S APPROVAL:  
DATE:  
BUDGET OFFICE APPROVAL:  
DATE:  
EXECUTIVE DIRECTOR'S APPROVAL:  
DATE:  

Call World Wide Travel Service (Jacque or Cheryl 1-800-843-3788) for travel assistance. Submit this form to Chris Watson fully completed except for the final two signatures. You will be called when your tickets arrive.
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**Total:** $450.10

**Caution:** Tickets have value. Unused tickets must be returned for any credit or refund.
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Thank you for using World Wide Travel Service, Inc.

Ex 7-3
Politics

July 2, 1997

Fund-Raiser's Moment of Triumph Seems Part of Pattern of Suspicious Gifts

By DON VAN NATTA Jr. and CHRISTOPHER DREW

On the morning of President Clinton’s 50th birthday party at Radio City Music Hall last August, Charlie Trie bounded into the Democratic Party’s office in Manhattan and delivered an envelope stuffed with $100,000 in political contributions.

Trie, a former Arkansas restaurant owner who is a longtime friend of Clinton, had rounded up the checks in just a few days to help John Huang, a Democratic fund-raiser, meet his goal for the glitzy event. That was a feat for Trie, whose full name is Yah Lin Trie, because he had only a few connections in the New York City area.

"Charlie was proud he had come up with the $100,000," said a former top Democratic official who saw the 15 or so checks when they were delivered. "He was just kind of proud of himself."

But some of the people whose signatures are on the checks cannot be located. In addition, just 12 days before the birthday party, a powerful Macao businessman, Ng Lap Seng, wired $200,000 from a Bank of China account in Macao to an account in Washington that he shared with Trie, a business partner.

The timing of the transfer has provoked the curiosity of investigators in the Senate and in the FBI who are looking into whether foreign money was illegally funneled into the Democratic Party’s coffers as part of its huge push to bankroll Clinton’s re-election. Their inquiries are now focusing more intensely on Trie.

Questions about Trie’s fund raising first surfaced last fall, when Clinton’s personal legal defense fund revealed that it had returned more than $600,000 in donations. Most delivered by Trie.

But his delivery of the money for the Democratic Party at the birthday celebration, which has never been described publicly, and the coincidence of the transfers from Ng sharpen the issue of whether Trie was a conduit for foreign money into the political campaign.

For Senate investigators, scheduled to begin hearings on Democratic fund raising next week, Trie’s activities go to the heart of their inquiry: Did foreign business interests illegally pour money into the Democratic Party through fronts?
As a result, investigators are also examining more closely the relationship between Trie and Huang, who has been linked to some contributions from foreign sources. Interviews and records show that Trie played a greater role in helping Huang raise money for the Democrats than had been previously known.

Trie's lawyer, Reid Weingarten, declined to answer any questions about Trie's fund raising. Ng's lawyer, Samuel Rosenthal, did not return telephone calls seeking comment.

Trie, a U.S. citizen who lives in China now, has refused to testify before the Senate committee, saying he would assert his Fifth Amendment right against self-incrimination. In an interview in Shanghai with NBC-TV last week, Trie adamantly denied any wrongdoing, adding that he had no plans to return to the United States and might even stay in Asia for 10 years. "They'll never find me," he said.

The Senate Government Affairs Committee is set to start its hearings on Democratic fund raising next week, and the timing of Ng's transfers to his account with Trie will probably be discussed. Ng, a real estate developer born in China, lives in Macao and has invested with Trie in projects in the United States. Last year, he wired a total of $470,000 in six transfers into the joint account, which was at the Riggs National Bank.

Late last week, the Senate committee voted to give limited immunity from prosecution to two women who have said that Ng arranged for them to give $25,000 to the Democratic National Committee for a fund-raiser Feb. 19, 1996, at the Hay-Adams hotel in Washington.

Both women, who are homemakers in Gaithersburg, Md., are related to an employee of a trading company owned by Ng and Trie. The source of the $25,000 is unclear, but the committee is considering whether any of it came from a $150,000 transfer made five days before the fund-raiser.

The Democratic committee has returned the $25,000 and at least half of the $100,000 that Trie raised for the president's birthday dinner because officials could not confirm that the donations had come from the people listed on the checks.

Federal election law generally bans political contributions from foreigners who are not legal residents of the United States. The law also requires donors to identify themselves and prohibits the reimbursement of contributions by third parties.

Since questions about Democratic fund raising first emerged last fall, the exact nature of Trie's role has eluded investigators. In the 1980s, Trie, a native of Taiwan, ran several Chinese restaurants in Little Rock, Ark., including one that was a favorite of Clinton, then governor.

After Clinton became president in 1993, Trie tried to capitalize on his relationship with the president by becoming an international trade consultant doing business in China and Taiwan.

Since 1994, Trie and his wife, Wang Mei Trie, have given more than $200,000 of their own money to the Democrats. Trie also opened an office in Washington. By the end of 1995, he had begun to work closely with Huang, raising money for the party.

Ex. 8-2
Huang, a former Commerce Department official, joined the Democratic committee in December 1995 as its chief fund-raiser soliciting Asian-Americans. Between them, Trie and Huang raised nearly $4 million from Asian-Americans. The Democrats have since returned $1.6 million that Huang raised and $645,000 that Trie donated or raised.

In the spring of 1996, the White House appointed Trie to a presidential advisory board, the Commission on U.S.-Pacific Trade and Investment Policy. The White House has denied that there was any connection between Trie's fund raising and his appointment.

In Washington, Trie represented several U.S. companies in China, where he was close to several government officials. In another controversial move, Trie arranged for Wang Jun, the chairman of the board of Polytechnologies, China's most prominent arms company, to attend a White House coffee in February 1996.

One of the biggest questions now facing investigators is whether some of the $470,000 that Ng sent to his account with Trie ended up financing any contributions to the Democrats.

For the February 1996 dinner, attended by Clinton, the two Maryland women donated $25,000 at the request of Ng, who was prohibited from contributing because he is not a legal U.S. resident. At least one of the women has told Senate investigators that the women were reimbursed for their gifts.

The women, Yue F. Chu and Xi Ping Wang, are the spouse and cousin of Ming Chen, who works for Ng and Trie.

Investigators say the reimbursement plan was first discussed at a 1996 Chinese New Year's celebration at Ms. Chu's house. Both women "were solicited to front money for Ng Lap Seng," a Senate investigative memorandum says, and Ms. Chu told investigators that she had participated "in the scheme as a favor to her husband's boss."

But Trie also longed to help his old friend of 20 years, the president, who had racked up more than $1 million in legal bills defending himself in the Whitewater investigation and other matters.

In late March of 1996, Trie arrived at the Washington office of the Presidential Legal Expense Trust with $460,000 in contributions. He carried two large manila envelopes that contained several hundred checks and money orders of up to $1,000 each, many of them from members of a Taiwanese Buddhist sect with temples in the United States.

The fund's directors returned all the money within two months because many donors had failed to list their addresses or were students or waiters of modest means. Some donations also came through money orders with identical handwriting.

Meanwhile, Trie continued to help Huang raise money. In May 1996, Trie helped bring in a $325,000 contribution from Yogesh K. Gandhi, a great-grandnephew of Mohandas K. Gandhi. The Democrats later gave the money back because they did not believe that Gandhi had enough money to make such a donation himself.
Trie also helped Huang with a gala for Asian-Americans in Los Angeles last July 22. "I've heard that the event was just laden with Chinese nationals, just tens of them," one former party official said.

The president's New York birthday party, featuring a concert at Radio City Music Hall and a dinner, came about a month later. For party officials and investigators, that fund-raiser has come to embody how Trie and Huang worked together and how they came to leave such a long trail of questions in their wake.

Huang went to New York about a week or two before the event at the request of Marvin Rosen, then the Democrats' finance chairman.

But Huang was worried that even though he had once worked for a bank in New York, he did not have many contacts left there. So he asked Asian-Americans there to route any concert or dinner tickets they sold through him.

One of them, Ethel Chen of Queens, said Huang had told her that it was only by consolidating their donations that Asian-Americans would get the kind of political clout that Jewish groups have. Ms. Chen and others handed about $10,000 in checks to Huang, most of it raised through sales of $250 concert tickets to Asian-American lawyers and business owners.

Huang also asked Trie for help. And that led to the largest, and still most mysterious, contributions.

Early last Aug. 19, the president's birthday, Trie rushed over to a rented party office in the Bear, Stearns building on Park Avenue to hand over the 15 checks to a group of party officials who included Rosen. Party officials who were there recall that they had been "dead tired and groggy" but that the checks had given everybody a lift.

But since then, Democratic Party investigators have been unable to find some of the people whose names are on those checks. Some of the biggest checks for the New York dinner came from people listing addresses in Ohio and California.

For instance, Kun-Cheng Yeh, who donated $10,000 through Trie, listed the address of an electronics company in a Los Angeles suburb. But an employee there said Yeh lived in China and had not been to the United States for several years.

Trie also solicited a $3,000 check drawn on the New York City bank account of a Michele Lima. Democratic Party officials previously said that Ms. Lima had died years ago, but they said more recently that the donation might have come from another Michele Lima who lives in Queens. But her phone number has been disconnected, and relatives have refused to tell reporters how to locate her. Party officials cannot explain why Ms. Lima's check was written in the same handwriting as that of another person who gave $4,000.

At the hearing scheduled to begin July 8, the senators plan to explore questions about how much the White House and the Democratic committee knew about the questionable fund-raising practices of Trie and Huang.

Harold M. Ickes, then the White House deputy chief of staff, has acknowledged that he knew Trie had brought in questionable donations for the legal defense
fund in early April of 1996. Yet Trie continued to raise money for the Democrats because Ickes never told party officials about the problems with him.

"Had we been informed earlier, we would have looked into those concerns and taken appropriate action," said Steve Langdon, a spokesman for the Democratic committee.

Now the Senate plans to zero in on Ickes in an effort to pin partial responsibility for Trie's fund-raising practices on the White House. One investigator said, "The warnings that the White House had that Trie was out of control are very fertile territory."
AFFIDAVIT OF ERICA PAYNE

Being duly sworn, I, Erica Payne, state the following to be true and correct to the best of my knowledge and belief:

1. From February 1993 to January 1997, I worked in the Finance Division of the Democratic National Committee (hereinafter “DNC”). I served in succession as Regional Finance Coordinator, Regional Finance Director and Deputy Finance Director.

2. As part of my job responsibilities, I was in charge of fundraising for President Clinton’s 50th birthday celebration at Radio City Music Hall in New York City on Sunday, August 18, 1996 (hereinafter “the celebration”).

3. In connection with these responsibilities, I was stationed in New York City for approximately one month prior to the celebration and was in New York City continuously from August 10, 1996 until after the celebration took place on August 18, 1996.

4. As a further part of my job responsibilities, I coordinated and supervised all DNC staff fundraisers in New York working on the celebration, including John Huang.

5. As a colleague and fellow fundraiser for the DNC, I had known John Huang throughout 1996.

6. To the best of my recollection, John Huang was constantly physically present in New York City conducting fundraising for at least five days prior to the August 16 celebration; I worked with and saw him each day during that period; and in fact, approximately two to four days prior to the event (August 14 - 17), I recall joking with...

Ex. 5-1
John Huang at the fundraising offices in Manhattan about the difficulty in selling some of
the seats at the celebration.

Signed under penalties of perjury this ___ day of October, 1997.

[Signature]

[Name]

2
Statement of Bonnie Gail Wong

My name is Bonnie Gail Wong. I am currently the executive director of a non-profit organization in New York City, Asian Women in Business.

I helped John Huang sell some tickets to a fundraiser at Radio City Music Hall on August 18, 1996, in honor of President Clinton's 50th birthday. I understood Mr. Huang to be in town for the entire week leading up to the event at Radio City on the 13th.

Mr. Huang, Charles Wang, Linda Soohee, Dr. David Huang and I had dinner on August 13.

I spent a large part of the day and evening of August 15, 1996 with Mr. Huang in New York City. I attended a meeting between Mr. Huang and members of the Chinese Consolidated Benevolent Association on Mott Street, New York, New York, in the afternoon. My calendar indicates the meeting began at 2 p.m. I came to the event closer to 3 p.m. Shortly thereafter, a photographer took pictures of some of the attendees. Two local newspapers dated August 16 contain pictures of Mr. Huang attending the event.

Mr. Huang & I also attended a reception sponsored by the Democratic National Committee (DNC) at the law firm of Skadden, Arps, Slate, Meagher & Flom, on 919 Third Avenue, New York, New York. A pre-reception meeting with Don Fowler was scheduled to start at 6:00 p.m., but actually began later at about 6:30 p.m. The reception took place from 7 p.m. to 9 p.m. Mr. Huang and Mr. Fowler both spoke at this reception.

After the reception, I went with John Huang, his wife Jane, Yangman Lee and Bill Cheung to a nearby restaurant called Chiam. We had drinks at the bar and then sat down at a table and ate dinner. Dinner ended at about 11 p.m. Mr. Huang remained with the group at the restaurant until we all left together at about 11 p.m.

While in New York City, Mr. Huang gave me his number at the DNC in New York where I could reach him during the week of August 12, 1996 through August 18, 1996. I believe that we spoke on both August 15 and August 17.

Yvonne Louis, a friend, told me that she saw Mr. Huang eating lunch at a restaurant in Chinatown, New York City on August 16.

Bonnie Gail Wong
October 3, 1996
STATEMENT OF YUNGMAN LEE

1. Yungman Lee, declare the following to be true to the best of my recollection and belief:

1. I am President of United Oriental Bank, located in New York City.

2. As an Asian-American Democrat and an active member and former President of the Chinese-American Bankers Association, I have known John Huang for some time.

3. On August 15, 1996, I had a late dinner with John Huang at the ChiAm Chinese Restaurant in New York City. Joining us at the dinner were Jane Huang, Bonnie Wong and Bill Chung. We arrived at the restaurant at approximately 9 p.m. We sat at the bar for some time, waiting for a table to open. We ate and all departed the restaurant together at approximately 11 p.m. I paid for this dinner with my American Express card and have attached a copy of my receipt from American Express to this statement.

4. Before the dinner, I saw John Huang at two different events. One event was a meeting of the Chinese Consolidated Benevolent Association of Chinatown on the afternoon of August 15. The second event was a gathering of leaders of the Asian American community at the law offices of Skadden, Arps, L.P. in Manhattan later that day. The purpose of the Skadden meeting was to discuss ways to get Asian Americans involved in the Democratic campaigns of 1996. DNC Chairman Don Fowler gave a nice speech encouraging Asian American participation in the political process.

Signed under the pains and penalties of perjury.

Yungman Lee

Dated this _ day of October, 1997.
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Statement of Linda SooHoo

My name is Linda SooHoo, and I am an attorney in New York at the law firm of Skadden, Arps, Slate, Meagher & Flom LLP.

On August 15, 1996, I helped host a reception for Donald Fowler at the New York offices of Skadden, Arps. The reception provided an opportunity for members of New York’s Asian American community to meet Mr. Fowler and hear him speak. The reception started at approximately 7 p.m. and ended at approximately 8:30 p.m. John Huang attended the entire event. I recall having a brief conversation with Mr. Huang at the end of the reception. It was my understanding that Mr. Huang was going out to dinner with Bonnie Wong and others after the reception.

[Signature]

Linda SooHoo
October 8, 1996
STATE OF NEW YORK

AFFIDAVIT

of

ETHEL CHEN

1. Ethel Chen, state as follows:

1. I live in Queens, New York. I am a former supervising librarian at the New York Public Library. I currently serve as a Democratic District Leader At-Large in Queens, New York. I served as a Delegate to the Democratic National Convention in 1996.

2. In August 1996, I worked with Jonny Huang to sell tickets to the president's 50th Birthday fundraiser at Radio City Music Hall in Manhattan. The event took place on August 18, 1996.

3. On at least two occasions during the week before the event, I delivered checks to Jonny Huang, and received tickets for the event in return. These checks were mostly from members of the business community in Queens. On those occasions, I called Jonny Huang at the DNC office in midtown Manhattan, and then visited him personally there. One of those meetings took place on the Friday before the event, August 16.

4. I also saw Jonny Huang earlier that week at either the Sherman or Hilton Hotel in Manhattan, and at the Radio City Music Hall event itself.

Signed under penalty of perjury this 8th day of October, 1997.

Ethel Chen

MICHAEL NORMAN NEBALEK
COMMISSIONER OF DEEDS
County of New York, No. 4510
Certificate Filed in Queens County
Commission Expires: 6-24-99
October 8, 1997

Kenneth Bailen, Esq.
Chief Investigative Counsel
U.S. House of Representatives
Committee on Government Reform and Oversight
511 Ford Building
Washington, D.C. 20515

Re: Fran Wakem

Dear Mr. Bailen:

This will confirm my advice to you this morning.

I have reached Fran Wakem in Honolulu. She will shortly be out of touch in East Asia.

Fran specifically recalls that John Huang was in New York on the Friday and Saturday before the August 1996 gala, and he was present at the gala on Sunday, as well.

We regret that Ms. Wakem is not available to confirm this directly. Of course, when she returns to Washington later this month she can do so.

Very truly yours,

LEVINE PIERSON SULLIVAN & KOCH, L.L.P.


By,

Stuart F. Pierson

SFP KH

Ex. 14
Sworn Statement of Teressa Stirk

Teressa Stirk being first duly sworn, deposes and states as follows:

1. I was formerly employed at the Democratic National Committee as Operations Manager to the Finance Department. My employment at the DNC began on April 12, 1996 and lasted until my resignation on May 1, 1997.

2. As part of my duties as Operations Manager, it was my responsibility to make sure that all necessary information was available as to contributor checks. This information was set forth on a form that accompanied the contribution known as the check tracking form. I would normally receive the check and the check tracking form from the fundraisers in the course of, or in the aftermath of, a fundraising event. I would then add additional information to the check tracking form, including the date I received checks from the fundraisers, the

Ex 15-1
revenue code, the fundraiser code and the source code. Checks were then forwarded on to the Accounting Department for posting and deposit.

3. It is my recollection that in August of 1996, John Huang, a fundraiser in the Finance Department of the DNC, was assigned to the DNC fundraiser known as the Presidential Birthday Celebration, which was held in New York on August 18, 1996. It is also my recollection that Mr. Huang worked on the event in New York City for a period of time prior to the August 18, 1996 event.

4. I have had the opportunity to review a number of checks received by Mr. Huang in the course of his duties as a fundraiser for the August 18, 1996 event. I have also reviewed the check tracking forms filled out by him which accompany the contribution checks. I note that on those check tracking forms the date of receipt of the checks is placed on the form. I recall that it was the usual practice to send checks and check tracking forms by UPS to me or the Finance Director. I note that the first date of receipt by me is August 16, 1996. I note that I received other contributions from him on August 20, 1996 and some on August 31, 1996.

5. While I cannot tell when Mr. Huang actually received each check from the contributors, because of the correlation between the dates on the checks and the receipt by me of the checks and the accompanying check tracking forms, it would...
appear that he was in New York City throughout this period of
time.

Teressa Steck

District of:

Columbia:

Subscribed and sworn to before me this ___ day of October
1997.

Notary Public

Ex. 15-3

Headline: Support Clinton’s Re-election: Wen-Zhou Association Gives Clinton Painting to Celebrate Birthday

The article states that the Wen-Zhou Association presented President Clinton with a painting in honor of his 50th birthday celebration in Manhattan. The gift is a symbol of support for Clinton, and in hopes that he will strengthen relations between the Chinese community and the US.

Photo Caption: Representing President Clinton to accept the painting is John Huang (fourth from the left), along with the Association President, and others.
民主黨員黃建南訪華埠
籲華人團結發揮更大力量

1996年8月16日（星期五）
3) The World Journal (Shi Jie Er Bao) Friday, August 16, 1996

Headline: Chinese Community Supports Clinton, John Huang
Indicates That $5 Million was Raised Already in July

The article states that Democratic National Committee Chairman Donald Fowler visited
early one hundred New York Asian-American Democrats yesterday. Also present was
Vice-Chairman John Huang, who said that Asian-Americans had contributed $5 million
in July alone.
4) The World Journal (Shi Jie Yi Bao)  Friday, August 16, 1996

Headline: Democratic Vice-Chairman John Huang Visits Chinese Business Association, Calls on Asian Organization to Unite for the Next Century

The article states that John Huang visited the New York Chinese Business Association on the 15th. It goes on to give a summary of his background.
3) The Sing Tao Daily (Xing Tao Er Bao) Friday, August 16, 1996

Headline: Chinese Democratic Official John Huang Visits New York Business Association, Urges Unity to Enter American Mainstream

The article summarizes Huang’s ideas for ways Chinese Americans can enter the political mainstream by the 21st century.

Photo Caption: Democratic National Committee Vice-Chairman for Finance John Huang visits the Chinese Business Association to deliver a talk.
HOGAN & HARTSON

BY TELECOPIER AND HAND DELIVERY

Kenneth N. Ballen, Esq.
Chief Investigative Counsel, Minority Staff
Committee on Government Reform and
Oversight
2187 Rayburn House Office Building
Washington, D.C. 20515-6143

Dear Mr. Ballen:

Thank you for your letter of October 7, 1997. I do, in fact, represent
John Huang. As we discussed earlier today, and as I am sure you can appreciate, although Mr. Huang would welcome the opportunity to personally provide
the information you have requested as well as to respond to the many unfounded
allegations to which he has been unfairly subjected over the past year, Mr. Huang is
not presently in a position to respond directly to your request for information.

I am, however, grateful that you and the Ranking Minority Member
have elected to pursue the unfortunate allegation that Mr. Huang was in Los
Angeles, California on both the morning and afternoon of August 16, 1996, and I
welcome the opportunity to facilitate your efforts to fully develop the actual facts.
In that regard, and despite the short time available in which to investigate your
inquiry, it appears that certain information already in the possession of the
Committee clearly establishes that Mr. Huang was in New York City from
August 10, 1996 until August 19, 1996 working diligently in connection with the
August 18, 1996 Gala in honor of President Clinton's birthday. Specifically, the
Committee already has in its possession expense records submitted by Mr. Huang
to the Democratic National Committee ("DNC") for that period and the related hotel
bill at the Sheraton New York Hotel and Towers which confirms Mr. Huang's
physical presence in New York during that period.

Moreover, and conclusive though those records are, easily available for

Ex. 21-1
either the Majority or the Minority with regard to August 16, 1996, are a multitude of witnesses who were with Mr. Huang in New York in connection with his DNC duties on each day that he was in New York, and specifically on August 15, 1996 and August 16, 1996. In fact, Mr. Huang's photograph appears in the August 18, 1996 edition of a local Chinese newspaper. That picture, as the caption indicates, was taken on the 16th at a Chinese Consolidated Benevolent Association event. Mr. Huang also attended and addressed an Asian-American community reception at the law firm of Skadden, Arps, Slate, Meagher & Flom in New York on the evening of August 15 at which Chairman Don Fowler and several other prominent DNC officials, and others, were present. Subsequent to the reception, Mr. and Mrs. Huang dined with Mr. Yungman Lee, President of the United Orient Bank, Mr. Bonnie Wong, and Mr. Bill Chang at Chaim Restaurant, where, as it turned out, the prominent Asian-American actor, Jackie Chan, was also dining. Afterwards, the Huangs returned to their hotel sometime around midnight.

The following two days, August 16 and 17, Mr. Huang worked at the DNC site and had business meetings in Chinatown, including a business lunch at Kam Fong Restaurant, also known as Jing Fung, on Elizabeth Street. I also would note that on the morning of the 17th of August one of Mr. and Mrs. Huang's children attempted to reach his parents by calling the DNC number in New York City from their home in Glendale, California.

While I am in possession of certain other exculpatory evidence, under the present circumstances I am not free to add that information to the existing and overwhelming proof that John Huang was in New York City from August 10, 1996 until August 19, 1996. I believe, however, that many DNC officials, and others, are in a position to verify that Mr. Huang was in New York throughout this period should that still be necessary in light of the dispositive evidence demonstrating just that. In addition, given the resources available to Congress, I am confident that, to the extent additional facts are of interest, the individuals mentioned above are easily accessible as are the extensive records and photographs related to the events described herein.

I also believe that, given the blatant unfairness of presenting false testimony that Mr. Huang was anywhere other than New York City on August 16, 1996, or the several days before and after, when the easily obtainable facts conclusively demonstrate otherwise, any such testimony should be referred to the Justice Department—especially where the witness involved has duped Congress into accepting false testimony in exchange for immunity from serious offenses.

Ex. 21-2
Thank you for the opportunity to address the issues raised in your letter. I hope you find this brief assimilation of certain of the relevant evidence useful. I am grateful for the commitment you and the Ranking Minority Member have demonstrated to attempting to use the upcoming hearings as a truth seeking process.

Very truly yours,

[Signature]

By Cobb

cc: John C. Keeney, Jr., Esq.
    Peter Spiveck, Esq.
### AT&T True Savings® calls

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This month you saved $15.27 with AT&T True Savings®.

### Direct dialed calls

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<td>nght</td>
<td>3</td>
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</table>

Additional calls redacted

Ex. 22
MEMORANDUM OF INTERVIEW

Re: House of Representatives Investigation

Date: August 15, 1997

Time: 1:00 pm

Place: C.H. Auto Sales
7821/7825 E. Garvey Avenue, Rosemead, CA

Present: David Wang, Witness
John Liu, Witness's Brother-in-Law
James McFadden, Special Agent
Paul Herbert, Special Agent

1. We introduced ourselves to Wang and asked him if we could ask him questions pertaining to an investigation of fundraising by the House of Representatives. We explained that we were independent congressional investigators, and that whatever information we obtained would be shared by both the Democrats and the Republicans on the congressional committee. Wang agreed to answer our questions. The interview with Wang actually consisted of two parts—we returned immediately (within five minutes) after terminating the first part of the interview to ask some follow up questions. Wang's brother-in-law, John Liu initially sat in for the first part of the interview, but left shortly after the interview started without giving any explanation and did not return. Lui did not attend any of the second part of the interview. Wang provided the following information in reply to our questions, during the first part of the interview:


4. Wang stated that in about August 1996, John Huang asked Wang and Liu to make a donation to the DNC for a fundraising party at a downtown Los Angeles hotel. Huang suggested the amount of $5,000 and Wang and Liu agreed since Wang and Liu figured that was an amount they could afford. For making the donation, Wang and Liu got a formal written invitation to the party. Wang and Liu were happy to oblige Huang's request because: 1) it was a favor to Huang, 2) it was a chance to assist the Asian
community, and 3) it was a chance to be close to, and possibly meet President Clinton.

Neither Wang nor Liu got any money in return or reimbursement for their donation. Liu's wife gave her brother David Wang $2,500 in cash for Liu's part of the donation. Wang and Liu stated that they had to pay the money after agreeing to make the donation to Huang. The donation bought Wang and Liu two seats at the party. Wang and Liu attended the party, but did not get to meet President Clinton. Wang and Liu both stated they would not have been invited to the party if they had not made the donation.

5. The first part of the interview terminated at about 2:00 pm. When we returned, Wang agreed again to answer questions. Wang provided the following information in reply to our questions, during the second part of the interview:

6. In a meeting between John Huang, Wang and Liu, Huang asked Wang to make a donation to the DNC of $5,000 and advised Wang that he would be repaid for the donation. Huang and a "Mr. Pan or Pen" picked up the $5,000 check from Wang at C.H. Auto Sales. Wang described Huang's repayment arrangement as "secret". Although Wang felt "funny" about the arrangement and thought it "very curious", he did not ask Huang for an explanation for the donation and repayment in this manner. Wang paid the $5,000 and identified his signature on check #178 to the DNC of 8/16/96. Wang knew at the time he wrote the check to the DNC for $5,000 that he would be repaid the $5,000, but Wang did not know when or how he would be repaid.

7. Within a week of making the donation, Mr. Pan or Mr. Pen (40-50 years old) repaid the money by making two hand deliveries totaling $5,000 to Wang of $100 bills in 8" by 10" envelopes at the sales office of C.H. Auto Sales. The envelopes were folded to wrap around the cash, and Wang does not recall any writing or identifying marks on the envelopes. Wang does not recall any letters or notes attached to, or inside the envelopes. The first payment of $2,000 was the same day as the donation-8/16/96; the second and last repayment for the remaining $2,000 was delivered two to four days later. Wang does not believe anyone saw him taking the money from Mr. Pan/Pen. Mr. Pan/Pen did not explain why he was alone and did not explain why he, rather than John Huang was making the repayment of the donation. Pan/Pen asked Wang not to tell anyone about the repayment. Wang does not recognize the name "Anenio Pan". At the time of the first repayment, Pan/Pen told Wang that the remainder would be paid later. Wang did not ask, and Pan/Pen did not offer any explanation or reason why the repayment was broken up into two amounts rather than paid at one time. Further, Mr. Pan/Pen did not give any reason why the repayment was in cash, or why he (Pan/Pen) rather than Huang delivered the repayments. Wang does not know the source of the money used in making the cash repayments. Wang kept the cash in his desk until depositing it either later the day of receipt, or the next day, into his checking account at China Trust Bank.

8. Daniel Wu also made a donation to the DNC, which was reimbursed to him. Wu and Wang discussed their donations and reimbursements with each other. Wang saw Wu at the DNC fundraising party, but they did not drive to the party together. Wang did not
originally knew the amount of Wu's check to the DNC, but Wang assumed it was also $5,000. Wu's repayments were deposited by Wang to Wu's account at the Bank of Canton. Wu asked Wang to deposit the money as a favor because their banks are located close to each other and Wu knew that Wang was going to his (Wang's) bank. For the first deposit of Wu's money, Wu gave the cash to Wang to deposit. The cash for Wu's second deposit was given directly by Mr. Pan/Pen to Wang at the same time that Pan/Pen gave Wang his $2,000 cash repayment. Wang does not recall if the cash payments of $2,000 each from Pan/Pen for Wu and Wang were in one envelope or two. Mr. Wang was to give the cash to Wu, but Wu asked Wang, during a phone conversation, to deposit the money to Wu's bank account.

9. We asked Wang if he had a 1996 calendar which he could use to try to reconstruct the dates of the repayments. Wang went to his office and returned with his 1996 journal which notes cash to Wang and Wu of $3,000 each on August 16, 1996, and cash to Wang and Wu of $2,000 each on August 20, 1996. Wang stated these were the repayments of the DNC 'donations'. The recordings in the journal represent the dates of receipt of the cash by Wang; the check marks next to the recordings represent the deposit of the money. After looking at the journal, Wang stated that he received the first repayment the same day he wrote the $5,000 check to the DNC. We then asked Wang if he had his bank account statement from August 1996. Wang went to his office and returned with his August and September 1996 China Trust Bank account statements which show deposits of $3,000 on August 16, 1996 and $2,000 on August 20, 1996. Wang identified these as the deposits of the DNC 'donation'. Wang agreed to our request to let us hold onto the journal and bank statements.

10. Neither Wang nor Liu know where Daniel Wu is, but they both believe Wu is in Taiwan. Wu frequently traveled between Taiwan and Los Angeles and stayed at hostels when he was in Los Angeles. Wu used the C.H. Auto dealership as his address in Los Angeles. Neither Wang nor Liu recall ever meeting Julian Liu or Charlie Trie.

I prepared this memorandum on August 15, 1997, after refreshing my memory from notes taken during the interview of David Wang.

Paul N. Herbert

This memorandum contains an accurate account of the interview of David Wang.

James McFadden

Ex. 23-3
MEMORANDUM

To: Members of the Committee on Government Reform and Oversight
From: Minority Staff
Re: Analysis of Hubbell Master Tape Log
Date: May 4, 1998

On April 30, 1998, Chairman Dan Burton released excerpts of tape recordings of prison conversations between Webster Hubbell and his wife, friends, and attorneys. Mr. Burton released these excerpts in a document called the “Hubbell Master Tape Log.”

The minority staff of the Committee on Government Reform and Oversight first obtained the Hubbell Master Tape Log on the evening of Friday, May 1. This staff memorandum is a preliminary analysis, prepared over the weekend of May 2 and 3, of the accuracy of the Hubbell Master Tape Log. It finds numerous alterations and omissions in the Master Log released by Mr. Burton. It appears that the excerpts released by Mr. Burton have been systematically edited to delete references to exculpatory information relating to Mr. Hubbell, the First Lady, and others.

Among the alterations and omissions found in the Hubbell Master Tape Log are the following:

- The deletion of passages in which Mr. Hubbell and his wife state that the First Lady has done nothing wrong.
- The deletion of passages that appear to be exculpatory of Mr. Hubbell.
- The inclusion of allegedly verbatim quotes that do not appear anywhere in the tapes.
- The inclusion of allegedly verbatim quotes that are not quotes, but paraphrases of quotes.
- The deletion of passages that provide context to quotes that appear more damaging to Mr. Hubbell than they actually are.

A tape-by-tape summary of some examples of alterations and omissions in the Hubbell Master Tape Log is provided below. There are other similar examples that are not discussed below, and the tapes are still under review.
Tapes 4A-6B, Conversation with Susy Hubbell (Mar. 25, 1996)

These tapes include a discussion between Mr. Hubbell and his wife concerning whether Mr. Hubbell should file a counterclaim against the Rose law firm. Mr. Hubbell’s former law firm. The excerpts of the tapes in the Hubbell Master Tape Log convey the impression that if Mr. Hubbell filed suit against his former firm, this would “open up” the First Lady to allegations and that for this reason Mr. Hubbell has decided to “roll over” to protect the First Lady.

A review of the actual tape, however, reveals that the Hubbell Master Tape Log omits a later portion of the conversation (contained on tape 5B, a continuation of the conversation) that appears to exonerate the First Lady of wrongdoing. In that portion, Mr. Hubbell says that the First Lady “had no idea what was going on...She didn’t participate in any of this.” [Emphasis added.]

**Hubbell Master Tape Log**. In relevant part, the Hubbell Master Tape Log quotes tapes 4A and 5B as follows:

SH: No, I want you to. I am the one that bears the brunt of this up here. I am the one that has to explain this to Marcia. She says you are not going to get any public support if you open Hillary up to this...well by public support I know exactly what she means. I’m not stupid.

WH: And I spent Saturday with you saying I would not do that. I will not raise those allegations that might open it up to Hillary. And you know that. I told you that.

SH: Yes. Then I get all this back from Marcia who is reaching it up and making it sound like if Webb goes ahead and sues the firm, then any support I have at the White House is gone. I’m hearing the squeeze play.

WH: So I need to roll over one more time...

***

H: Now Susy, I say this with love for my friend Bill Kennedy, and I do love him, he’s been a good friend, he’s one of the most vulnerable people in my counterclaim. OK?

**Actual Tape Transcript**. Immediately after Mr. Hubbell’s statement about the vulnerability of Bill Kennedy in a counterclaim, the tape contains a passage that appears to be exculpatory of the First Lady. In this passage, Mr. Hubbell states that the First Lady would not be vulnerable in a counterclaim and that “she didn’t participate in any of this.” This passage is deleted from the Hubbell Master Tape Log. It reads as follows:

Mr. Hubbell: Ok. Hillary's not. Hillary isn't. the only thing is people say why didn't she know what was going on. And I wish she never paid any attention to what was going on in the firm. That's the gospel truth. She just had no idea what was going on. She didn’t
participate in any of this.

Mrs. Hubbell: They wouldn’t have let her if she tried.

Mr. Hubbell: Of course not. [Emphasis added.]

_Tape 35B, Conversation with Terry Collins (June 21, 1996)_

_Hubbell Master Tape Log_. This tape is a conversation with Terry Collins, who is Hubbell’s sister. It discusses Mr. Hubbell’s decision to delay publication of his book. The Hubbell Master Tape Log implies that Mr. Hubbell wanted to delay the publication because the publisher was pressuring him to reveal damaging information before the election, including information about the First Lady. The Master Log entry states in its entirety:

_Webb was not satisfied with his publisher. He was afraid they would want him to “tell stuff he can’t do.” “After the election the timing is better. Nobody can say I’m betraying confidences after the election.”_

_Webb tells Terry “What it all boils down to is they can’t say she (Hillary) did anything.”_

**Actual Tape Transcript.** A review of the actual tape shows that the Master Log deletes important passages. For example, between the “stuff he can’t do” quote and the “betraying confidences” quote, Mr. Hubbell provides other explanations for delaying publication, including that “more time” will let him “write it the way I want to do it” and that “It’ll be much more honest.” [Emphasis added.]

The actual tape also contains a statement by Mr. Hubbell that appears to indicate that he is unaware of wrongdoing by the First Lady. This statement is again omitted from the Master Log. The omitted passage states:

_Mr. Hubbell: And, you know, I think things are going alright. I know everybody worries about this week, but just, you know, it’s depressing only because it’s so blown out of proportion. A young kid came up to me yesterday and said, “Well, do you think your friend Hillary is going to be indicted?” And I said, “For what?” And he goes, “Well, well, for all this stuff.” And I said, “Well, what did she do?” “Well, well, I don’t know.” You know, and that’s the truth.” [Emphasis added.]_

_Ms. Collins: That’s right._

_Mr. Hubbell: You know, when it all boils down, they can’t say she did anything. You know?_
Tape 24A. Conversation with Suey Hubbell (Sept. 9, 1956)

This tape is a conversation between Mr. and Mrs. Hubbell about individuals who could be approached to provide assistance to the Hubbells. The Hubbell Master Tape Log deletes Mr. Hubbell’s statements that the allegations of a pay off are “absolutely not true” and that “there’s no truth to it at all.” Not only does the Master Log fail to include these exculpatory passages, the Master Log does not even indicate that text has been omitted at the relevant point. A reader of the Master Log would assume that the key passage in the Master Log is a verbatim transcript without deletions.

Hubbell Master Tape Log. The Hubbell Master Tape Log entry states:

S: I don’t know who would approach the one name you’ve got on there I thought that was a real good idea. ... Howard. Would Vernon do that? B (rapoport)?

H: that’s a possibility, yeah. Bermans would be good or Mickey. They’re trying to make a big deal (WSJ) about people being bought off by promises. You know people look for the worst in things. I don’t do that anymore. [Emphasis added.]

Actual Tape Transcript. In relevant part, the actual tape states:

Mrs. Hubbell: I don’t know who would approach the one name you put on there. I thought it was a real good idea.

Mr. Hubbell: Well I don’t even remember who it was, so --

Mrs. Hubbell: Uh, Howard.

Mr. Hubbell: Yeah.

Mrs. Hubbell: Would Vernon do that?

Mr. Hubbell: That’s a possibility, yeah. Okay. All right.

Mrs. Hubbell: Or, would I?

Mr. Hubbell: No, No. I think that’s -- Bermans would be good,

Mrs. Hubbell: Or Vernon?

Mr. Hubbell: Yeah. Or Mickey, or somebody like that. Obviously they gotta be very careful. I don’t know if you follow all of the editorials. They’re trying to make -- the Wall Street Journal -- you get a -- it’s a good thing I get it, because it gives you the worst
possible case. You know, but they're trying to make a big deal that, you know, new
everybody's being -- testimony is being bought off by, you know, promises of all kinds of
things. So you have to tell everybody to be careful. You know it's not true, you know,
it's absolutely not true, there's no truth to it at all, but --

Mrs. Hubbell: Well --

Mr. Hubbell: Yeah, you know, people look for the worst in things. I don't do that
anymore. [Emphasis added.]

**Tape 196A: Conversation with Suey Hubbell (Sept. 11, 1996)**

This tape is a conversation between Mr. Hubbell and his wife about people to contact concerning
job possibilities. The Hubbell Master Tape Log purports to contain a verbatim transcript of the
conversation. A review of the actual tape, however, reveals that a statement that appears to be
inculpatory of Mr. Hubbell was omitted and text was altered.

**Hubbell Master Tape Log** In relevant part, the Hubbell Master Tape Log states:

> He has his own hands about the...Editorials are all talking about how all this is
designed to keep me and Susan quiet. We have to make sure that it's our personal friends
that are helping. [Emphasis added]

**Actual Tape Transcript** In relevant part, the actual tape states:

Mr. Hubbell: I mean, we have to be very careful about this. You know, that doesn't
appear -- You know, you know what the editorials are saying right now.

Mrs. Hubbell: No, I don't really. I haven't read any.

Mr. Hubbell: They're all talking about how, you know, all of this, everything is designed
to keep me and Susan [McDougall] quiet. Okay? I'll give you a hypothetical -- is that
most of the articles are presupposing that I, my silence is being bought. We know that's
not true. You know, we're dead solid broke and getting broke. But, from that
supposition, you have to realize that we have to be careful and only talk to friends. And
make sure, you know, that it's only our personal friends that are helping. [Emphasis
added.]

**Tape 196B: Conversation with Suey Hubbell (Oct. 19, 1996)**

**Hubbell Master Tape Log** The Hubbell Master Tape Log entry states in its entirety:

> John says, Webb I know all the facts and there is absolutely nothing you have to fear
from this. Webb says, "except that I don’t want to tell the information."

Webb says, "This could affect our friends... and I’m not talking about... people who befriended me is a better way to say it." [Emphasis in original.]

**Actual Tape Transcript.** The Master Log deletes passages that provide needed context. Taken in context, Mr. Hubbell’s comments appear to be references to providing information regarding his federal tax return. They do not appear to refer to the broader issue of alleged wrongdoing by the Clintons. Specifically, the actual tape states:

Mr. Hubbell: John says, John says, ‘Webb, I know all the facts, [unintelligible].’ he said, "there’s nothing you have to fear about this." And I said, "except for the fact that I don’t want to tell them information." That’s why I want to know what’s on the return. The information may already be out there.

Mrs. Hubbell: Right

Mr. Hubbell: You know, and, you know, I want have him to talk to you, and the kids, and everything else before we make a final decision. But this is, uh, you know, this could affect our friends — and I’m not talking about —

Mrs. Hubbell: I know.

Mr. Hubbell: — yeah, people who befriended me I guess is a better way to say it. And did befriend me, and I provided services to them.

Mrs. Hubbell: I know that. I mean who the hell do they think you’re gonna go out and be a client for, Haley Barbour? [Emphasis added.]

**Tape 210A, Conversation with John Nields (Oct. 23, 1996)**

On October 23, 1996, Mr. Hubbell had a 30-minute telephone conversation with his attorney, John Nields. The Hubbell Master Tape Log quotes extensively from the second half of the conversation (tape 210B). The Master Log omits, however, an important portion of the first half of the conversation, where Mr. Hubbell explains why he is not uncomfortable with who hired him and what work he did for them. Specifically, the omitted passage states:

Mr. Hubbell: I spent most of the night last night kind of trying to go through my thoughts on everybody and anybody I did any work for during the time, you know, and start writing it down, so I can send it to Laura to see if it matches up with everything.

I have to say, and I know this is subject to a much more in-depth conversation, I am not uncomfortable about who hired me and what I did for them. OK? And I say that, the
more I think about it, the more I mean, I’ve always kind of talked to you in terms of politically what’s the worst thing that people could make of this, you know. On the other hand, there’s another picture to it and that is, you know, what from my perspective of why people hired me, and what I told them, you know, and what were the arrangements, you know. A lot of, you know, these retainers arrangements, part of it was almost an experiment to see: were you going to need me? Did you think after six months you had gotten your money’s worth or did you think it was a bad deal? You know, and if it was a bad deal, then you didn’t have to stay with me and if it was a good deal, we can keep it like it was. And if it was a burden on me, then we’d have to revisit that as well, you know. And the other part was if some of the early ones knew that I hopefully by the end of six months, I would have picked up other clients, and it was to some extent helping me set up an office. But a lot of that based on a lot of conversations I had with other lawyers and other consultants on how they had started and how they had done their thing.

So I’m not uncomfortable. OK? On the other hand, like you said, you know, a total ‘let’s look at every penny that Webb got, you know, where it came from, let’s subject everybody who’s been ever been kind to Webb, you know, to an investigation,” is pretty rough stuff. I mean, it’s not, when I say “rough stuff,” I’m talking about for them, not for me. I mean, it’s rough for me just ‘cuz I’m very protective of my friends, you know, in a way that I feel for them. Now the other thing is, the information that’s being asked for, it’s hard for me to answer where I am, you know? I say that with great love for my wife, but she has no idea, you know, about finances. That’s been part of our problem.


**Hubbell Master Tape Log**. This is a tape of a conversation between Mr. Hubbell and his attorney, John Nields. In relevant part, the Master Log states:

\[N:\] I very much want you, if this ever should be challenged, to be able to say that this time you looked at the return and compared a list that we'll prepare with the numbers on the return to make goddamn sure it's right. We're going to do this time, what you didn't do last time.

\[H:\] Which I should have done last time.

\[N:\] There is some chance that the day after election day they will make a move that moots everything. And I don't want to discourage it. [Emphasis in original.]

In discussing this excerpt, Mr. Burton has told the press that these quotes refer to an effort to obtain a Presidential pardon for Mr. Hubbell. [CNN's "Late Edition," 5/3/98]

**Actual Tape Transcript**. John Nields, Mr. Hubbell’s lawyer, refuted Mr. Burton’s interpretation over the weekend. He stated that the quotation refers to his hope that Independent Counsel Kenneth Starr might grant Mr. Hubbell partial immunity after the election — not to a Presidential pardon. [ABC’s "This Week," 5/3/98] Tape 285, which is discussed below.
corroborates Mr. Niels’s interpretation. It shows that immediately after the election, Hubbell was in fact granted immunity by Mr. Starr.


In the excerpt from this tape, the Hubbell Master Tape Log underlines a passage in which Mr. Hubbell allegedly says that “I’m just not easy to do business with.” In fact, Mr. Hubbell makes no such statement in the tape.

**Hubbell Master Tape Log.** In relevant part, the Hubbell Master Tape Log states:

> H: Well, I’m in agreement on the return issue. And just you know, I just want to be able to say but as expeditiously as possible as long as you’re comfortable. And John, the reality is just not easy to do business with me while I’m here which to some extent may be helpful in the long run to explain things. You just can’t do business up here. [Emphasis in original.]

**Actual Tape Transcript.** In relevant part, the actual tape transcript states:

> Mr. Hubbell: Well, I’m in agreement on the return issue. And just, you know, I just want to be able to say that we did it right but as expeditiously as possible —

> Mr. Niels: I agree.

> Hr. Hubbell: — as long as you’re comfortable. And, you know, John, the reality is it’s just not easy to do business with me while I’m here, which to some extent may be helpful in the long run to explain things. You just can’t do business up here.

**Tape 258B. Conversation with Suzy Hubbell (Nov. 7, 1996)**

In this tape, Mr. Hubbell and his wife assert that there was nothing wrong with Mr. Hubbell’s business dealings. The excerpt from the Hubbell Master Tape Log omits virtually all of the relevant text.

**Hubbell Master Tape Log.** In relevant part, the Hubbell Master Tape Log states:

> Suzy had talked to Laura. She asked to keep her informed so Suzy can inform Ann Sheils if anything happens. They discussed there was never anything wrong in your business dealings.

**Actual Tape Transcript.** In relevant part, the conversation on the tape reads as follows:

> Mr. Hubbell: You’ve just depressed about it, though.
Mrs. Hubbell: Well, yeah. I just feel like, you know, I asked her to please keep me informed because I need to, if something is going to hit the fan, if there is, you know, then I need to be able to talk to Ann Shields and tell her what’s happening and --

Mr. Hubbell: Yeah, yeah well, I don’t think anything will happen quickly. OK? I really don’t. I think it will, uh, unfold slowly, which is good. I’ll get home. You know, that’s the key.

Mrs. Hubbell: Well, as Laura and I discussed today, there was never anything improper or wrong, and there was nothing wrong in your business dealings.

Mr. Hubbell: No.

Mrs. Hubbell: So even if they took it all the way, it’s just going to be ugly and messy, but this isn’t a --

Mr. Hubbell: No. There’s nothing there.

Mrs. Hubbell: Right.

Mr. Hubbell: But it’s just painful. Just painful.

Mrs. Hubbell: Yeah. [Emphasis added.]

Tape 286B, Conversation with John Nields (Nov. 15, 1996)

This tape is a conversation between Mr. Hubbell and his attorney, John Nields. It occurred less than two weeks after the 1996 election. Its primary significance is that it confirms that Mr. Hubbell and Mr. Nields were seeking -- and in fact obtained -- immunity from the Independent Counsel Kenneth Starr, not a Presidential pardon as Mr. Burton has alleged. Despite the significance of this point, the excerpt from the Hubbell Master Tape Log deletes the discussion of immunity from Mr. Starr.

Actual Tape Transcript. None of the discussion of immunity from Mr. Starr is included in the Hubbell Master Tape Log. In relevant part, the taped conversation reads:

Mr. Nields: OK. Well, here’s where we are. The Independent Counsel believe it or not, gave me the order I wanted.

Mr. Hubbell: Good.

***

9
Mr. Nielson: So it's Friday and we seem to have good news.

Mr. Hubbell: Yeah.

Mr. Nielson: Now Webb, they offered -- Laura just walked in. They have offered to -- I'll put you on the speaker --

Mr. Hubbell: Yeah.

Mr. Nielson: -- they've offered to say, you know, you don't need to come down now that we've gotten an immunity order that both of us agree on. Why don't you just produce the documents. [Emphasis added.]
Air Tobacco:
Campaign Travel on Tobacco Industry Jets

Minority Staff Report
Committee on Government Reform and Oversight
U.S. House of Representatives

July 20, 1998
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EXECUTIVE SUMMARY

This report investigates the tobacco industry's practice of providing its corporate aircraft to congressional leaders and political parties for campaign activities. It finds: (1) the tobacco industry provides more subsidized campaign travel to congressional leaders and political parties than any other corporate special interest; and (2) the beneficiary of subsidized campaign travel from the tobacco industry is the Republican congressional leadership and Republican party organizations.

It has previously been reported in the media that congressional leaders have flown tobacco industry jets for campaign and fundraising purposes. For example, the Associated Press reported that on September 17, 1997, Speaker Newt Gingrich and other Republican leaders were flown on tobacco industry jets from Washington to a $1 million fund raiser in New York City. This report, however, is the first comprehensive analysis of the extent of congressional reliance on the tobacco industry as a source of subsidized campaign travel.

When a tobacco company provides a corporate jet to a member of Congress or a political party for campaign purposes, FEC regulations require the recipient to reimburse the company for only the cost of a first-class ticket. The actual cost of chartering the jet, however, can be many times the cost of the first-class air travel. The result is a de facto corporate contribution and a tremendous benefit to the member or political party.

The tobacco industry has provided extensive campaign travel to members of Congress and political parties. According to FEC disclosure reports, the leadership of Congress and the national political parties reported 84 separate disbursements to the tobacco industry for campaign travel from January 1, 1997, through May 31, 1998.

No other industry has provided nearly as much subsidized campaign travel as the tobacco industry. The second biggest provider of subsidized travel to the leaders of Congress and political parties during the 1998 election cycle was the health care industry, which received 36 disbursements for travel -- less than one-half of the number of disbursements received for travel by the tobacco industry.

Republicans are the beneficiary of the subsidized campaign travel from the tobacco industry. According to FEC disclosure reports, the Republican National Committee, the National Republican Senatorial Committee, the National Republican Congressional Committee, and the Republican congressional leadership and their PACs were responsible for all 84 disbursements to the tobacco industry examined in this report. The Republican leadership and committees paid the tobacco industry $178,000 to $244,000 for this travel.

1Jen's Ferry GOP to $1M in Funds," AP Online (September 17, 1997). See also "Firms Fly Politicians in Return for Favors," Associated Press (May 29, 1997), "Leadership PACs Promote Campaigning in High Style," The Hill (September 3, 1997).
The report could not determine the precise value of the travel provided to the Republican leadership and committees by the tobacco industry because the tobacco companies that provided the travel refused to provide information on the details of the travel. It is clear, however, that the value of the travel is likely to far exceed the amount actually paid by the Republican leadership and committees for the travel. A comparison between the costs of chartering two common tobacco industry jets and the costs of purchasing first-class airfare showed that the costs of chartering the tobacco industry jets can be 15 to 45 times greater than the costs of the first-class airfare.
I. METHODOLOGY

Federal campaign finance laws prohibit corporations from making contributions in connection with federal elections. Therefore, if a corporation provides goods or services to a political party for campaign purposes, the campaign or party must pay the corporation the "normal and usual charge" for those goods or services. An exception in the federal election regulations, however, allows a candidate or political committee to repay a corporation that provides travel services an amount significantly below the fair market value of the services. This exception provides that the candidate or party representative traveling on a luxury corporate jet is required to reimburse the corporation for only the cost of regularly scheduled first-class travel -- far below the "normal and usual" cost of chartering these jets.

In order to determine the extent of campaign travel by members and committees subsidized by the tobacco industry, Federal Election Commission filings for the 1998 election cycle were reviewed for the congressional leadership, leadership political action committees, the national political parties, and the congressional campaign committees.

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2It is unlawful . . . for any corporation . . . to make a contribution or expenditure in connection with any [federal] election . . . or for a candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section. 2 USC §441(b)(a).

11 CFR §114.9.

11 CFR §114.9(c). This regulation also provides that if the route is not serviced by a regularly scheduled commercial flight, the candidate or person traveling on behalf of the candidate is required to reimburse the corporation for the cost of the "usual charter rate."

The House leaders whose FEC filings were reviewed were: Speaker Newt Gingrich, Majority Leader Dick Armey, Minority Leader Dick Gephardt, Majority Whip Tom DeLay, Minority Whip David Bosser, Republican Conference Chairman John Boehner, and Democratic Caucus Chairman Vic Fazio. The Senate leaders whose FEC filings were reviewed were: Majority Leader Trent Lott, Minority Leader Tom Daschle, Assistant Majority Leader Don Nickles, and Minority Whip Wendell Ford.

The Congressional leadership PACs whose FEC filings were reviewed were: the Monday Morning PAC (Rep. Gingrich), the Majority Leader's Fund (Rep. Armey), Americans for a Republican Majority (Rep. DeLay), the Freedom Project (Rep. Boehner), the Effective Government Committee (Rep. Gephardt), Victory USA (Rep. Fazio), the New Republican Majority Fund (Sen. Lott), and the Republican Majority Fund (Sen. Nickles), Rep. Bonior and Sens. Daschle and Ford did not have registered leadership PACs during the time period covered by this report.

The national political parties whose FEC filings were reviewed were the Republican National Committee ("RNC") and the Democratic National Committee ("DNC").

The congressional campaign committees whose FEC filings were reviewed were the National Republican Senatorial Committee ("NRSC"), the National Republican Congressional Committee ("NRCC"), the Democratic Senatorial Campaign Committee ("DSCC"), and the Democratic Congressional Campaign Committee ("DCCC").
The disbursements examined in this report are those paid to tobacco companies or other corporations and characterized in the "event/purpose" category by such terms as "airfare," "airplane charter," "travel," or "transportation." To avoid including disbursements for minor travel expenses, such as car fare, travel disbursements of less than $250 were excluded from this analysis. 

The tobacco industry also provides travel to members of Congress for noncampaign purposes, such as to attend "fact finding" meetings or "legislative conferences." These meetings are often held at luxurious resorts such as The Phoenician in Scottsdale, Arizona. This noncampaign travel was not included in this report.

II. FINDINGS

A. The Tobacco Industry Is the Biggest Provider of Subsidized Campaign Travel

FEC disclosure reports for the congressional leadership, the leadership PACs, and the national parties and campaign committees were reviewed for the 1998 federal election cycle from January 1, 1997, through May 31, 1998. These filings revealed a total of 259 travel disbursements.

The largest provider of subsidized campaign travel was the tobacco industry. According to FEC reports, 84 of the travel disbursements were to tobacco companies. See Appendix 1. In total, more than 30% of the travel disbursements were made to the tobacco industry.

The next largest provider of subsidized campaign travel was the health care industry, which received 36 travel disbursements. This is less than one-half the number of disbursements received by the tobacco industry. Other industries that received a significant number of travel disbursements included: the insurance industry (17); casino gaming interests (17); and travel stores (15). See Figure 1.

\*In some instances, the FEC filings of the NRCC reported travel refunds from tobacco companies or other special interests, along with the notation "void check." Where these refunds corresponded with a disbursement, neither the disbursement nor the refund was included in this report.

The largest single corporate provider of subsidized campaign travel was UST, Inc., which manufactures smokeless tobacco products. UST received 54 travel disbursements. This represents 20% of all travel disbursements during this time period. Tobacco companies R.J.R. Nabisco/R.J. Reynolds Tobacco Co. (23 travel disbursements) and Phillip Morris Companies (4 travel disbursements) were also among the top corporate recipients of campaign travel disbursements. Other top travel disbursements recipients included: Health South (27); AFLAC (17); The Interface Group (15); Cracker Barrel Country Stores (15); and Federal Express (9).

B. Subsidized Campaign Travel from the Tobacco Industry Is Increasing

FEC reports show that subsidized campaign travel from the tobacco industry is increasing. During the entire 1996 election cycle, from January 1, 1995, through December 31, 1996, the national political parties, congressional leadership, and leadership PACs reported 60 separate disbursements for travel to the tobacco industry. This is an average of 2.5 travel disbursements each month.

During the 1998 election cycle, this number has increased significantly. In the first 17 months of the current election cycle, from January 1, 1997, through May 31, 1998, the same entities reported 84 separate disbursements for travel to the tobacco industry. This is an average of 4.9 travel disbursements each month. In other words, the rate of disbursements for travel on tobacco industry jets nearly doubled since the last election cycle. See Figure 2.
C. Republicans Are the Beneficiary of Campaign Travel Provided by the Tobacco Industry

The vast majority of subsidized corporate campaign travel is taken by Republican committees and members. Of the 259 travel disbursements reported to the FEC, 236 disbursements were made by Republican entities while only 23 disbursements were made by Democratic entities. In percentage terms, Republican disbursements for subsidized corporate campaign travel accounted for over 90% of the total disbursements.

In the case of disbursements for travel to the tobacco industry, all campaign travel in the 1998 election cycle has been taken by Republican committees and members. Since 1997, 84 disbursements to the tobacco industry have come from Republican entities, while no disbursements have come from Democratic entities. See Figure 3. In dollar amounts, disbursements to the tobacco industry from Republicans totaled $177,985.65 to $243,739.27.11

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11A range of total payments is provided because the report could not determine how to account for certain NRCC entries. See Part II.E.
By far the single biggest recipient of subsidized travel from the tobacco industry is the NRCC, which is the Republican party organization devoted to electing Republicans to the House of Representatives. The NRCC was responsible for 66 out of the 84 Republican disbursements for travel to the tobacco industry. The other disbursements were made by Sen. Lott’s New Republican Majority Fund (8); Sen. Lott’s re-election campaign committee (4); Rep. DeLay’s Americans for a Republican Majority (4); and Rep. Armey’s Majority Leader’s Fund (2).

D. The Value of the Campaign Travel Provided by the Tobacco Industry Is Likely to Far Exceed What Was Paid for the Travel

In order to estimate the value of the campaign travel on tobacco industry jets, Representative Henry Waxman, the ranking member of the Committee on Government Reform and Oversight, wrote the tobacco companies that provided campaign travel to a congressional leader or a political party prior to April 30, 1998. Rep. Waxman’s letters sought detailed information on each reported disbursement, such as the dates and destination of the travel, the names of the passengers transported, and the actual cost of the travel to the tobacco company.12

None of the companies provided the information requested by Rep. Waxman.13 Because the tobacco industry did not provide this information, the report could not determine the precise value of the travel provided to the Republican leadership and committees by the tobacco industry.

This report does, however, compare the fair market value of a chartered flight on the types of aircraft owned by tobacco companies with the cost of a first-class ticket on a commercial aircraft. The cost of a first-class ticket -- not the fair market value -- is the amount that FEC regulations require members and political parties to pay for chartered flights on corporate aircraft.

To make this comparison, Federal Aviation Administration registrations for corporate aircraft were examined to determine the types of company jets owned and operated by the tobacco industry. The most common corporate jets owned and operated by the two largest tobacco companies, Philip Morris and R.J. Reynolds Tobacco Co., are the Gulfstream G-IV (5 jets) and the Canadair Challenger CJ-600 (4 jets).

The fair market value of a chartered flight on these aircraft was determined by contacting air charter services that rent these aircraft. According to information provided by these charter


services, these aircraft are configured to accommodate corporate executives and provide a level of luxury not provided by commercial airlines. According to one charter service, a chartered round-trip flight from Washington to Los Angeles on the Gulfstream G-IV would cost $59,000. The same flight on the Canadair Challenger CL-600 would cost $43,600.\textsuperscript{14} According to another charter service, a chartered round-trip flight from Washington to New York City on the Gulfstream G-IV would cost a minimum of $18,700. The same flight on the Canadair Challenger CL-600 would cost a minimum of $12,000.\textsuperscript{15}

The fair market value of chartering these tobacco industry jets was then compared with the cost of a first-class round-trip ticket. This comparison showed that a first-class round-trip flight from Washington to Los Angeles on United Airlines would cost the traveler $2,960.\textsuperscript{16} This means that a congressional leader flying one of Philip Morris's or RJR's most common jets to a Los Angeles fundraiser would receive travel benefits which are 15 to 20 times greater than the amount FEC regulations require the member to pay for the travel. See Figure 4(a).

In the case of travel between Washington and New York, a round-trip flight on the Delta Shuttle would cost the traveler only $404.\textsuperscript{17} This means that a congressional leader flying one of Philip Morris's or RJR's most common jets to a New York City fundraiser would receive travel

\textsuperscript{14} Charter cost quoted for round-trip flight between Washington and Los Angeles by the Air Group, Inc. of Teterboro, New Jersey, on June 19, 1998.

\textsuperscript{15} Charter cost quoted for round-trip flight between Washington and New York City by IdealAir, Inc. on July 8, 1998.

\textsuperscript{16} First-class round-trip flight between Washington-Dulles and Los Angeles quoted by United Airlines on June 30, 1998.

\textsuperscript{17} Round-trip flight between Washington-National and New York City-LaGuardia quoted by Delta Airlines on July 8, 1998.
benefits which are 30 to 45 times greater than the amount FEC regulations require the member to pay for the travel. See Figure 4(b).

Without information from the tobacco industry about travel itineraries, the number of paying passengers, and other details, the report could not quantify the precise value of the tobacco industry flights received by the Republican leaders and campaign committees. Based on the comparison between the costs of chartering common tobacco industry jets and the costs of first-class air travel, however, it is clear that the actual value of the chartered flights is likely to substantially exceed the amount that the Republican leaders and committees paid as disbursements to the tobacco industry.

The Center for Responsive Politics has calculated that the tobacco industry contributed $1,002,418 in “hard” money and $3.2 million in “soft” money to Republican candidates and committees between January 1, 1997, and May 31, 1998. When these figures are compared to the $177,985.65 to $243,739.27 that Republican leaders and committees paid to the tobacco industry as travel disbursements from January 1, 1997, through May 31, 1998, it appears possible that the actual value to Republican leaders and committees of the subsidized campaign flights on tobacco industry jets could rival, if not exceed, the amount of the industry’s hard and/or soft money contributions.

E. Unaccounted Entries

On three days, the FEC filings of the NRCC list negative disbursements to UST for travel. These negative disbursements do not correspond in amount to any other disbursements to UST reported by the NRCC. Because the tobacco companies did not respond to Rep. Waxman’s

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14Center for Responsive Politics. June 18, 1998 (based on FEC reports).
request for information, it was impossible to determine what these entries represented. It is possible that these negative disbursements are partial refunds for flights on which fewer passengers than expected flew. If this is the explanation for these negative disbursements, the total amount that Republican leaders and committees paid to the tobacco industry as travel disbursements would be $177,585.65. If these negative disbursements are not refunds for other travel disbursements, the total amount that Republican leaders and committees paid to the tobacco industry as travel disbursements would be $243,739.27.
### Appendix: Travel Disbursements to the Tobacco Industry

#### January 1, 1997 - May 31, 1998

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</table>
### Appendix: Travel Disbursements to the Tobacco Industry

**January 1, 1997 - May 31, 1998**

<table>
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<tr>
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<td>Trent Lott for Mississippi</td>
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<td>R.J. Reynolds Tobacco Co.</td>
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<td>5/8/97</td>
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<td>Lott</td>
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<td>Trent Lott for Mississippi</td>
<td>Lott</td>
<td>UST, Inc.</td>
<td>7/16/97</td>
</tr>
</tbody>
</table>

---

**Note:** This table shows travel disbursements to the tobacco industry. The dates and amounts vary significantly, with some entries being significantly higher than others.
The Honorable Henry A. Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
House of Representatives  

The Honorable Gary A. Condit  
House of Representatives  

Subject: Campaign Finance: Congressional Inquiries and Related Costs  

This letter responds to your request that we obtain data from executive branch agencies on campaign finance inquiries made by the Congress. Specifically, you requested that we gather data on the number of inquiries received from October 1, 1995, through March 31, 1996, that related to campaign finance practices during the 1992, 1994, and 1996 congressional and presidential elections. You also asked that we gather data on the costs agencies incurred in responding to these inquiries.

Enclosure 1 provides the data agencies reported to us on the number of inquiries and costs. We found that agencies generally did not track the costs associated with these inquiries, and, accordingly, the data are based on estimates. Further, the determination as to whether an inquiry was related to campaign finance practices was solely that of the agency. As a result, we were unable to audit this data.

We developed a data collection instrument and sent it to 146 agencies.¹ We asked each agency to consolidate the data from all of its affected components and provide us with an agencywide response. We allowed Inspectors General to respond independently from their agencies. We received responses from 118


GAO/AIMD-98-316R Campaign Finance Inquiries
agencies, of which 21 reported that they had received campaign finance inquiries from the Congress. Enclosure 2 lists the 148 agencies surveyed.

As agreed with your offices, unless you publicly announce the contents of this letter earlier, we plan no further distribution until 10 days from the date of this letter. At that time, we will send copies to the Chairman of the House Committee on Government Reform and Oversight and the Chairman and Ranking Minority Member of the Senate Committee on Governmental Affairs. Copies will also be made available to others upon request. Please contact me at (202) 512-9489 if you or your staff have any questions about this letter.

Theodore C. Barreaux
Associate Director, Audit Oversight and Liaison

Enclosures

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2 We received a response from both the agency and the Inspector General for 6 of the 21 agencies responding and 1 response from the Inspector General of the Corporation for National Service. We received 11 separate responses from the Executive Office of the President.
### NUMBER OF CAMPAIGN FINANCE INQUIRIES AND COSTS REPORTED (UNAUDITED)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Number of Inquiries Reported</th>
<th>Costs Reported</th>
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<td>Executive Office of the President</td>
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<tr>
<td>White House Office</td>
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<td>Council of Economic Advisers</td>
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<tr>
<td>U.S. Trade Representative</td>
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<tr>
<td>Office of National Drug Control Policy</td>
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</tr>
<tr>
<td>Office of Administration</td>
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<tr>
<td>Office of the Vice President</td>
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<tr>
<td>Office of Science and Technology Policy</td>
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<td>Office of Management and Budget</td>
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<td>National Security Council</td>
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<td>President's Foreign Intelligence Advisory Board</td>
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<td>General Services Administration</td>
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Source: GAO/AIMD-96-316R Campaign Finance Inquiries
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<th>Agency</th>
<th>Number of inquiries reported</th>
<th>Costs reported</th>
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<td>Export-Import Bank of the U.S.</td>
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<td>National Indian Gaming Commission</td>
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<td>Total reported</td>
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*Oral communications such as meetings and interviews were included.

*Personnel costs not provided.

*Document reproduction costs not provided.

*Document delivery costs not provided.
AGENCIES SURVEYED

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs
Environmental Protection Agency
Federal Emergency Management Agency
General Services Administration
National Aeronautics and Space Administration
National Science Foundation
Office of Personnel Management
Small Business Administration
Social Security Administration
Agency for International Development
Nuclear Regulatory Commission
Central Intelligence Agency
Executive Office of the President

5  GAO/AIMD-98-318R Campaign Finance Inquiries
Federal Bureau of Investigation
Advisory Council on Historic Preservation
Appalachian Regional Commission
Architectural and Transportation Barriers Compliance Board
Arms Control and Disarmament Agency
Barry M. Goldwater Scholarship and Excellence in Education Foundation
Christopher Columbus Fellowship Foundation
Commission of Fine Arts
Commission on Civil Rights
Committee for Purchase from People Who are Blind or Severely Disabled
Commodity Futures Trading Commission
Corporation for National Service
Corporation for Public Broadcasting
Defense Nuclear Facilities Safety Board
Equal Employment Opportunity Commission
Export-Import Bank of the United States
Farm Credit Administration
Farm Credit System Financial Assistance Corporation
Farm Credit System Insurance Corporation
Federal Communications Commission
Federal Deposit Insurance Corporation
Federal Election Commission
Federal Financial Institutions Examination Council
Federal Housing Finance Board
Federal Labor Relations Authority
Federal Maritime Commission
Federal Mediation and Conciliation Service
Federal Mine Safety and Health Review Commission

6

GAO/AIMD-98-316R Campaign Finance Inquiries
Federal Retirement Thrift Investment Board
Federal Trade Commission
Harry S. Truman Scholarship Foundation
Institute of American Indian and Alaska Native Culture and Arts Development
Inter-American Foundation
International Trade Commission
James Madison Memorial Fellowship Foundation
Japan-U.S. Friendship Commission
Legal Services Corporation
Marine Mammal Commission
Merit Systems Protection Board
Morris K. Udall Foundation
National Archives and Records Administration
National Capital Planning Commission
National Council on Disability
National Credit Union Administration
National Education Goals Panel
National Endowment for the Arts
National Endowment for the Humanities
National Labor Relations Board
National Mediation Board
National Transportation Safety Board
Neighborhood Reinvestment Corporation
Nuclear Waste Technical Review Board
Occupational Safety and Health Review Commission
Office of Navajo and Hopi Indian Relocation Commission
Office of Special Counsel
Office of Prevention Council
ENCLOSURE 2

Panama Canal Commission
Pension Benefit Guaranty Corporation
Railroad Retirement Board
Securities and Exchange Commission
Smithsonian Institution
Tennessee Valley Authority
United Mine Workers of America Benefit Funds
United States Enrichment Corporation
United States Holocaust Memorial Council
United States Information Agency
United States Institute of Peace
United States Office of Government Ethics
United States Postal Service
U.S. Consumer Product Safety Commission
U.S. Court of Veterans Appeals
U.S. National Commission on Libraries and Information Science
U.S. Trade and Development Agency
Administrative Committee of the Federal Register
Advisory Commission on Intergovernmental Relations
African Development Foundation
Board of Governors of the Federal Reserve System
Citizen's Stamp Advisory Committee
Committee on Foreign Investment in the United States
Committee for the Implementation of Textile Agreements
Coordinating Council on Juvenile Justice and Delinquency Prevention
Delaware River Basin Commission
Endangered Species Committee
Export Administration Review Board

8

GAO/ADM-88-31SR Campaign Finance Inquiries
ENCLOSURE 2

Federal Financing Bank
Federal Home Loan Mortgage Corporation
Federal Interagency Committee on Education
Federal Laboratory Consortium for Technology Transfer
Federal Library and Information Center Committee
Federal National Mortgage Association
Illinois and Michigan Canal National Heritage Corridor Commission
Indian Arts and Crafts Board
Institute of Museum and Library Services
Interagency Committee on Employment of People with Disabilities
International Bank for Reconstruction and Development
International Monetary Fund
J. William Fulbright Foreign Scholarship Board
Joint Board for the Enrollment of Actuaries
Migratory Bird Conservation Commission
Mississippi River Commission
National Academy of Sciences
National Indian Gaming Commission
National Institute of Arthritis and Musculoskeletal and Skin Diseases
National Occupational Information Coordinating Committee
National Park Foundation
National Railroad Passenger Corporation (AMTRAK)
Northwest Power Planning Council
Peace Corps
Permanent Committee for the Oliver Wendell Holmes Devise
Postal Rate Commission
President's Council on Integrity and Efficiency
President's Foreign Intelligence Advisory Board

GAO/AIMD-98-316R Campaign Finance Inquiries
Prospective Payment Assessment Commission
State Justice Institute
Susquehanna River Basin Commission
Textile Trade Policy Group
The American Battle Monuments Commission
Thrift Depositor Protection Oversight Board
Trade Policy Committee
U.S. Arctic Research Commission
Veterans Day National Committee
White House Commission on Presidential Scholars

The Cost of Congressional Campaign Finance Investigations to the U.S. Taxpayer

Minority Staff Report
Committee on Government Reform and Oversight
U.S. House of Representatives

October 7, 1998
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EXECUTIVE SUMMARY

The Government Reform and Oversight Committee minority staff estimates that the cost to taxpayers of the congressional campaign finance investigations conducted during the 105th Congress totals more than $23 million. This includes at least $8.7 million spent by executive branch agencies responding to congressional requests for information and at least $14.6 million spent by congressional committees conducting the investigations.

At the request of Ranking Member Henry A. Waxman and Rep. Gary A. Condit, the General Accounting Office (GAO) conducted a survey of executive branch agencies to determine the costs that the congressional campaign finance investigations imposed on the federal agencies. The resulting GAO letter report, which is being released simultaneously with this staff report, shows that (1) federal agencies received 1,156 information requests from congressional campaign finance investigations between October 1, 1996, and March 31, 1998, and (2) these agencies reported spending $8,767,753.36 responding to these requests through March 31, 1998.

The number of requests and costs varied from agency to agency. According to the GAO survey, the Executive Office of the President reported the most requests (347) and the highest costs to the taxpayers ($4.5 million). Other agencies reporting high costs to the taxpayer included the Department of Commerce ($2.4 million), the Department of Justice ($337,000), the Federal Deposit Insurance Corporation ($279,000), the Department of the Interior ($266,000), and the Department of the Treasury ($241,000).

In addition to these federal agency costs, the minority staff estimates that Congress has spent at least $14.6 million conducting multiple campaign finance investigations. The single most expensive congressional investigation is the investigation by the House Government Reform and Oversight Committee, which has cost taxpayers over $7.4 million to date. Besides the $7.4 million spent by the House Government Reform and Oversight Committee, the Senate Governmental Affairs Committee spent $3.5 million on its campaign finance investigation; the House authorized $1.2 million for the Education and the Workforce Committee’s inquiry into campaign finance abuses related to the Teamsters; and the House authorized $2.5 million for a select committee (the Cox Committee) to investigate allegations that the Clinton administration gave missile technology to China in exchange for campaign contributions.

These four congressional committees -- the House Government Reform Committee, the Senate Governmental Affairs Committee, the House Education and the Workforce Committee, and the Cox Committee -- are not the only congressional committees that have investigated alleged campaign finance abuses in the 105th Congress. The executive branch agencies also received requests from at least 18 other congressional committees. Some of these other committees, such as the House Commerce Committee, held extensive hearings on alleged campaign finance abuses. This report, however, does not estimate the cost to the taxpayers of the investigations by these other committees. If these additional costs were included, the total congressional costs would undoubtedly far exceed $14.6 million.

As this report illustrates, the money used to pay for the congressional campaign finance investigations could have been put to other uses. For example, this money could have been spent
to provide 12 million school lunches to poor children or used to hire over 800 police officers to fight crime.

This report on the costs and burdens of congressional campaign finance investigations has three parts. Part I analyzes the $8.7 million spent by federal executive branch agencies responding to congressional requests. Part II summarizes the $14.6 million already spent or authorized for the duplicate congressional investigations. And Part III looks at what $23.3 million in federal funds could provide in needed government programs.
I. COSTS TO FEDERAL AGENCIES

The congressional investigations into campaign finance abuses have placed a heavy burden on the federal government. In an effort to determine the costs and burdens of the campaign finance investigation, Rep. Henry Waxman and Rep. Gary Condit asked the General Accounting Office (GAO) to conduct a survey of the executive agencies. The request asked GAO to "identify the number of Congressional inquiries made and the related costs incurred by those agencies."1

The GAO survey asked 148 executive agencies to provide information on campaign finance inquiries received from October 1, 1996 -- the time the first allegations of campaign finance abuses arose -- through March 31, 1998.2 The agencies were asked the following questions about congressional campaign finance requests: how many written inquiries were received from Congress; how many agency officials testified before Congress; how many additional oral communications the agency had with Congress; actual or estimated personnel costs associated with responding to the congressional inquiries; actual or estimated pages of documents submitted in response to the congressional inquiries and the reproduction and delivery costs; the cost of any outside contractors used to respond to the congressional inquiries; and to what extent the agency encountered duplication among the congressional requests. The survey also gave the agencies the opportunity to describe any problems or other comments regarding the inquiries.

GAO found that 21 executive agencies reported receiving 1,156 campaign finance inquiries from Congress during those eighteen months.3 This means that federal agencies received, on average, three congressional inquiries each working day during the period surveyed by GAO. The costs of responding to these requests reported by the agencies totaled $8,767,753.36.4 Table 1 shows the number of congressional requests to federal agencies and the costs incurred responding to these requests, as compiled by GAO.5 The actual costs, however,

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2Id.

3GAO Survey of Executive Branch Cost to Respond to Congressional Campaign Finance Inquiries (June 23, 1998).


5Id.

6The table includes 28 entries, including: responses from 21 agencies, of which 6 also submitted responses from the offices of the Inspectors General, and a response from the Inspector General office of the Corporation for National Service.
Table 1: Inquiries and Costs Reported By Federal Agencies

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>NUMBER OF INQUIRIES REPORTED</th>
<th>COSTS REPORTED</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Office of the President</td>
<td>347</td>
<td>$4,562,765.43</td>
<td></td>
</tr>
<tr>
<td>Department of Commerce</td>
<td>118</td>
<td>$2,432,012.00</td>
<td></td>
</tr>
<tr>
<td>Department of Justice (including FBI)</td>
<td>293</td>
<td>$337,206.00</td>
<td></td>
</tr>
<tr>
<td>Federal Deposit Insurance Corporation</td>
<td>17</td>
<td>$278,846.60</td>
<td></td>
</tr>
<tr>
<td>Department of the Interior</td>
<td>26</td>
<td>$286,872.53</td>
<td></td>
</tr>
<tr>
<td>Department of the Treasury</td>
<td>64</td>
<td>$241,511.15</td>
<td></td>
</tr>
<tr>
<td>General Services Administration</td>
<td>2</td>
<td>$323,549.77</td>
<td></td>
</tr>
<tr>
<td>Export-Import Bank</td>
<td>14</td>
<td>$143,652.00</td>
<td></td>
</tr>
<tr>
<td>Department of Defense</td>
<td>122</td>
<td>$105,958.00</td>
<td></td>
</tr>
<tr>
<td>Federal Election Commission</td>
<td>13</td>
<td>$44,129.60</td>
<td></td>
</tr>
<tr>
<td>Small Business Administration</td>
<td>2</td>
<td>$30,872.00</td>
<td></td>
</tr>
<tr>
<td>Department of Commerce Inspector General</td>
<td>12</td>
<td>$29,720.00</td>
<td></td>
</tr>
<tr>
<td>Department of Energy Inspector General</td>
<td>6</td>
<td>$10,851.90</td>
<td></td>
</tr>
<tr>
<td>Office of Personnel Management</td>
<td>2</td>
<td>$10,837.10</td>
<td></td>
</tr>
<tr>
<td>Department of Housing and Urban Development</td>
<td>3</td>
<td>$10,796.00</td>
<td></td>
</tr>
<tr>
<td>Corporation for National Service Inspector General</td>
<td>2</td>
<td>$10,780.57</td>
<td></td>
</tr>
<tr>
<td>FDIC Inspector General</td>
<td>1</td>
<td>$5,894.00</td>
<td></td>
</tr>
<tr>
<td>National Archives and Records Administration</td>
<td>4</td>
<td>$4,035.00</td>
<td></td>
</tr>
<tr>
<td>National Indian Gaming Commission</td>
<td>1</td>
<td>$3,956.00</td>
<td></td>
</tr>
<tr>
<td>Department of State</td>
<td>65</td>
<td>$1,816.50</td>
<td></td>
</tr>
<tr>
<td>Department of Labor</td>
<td>2</td>
<td>$1,159.44</td>
<td></td>
</tr>
<tr>
<td>Department of the Treasury Inspector General</td>
<td>3</td>
<td>$298.20</td>
<td></td>
</tr>
<tr>
<td>SBA Inspector General</td>
<td>2</td>
<td>$210.00</td>
<td></td>
</tr>
<tr>
<td>Environmental Protection Agency</td>
<td>1</td>
<td>$155.32</td>
<td></td>
</tr>
<tr>
<td>Consumer Product Safety Commission</td>
<td>1</td>
<td>$9.25</td>
<td></td>
</tr>
<tr>
<td>Department of Energy</td>
<td>47</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Central Intelligence Agency</td>
<td>46</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>HUD Inspector General</td>
<td>1</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,166</td>
<td>$8,767,753.36</td>
<td></td>
</tr>
</tbody>
</table>

are likely to be even higher than the figure reported by GAO, because the GAO figure does not include costs incurred for requests received after March 31, 1998, and does not include various personnel costs, document reproduction costs, or delivery costs not reported by certain agencies. The minority staff analyzed the responses to the GAO survey filed by the federal agencies.

The agency responses show that (1) the federal agencies spent over 150,000 hours responding to congressional campaign finance inquiries; (2) the federal agencies provided over

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3Id., enclosure 1 (footnotes). For example, the Department of Energy, which received 47 congressional requests and produced 43,340 pages of documents, did not provide GAO with personnel costs, document reproduction costs, or document delivery costs related to those requests. Similarly, the State Department, which reported spending 3,386 hours responding to 65 requests, did not provide GAO with its personnel costs.

2
2.1 million pages of documents to Congress in response to these inquiries; and (3) 18 of the 21 agencies reported that the congressional inquiries were duplicative.

The responses received by the GAO from the individual agencies are available for public review in the offices of the minority staff.

A. Executive Office of the President

The Executive Office of the President (EOP), which consists of eleven separate offices, reported receiving 347 requests and expending over $4.5 million responding to these requests. The House Government Reform and Oversight Committee itself issued 13 subpoenas and 102 document requests to the EOP, and required 42 EOP officials to testify on 48 separate occasions. The Senate Governmental Affairs Committee issued four subpoenas and 86 document requests to the EOP, and required 57 EOP officials to testify on 67 separate occasions.

In total, 1,464 EOP staff spent over 55,000 hours responding to these requests at a personnel cost of over $2 million. The EOP produced 405,987 pages of documents, 370 videotapes, 480 audiotapes, and six computer tapes to Congress. The EOP reported that "congressional committees often duplicated each other's inquiries" and that the duplication was "very great." The Office of the Vice President, for example, noted that "[t]he document requests from the House Committee on Government Reform and Oversight were almost entirely duplicative of the document requests received from the Senate Committee on Governmental Affairs."

B. Department of Commerce

The Commerce Department reported receiving 118 congressional requests and expending over $2.4 million responding to those requests. Overall, Commerce Department personnel spent 54,618 hours answering these requests, including almost 47,000 hours spent by senior executives or other senior staff (pay grade of GS-10 or higher). The resulting personnel costs totaled nearly $1.9 million. The Commerce Department produced 950,000 pages of documents.

According to the Commerce Department, "There was a great level of similarity among the Congressional campaign finance inquiries. This resulted in a substantial duplication and overlap of the records sent to the various committees. . . . [R]esponding to the many Congressional inquiries that the Department received required a major effort and required the . . .

*These offices include the White House Office, Council of Economic Advisers, U.S. Trade Representative, Office of National Drug Control Policy, Office of Administration, Office of the Vice President, Office of Science and Technology Policy, Office of Management and Budget, National Security Council, President’s Foreign Intelligence Advisory Board, and Council on Environmental Quality.

*The Commerce Department Inspector General received 12 additional requests and spent $29,730 responding to those requests.
C. Department of Justice

The Department of Justice received 253 congressional requests and expended $337,300 responding to these requests. The inquiries included one subpoena and 75 additional requests for information from members of the House Government Reform and Oversight Committee and 12 requests from senators on the Senate Governmental Affairs Committee. In addition, seven Justice Department officials testified a total of 23 times before Congress.

In total, 148 Justice Department personnel spent 11,368 hours responding to the requests at a personnel cost of $334,000. The Justice Department produced 59,120 pages of documents.

D. Federal Deposit Insurance Corporation

The Federal Deposit Insurance Corporation received 17 congressional requests in connection with congressional campaign finance inquiries and spent $278,800 responding to these requests. The inquiries included one subpoena and two document requests from the House Government Reform and Oversight Committee and one subpoena from the Senate Governmental Affairs Committee.

FDIC was required to survey 46 employees for responsive documents at an estimated personnel cost of $230,000. FDIC also spent over $32,000 to hire four temporary contractors for 259 work days to assist in the production of 81,212 pages of documents.

FDIC reported that "the requests from the various committees were nearly identical." FDIC also expressed serious concerns about providing confidential information to the committees:

Public disclosure of such highly confidential information carries the risk of interfering with investigations, invading customer privacy, disrupting supervisory operations and threatening the financial integrity of a Federally-insured depository institution. The FDIC is extremely concerned about the difficulty of maintaining confidentiality in investigations of this kind. Indeed, sensitive information from a pending bank examination was reprinted in the press. This resulted in the bank seeking to have the examination team removed, and threatened to disrupt a pending enforcement action.

E. Department of the Interior

The Department of the Interior responded to 26 campaign finance requests at a cost to the agency of $266,800. This included one subpoena and three document requests from the House Government Reform and Oversight Committee, one subpoena and three document requests from

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9The FDIC Inspector General also received one request and reported expending $5,894 responding to that request.
the House Resources Committee, and one document request from the Senate Governmental Affairs Committee.

In total, 94 Interior Department employees spent over 4,200 hours responding to the requests at a cost of $229,000. Interior submitted 234,953 pages of documents to Congress and spent an additional $4,000 on outside contractors to index the documents as required by Government Reform and Oversight Committee.

The requests to the Interior Department were highly duplicative, and congress committees refused to coordinate their requests to reduce the burden despite the agency’s plea to do so. According to the Interior Department response:

Six of the nine requests . . . involved documents related to the Hudson Dog Track. These requests came from both Senate and House Committees. In instances where we suggested one of those Committees refer to the documents provided earlier to another committee, the Committee insisted on our reproducing masses of documents again and sending them to the Committee. The November 25, 1997, request and the December 9, 1997, subpoena from the House Resources Committee requested documents already provided to the House Committee on Government Reform and Oversight. Upon inquiry as to whether the Committee could use the documents already provided, we were told to supply the documents again because the committee had a right to them.

F. Department of the Treasury

The Department of the Treasury reported receiving 44 information requests\textsuperscript{11} and spending $241,500 responding to those requests. The inquiries included 25 document requests from the House Government Reform and Oversight Committee and three subpoenas and eight document requests from the Senate Governmental Affairs Committee.

In total, Treasury Department personnel spent over 3.500 hours responding to the requests at a cost to the agency of over $240,000. Over 90% of the staff time was expended by the agency’s senior staff. The agency submitted 23,621 pages of documents to Congress. According to the agency, there was considerable duplication between the House and Senate requests.

G. Department of Energy

The Department of Energy received 47 congressional requests.\textsuperscript{12} The House Government Reform and Oversight Committee issued five requests and required one official to testify, the

\textsuperscript{11}The Department of the Treasury Inspector General reported receiving two additional requests not included in the Treasury report.

\textsuperscript{12}The Energy Department Inspector General received 6 requests and reported spending $10,861.90 responding to those requests.
Senate Governmental Affairs Committee issued three requests. The Energy Department produced 43,340 pages of documents in response to these requests.

The Energy Department had the following comments on the burdens of the requests:

In order to locate responsive documents, a copy of the request was hand-delivered to each Department Secretarial offices (approximately 26).... In some offices, computerized data bases allowed relatively quick "word searches" to determine whether the office held responsive files. In other offices, potential file sources were reviewed manually to conduct a page-by-page search for responsive materials. .... In accordance with the House Government Reform and Oversight Committee's request, each page was given a unique Bates stamp identifier and a log of all the documents was developed.

In addition to the cost of manpower directly related to document production, the extensive employee interviews conducted by one Committee consumed hundreds of hours of time .... [M]any employees were interviewed on multiple occasions.

Over the time period of the campaign finance inquiry, the Department was asked to provide the same information, to the same Committee, on more than one occasion. Although House and Senate requests were phrased in slightly different terms, there also was great similarity between the information provided to both bodies.

H. Export-Import Bank

The Export-Import Bank received 14 congressional requests and spent $143,662 responding to these requests. Overall, 17 employees spent 2,943 hours responding to these requests at a personnel cost of over $126,000. The Export-Import Bank produced 32,000 pages to the House Government Reform and Oversight Committee in response to five requests and 80,000 pages to the Senate Governmental Affairs Committee in response to one subpoena.

I. Department of Defense

The Department of Defense received 122 congressional requests and spent $105,958 responding to these requests. The House Government Reform and Oversight Committee issued seven requests and required one official to testify on campaign finance issues. The Senate Governmental Affairs Committee issued nine requests; one official testified before that Committee on three separate occasions.

In total, 47 Defense Department staff spent 3,198 hours responding to the requests at a personnel cost of $104,000. Defense produced 21,038 pages of documents and said there was "great" duplication among the requests.

The Energy Department did not estimate the cost of responding to the requests.
J. Federal Election Commission

The Federal Election Commission received 13 congressional requests and spent $44,125.60 responding to these requests. The House Government Reform and Oversight Committee issued eight requests and required six FEC officials to testify on seven separate occasions. The Senate Governmental Affairs Committee issued three requests and heard testimony from one official.

In total, 39 FEC personnel spent 692 hours responding to these requests. On the question of duplication, the FEC noted that “similar topics [were] covered at all hearings.”

K. Department of State

The State Department received 65 campaign finance requests. The Department reported spending 3,386 hours responding to these requests -- including 2,657 hours of executive and senior staff time -- and produced 36,330 pages to Congress.

According to the State Department:

These inquiries proved to be labor intensive, requiring much coordination and processing on very short deadlines. In responding to these inquires, [the Department] experienced much duplication of effort and multiple demands on limited resources. As a result, there was a considerable drain on the resources available to comply with the entire range of information access statutes and special document production requests.

L. Other Agencies

The Department of Housing and Urban Development reported receiving three requests and expending $10,796 responding to the requests. HUD personnel spent 276 hours of staff time producing 8,059 pages and reported a “great” amount of duplication between House and Senate requests.

The General Service Administration spent $233,549.77 responding to only two requests. The responses required 60 GSA personnel to spend 2,509 hours at a cost of over $109,000 producing 55,446 pages of documents. GSA was also forced to hire six contractors at a cost of almost $63,000 to respond to the requests.

The Small Business Administration was required to spend $30,672 responding to two requests. SBA used 19 personnel and 590 hours to respond to the requests.

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14The HUD Inspector General reported receiving one additional request.

15The SBA Inspector General reported receiving two additional requests.
II. COSTS OF CONGRESSIONAL INVESTIGATIONS

During the 105th Congress, at least 22 separate congressional committees investigated allegations of campaign finance abuses in the 1996 elections. This report estimates that the cost to the taxpayers of these investigations is at least $14.6 million.

A. House Government Reform and Oversight Committee

The minority estimates that the House Government Reform and Oversight Committee’s campaign finance investigation has cost the taxpayers in excess of $7.4 million through August 31, 1998. This investigation is the single most expensive congressional investigation in history. In comparison, the Senate Whitewater investigation cost only $1.9 million, the House and Senate Iran-Contra investigation cost $5 million, and the Senate Watergate investigation cost $7 million (all adjusted for inflation).16

The minority’s estimate is based on a review of expenses associated with the investigation as reported in the House Chief Administrative Officer’s reports and the Committee’s monthly activity reports for the 105th Congress.17 The minority staff estimates that the Committee spent over $5.7 million in taxpayer dollars on staff salaries and overtime; over $120,000 on domestic travel; and over $80,000 for foreign travel paid for by the State Department. The Committee transcribed over 24,000 pages of testimony and statements taken in depositions, hearings, and meetings at an estimated cost to the taxpayer of $70,000 to $140,000 and spent over $300,000 paid for by the Government Printing Office to reproduce this material for public distribution. Some of the other categories of Committee expenses estimated by the minority staff include expenses for consultants (over $200,000); executive agency personnel detailed to the investigation (over $100,000); and equipment and supplies (over $500,000).

The majority disputed previous minority staff estimates of the cost of the investigation. On May 11, 1998, after several requests from minority members to account for the Committee’s expenses, Chairman Burton wrote Rep. Waxman that the Committee spent less than $2.5 million on the investigation in 1997.18 Chairman Burton’s figures, however, are substantially understated, because they reflect only expenditures that are specifically charged to the Committee’s supplemental investigative budget. In fact, many of the Committee’s investigative expenses are actually charged to the Committee’s regular budget.

According to a Roll Call analysis published in July 1998, “Chairman Dan Burton’s (R-Ind.) staff provided numbers that do not accurately reflect the actual cost of his investigation into

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17 House CAO reports were reviewed through June 1998; Committee activities reports were reviewed through August 1998.
fundraising abuses.... Burton does not include the salaries and expenses for investigators
... who spent virtually all of their time on the investigation but were paid with money from the
committee’s general budget.”
Chairman Burton’s figures also excluded the costs of
transcribing Committee depositions, hearings, and meetings; GPO printing costs; and the cost of
foreign travel. The Roll Call analysis found that “the actual number is much closer to the
Democrats’ figure.”

B. Senate Governmental Affairs Committee

In the Senate, the campaign finance investigation was conducted by the Governmental
Affairs Committee. According to the Wall Street Journal, the committee spent $3.5 million on
its investigation. This is the same amount the Committee was authorized to spend.

C. The House Select Committee on Missile Technology Exports

In June 1998, the House created the Select Committee on U.S. National Security and
Military/Commercial Concerns with the People’s Republic of China chaired by Rep. Christopher
Cox. This Committee was established to investigate allegations that Loral Space and
Communications received a waiver to transfer missile technology to China after its CEO,
Bernard Schwartz, made significant campaign contributions to the Democratic party. The
Committee is authorized to spend $2.5 million on its investigation.

D. The House Education and the Workforce Committee

The Education and the Workforce Committee is authorized to spend $1.2 million to
investigate allegations of money laundering in the Teamsters elections. This figure includes
$1.04 million allocated to the Committee by the House Oversight Committee from the Speaker’s
reserve fund and a $150,000 consultant contract for outside counsels Joseph DiGenova and

[ footnotes ]

20 Id.
22 S. Res. 39 (March 11, 1997).
23 H. Res. 463 (June 18, 1998).
24 The House Oversight Committee appropriated $747,274.75 at the March 4, 1998, committee meeting and an additional $296,543 at the October 2, 1998, committee meeting for the Education and Workforce Committee’s investigation.

9
Victoria Toensing to be paid out of the Committee’s regular budget.  

E. **Other Congressional Investigations**

The total costs of the four congressional investigations described above is $14.6 million. In addition to these investigations, however, there were many other congressional investigations into campaign finance issues conducted during the 105th Congress. The responses from the federal agencies to the GAO identified 18 additional congressional committees that made campaign finance inquiries during the 105th Congress.  

Some of these other committees conducted their own extensive campaign finance investigations. The House Commerce Committee, for example, held 4 days of hearings on allegations that the Molten Metal Technology company received government contracts in exchange for contributions to the Clinton-Gore campaign.

The minority staff’s estimate of congressional costs does not include the costs associated with these other investigations. If these other congressional investigations were included, the total costs to the taxpayer would undoubtedly far exceed $14.6 million.

III. **OTHER USES OF $23 MILLION**

As described in Parts I and II, the congressional campaign finance investigations have cost the taxpayers at least $23.3 million, including at least $8.7 million spent by the executive branch agencies responding to congressional requests and at least $14.6 million spent on the investigations themselves.

In this era of limited government spending, the money expended on the campaign finance investigation must be considered in the context of what other government programs could have benefited from those funds. Two noteworthy examples are described below.

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29The Education and the Workforce Subcommittee on Oversight and Investigations voted to retain Mr. DiGenova and Ms. Toensing at $25,000 a month for six months for a total of $150,000. See [The Joe and Vicki Index, Roll Call](http://example.com) (February 16, 1998); [Leaders Seek Subpoena Power for Investigation of Teamsters, Roll Call](http://example.com) (March 23, 1998).

30These committees include: House Committee on Appropriations; House Committee on Banking and Financial Services; House Committee on the Budget; House Committee on Commerce; House Committee on House Oversight; House Committee on International Relations; House Committee on the Judiciary; House Committee on National Security; House Committee on Resources; House Committee on Rules; House Committee on Small Business; House Committee on Standards of Official Conduct (“Ethics Committee”); House Committee on Ways and Means; House Permanent Select Committee on Intelligence; Senate Committee Appropriations; Senate Committee on Banking, Housing, and Urban Affairs; Senate Committee on the Judiciary; and Senate Select Committee on Intelligence.
A. Child Nutrition Programs

Federal child nutrition programs provide cash and other assistance to federal and state agencies to fund school lunch and breakfast programs. The goals of the programs are to improve children’s nutrition and provide lower-income children with access to nutritious food.\(^{27}\)

According to the Congressional Research Service, the federal government will spend $1.9425 for each “free lunch” cash subsidy provided to children from families with incomes below 130% of the federal poverty guidelines during the 1998-99 school year.\(^{28}\) The government will also spend $1.0725 for each free breakfast provided. Based on these figures, the $23.3 million spent by the federal government on the campaign finance investigation could have paid for 12 million school lunches or 21.7 million school breakfasts for children from low-income families.

B. Hiring Police Officers

Many communities faced with tight budgets and high crime rates rely on the federal government to fund the hiring of additional police officers. According to recent statistics, the mean annual salary for a new police officer in cities with populations of 10,000 or more was $28,238.\(^{29}\) Based on this figure, the $23.3 million expended on the campaign finance investigation could have been used to hire 825 more police officers to assist communities fight drugs and crime.

\(^{27}\)Child Nutrition Programs: Background and Funding, CRS Report to Congress 98-25 (August 28, 1998).

\(^{28}\)Id.

Exhibit 3
Ethically compromised inquisitor

Congress seldom shrinks from its role of examining improper behavior in the executive branch — especially when different parties are in power at opposite ends of Pennsylvania Avenue. Problems of credibility arise, however, when lawmakers are too partisan or have themselves engaged in questionable conduct.

The ethically compromised Sen. Alfonse M. D'Amato of New York led an inquiry into Whitewater-related matters that ended last year with a whimper. The committee's effort was derailed by Mr. D'Amato's own unsavory reputation.

Last week, House Speaker Newt Gingrich allowed as how the Democratic fund-raising scandal was "bigger than Watergate." That's interesting speculation coming from a Republican leader who has yet to pay the unprecedented $300,000 penalty assessed by the bipartisan ethics committee for Mr. Gingrich's bringing discredit on the House by breaking its rules.

Now, Rep. Dan Burton, R-Ind., who leads the House oversight committee investigating into the campaign-fund-raising scandal, is in hot water for accepting favors from AT&T Corp.

Mr. Burton relishes his reputation as a partisan GOP "pit bull." He has insisted, for example, that it was murder, not suicide, that took the life of White House aide Vincent W. Foster Jr. This conspiracy theory is popular among fringe groups.

Mr. Burton is deservedly on the receiving end of criticism for his relationship with the telecommunications giant. For years the congressman has begged AT&T to invite him to play in the Pebble Beach National Pro-Am Tournament in California, which the company sponsors. He got his wish in January.

Not only that, but he played a round of golf with AT&T Chairman and CEO Robert E. Allen.

Mr. Burton claims he will be objective in judging AT&T. What he did apparently was illegal, but unseemly. It was the same thing the Democrats are accused of — selling access.

Fred Wertheimer, a leading advocate for campaign-finance reform, said that Mr. Burton's playing the influence-monger game not only undercuts his credibility as an investigator of Democratic wrongdoing, but helps explain why the Republican leadership opposes inquiries into congressional wrongdoing for dollars.

He's right. Mr. Burton has lost credibility. It makes the appointment of a special prosecutor — and a broad congressional look at all aspects of fund-raising — all the more necessary.
Reining In Dan Burton

Senator Fred Thompson’s investigation of 1996 campaign-financing abuses seems to be off to a promising, bipartisan start in the Senate. But House Republicans, who insist on having their own investigation, appear to be charting a partisan and potentially destructive course.

With the apparent approval of the House Republican leadership, Representative Dan Burton, the aggressively conservative chairman of the Government Reform Committee, plans to spend as much as $8 million on his investigation. But the real issue is not money but Mr. Burton’s insistence in contrast to the Senate’s responsible mandate, which embraces both Presidential and Congressional fund-raising abuses in both parties. Mr. Burton plans to focus exclusively on allegations against the Democratic Party and the White House. Moreover, he has yet to agree to procedural safeguards adopted by the Senate, and, ignoring concerns expressed by Democratic colleagues, he has begun to issue subpoenas that seem too broad in scope.

There is clearly a problem here that only the Senate majority leader, Trent Lott, and House Speaker Newt Gingrich can solve. They are the two people who run things in Congress, and as such they have an obligation to structure the investigation correctly. They could begin by asking whether there is really any need for a separate House investigation.

The Justice Department is also involved. While we continue to believe that Justice’s inquiry properly belongs in the hands of an independent counsel, proliferating Congressional committees are to be avoided whether a new prosecutor or the Attorney General is in charge. It is obviously important to get to the bottom of the fund-raising scandal and to create a climate for serious reform. But two Congressional inquiries seem like wasteful overkill, requiring witnesses to give multiple depositions and needlessly aggravating thorny issues of immunity.

Finally, Mr. Burton’s insistence leads to a high-profile ethics inquiry is now seriously in question. Charges by an American lobbyist for the Government of Pakistan, reported yesterday in The Washington Post, appear to implicate Mr. Burton in a possibly illegal shakedown for campaign money as bad as most of the campaign abuses he would be investigating.

The issue is coming to a head. Restiveness over Mr. Burton’s agenda in Tuesday night’s caucus of his committee’s G.O.P. members led to cancellation of yesterday’s scheduled committee vote on the scope and procedures of its investigation. Even so, the full House plans to vote today on its requested budget to conduct the investigation.

This is a backward way to do business. The House has no business allocating money for a committee that has yet to reveal what it intends to do. The accusations about Mr. Burton’s own fund-raising tactics give the House another excellent reason to postpone the vote.

There is still hope that sensible House Republicans will insist on a broad, bipartisan mandate that addresses abuses in both parties. But that will not solve the managerial problem caused by too many committees. The simplest course would be for the Senate to follow the Watergate precedent and let the Senate conduct a single investigation. Since that is unlikely, Mr. Gingrich and Mr. Lott need to consider other possibilities, including a joint investigation that would involve the participation of House members on the Senate committee.

At the very least, the two leaders could divvy up areas of inquiry to avoid duplication. The goal is not to satisfy each chamber’s pride but to conduct a responsible investigation leading to reform.
REP. DAN Burton can no longer credibly serve as chairman of the House investigation of Clinton administration fund-raising in last year's campaign. Mr. Burton should acknowledge as much and step aside. If he won't, his party's leadership should take the initiative to remove him. The investigation, about some parts of which there already are serious disputes, otherwise runs the risk of becoming its own cartoon, a joke and a deserved embarrassment.

Mr. Burton is reliably reported to have engaged in fund-raising practices that match in egregiousness the ones for which the administration is to be investigated. He used his seat as a senior member of the House International Relations Committee to help raise money from U.S. ethnic groups over whose native countries or brethren abroad he wielded great potential influence. At one point in the last campaign, he is said to have gone so far as to complain to the Pakistani ambassador here that a U.S. lobbyist for that country had failed to raise sufficient campaign money for him. An aide to then-Prime Minister Benazir Bhutto sent a fax to the lobbyist, a former Democratic National Committee and Carter administration official, saying: "We were distressed to know from the embassy that Congressman Dan Burton says that you were unable to keep certain promises regarding fundraising for his reelection campaign and . . . were . . . unhelpful in other matters . . . This is most upsetting as he is a good friend of Pakistan."

Mr. Burton says he is the victim of an attempted Democratic smear—"no doubt of that"—that he did ask the lobbyist to help raise "legal contributions" and did later "express his disappointment" with the lobbyist in a conversation with the ambassador "in an offhanded way," but that was all. But that's the outline of enough. The Clinton campaign is rightly being investigated in part for the money it raised from people with ties abroad. Among the questions is whether foreign governments were seeking to buy particular policies or influence with U.S. policymakers. There has been no shortage of indignation in Congress and elsewhere about that possibility, and it could be serious if true. There needs to be a forceful inquiry. Mr. Burton seems to us, by his own practices, to have forfeited the right to lead it. If there were credible testimony that, say, Vice President Gore had made a complaint to a foreign government of the sort ascribed to Mr. Burton, we have no doubt the congressman would be at the head of the line denouncing Mr. Gore's behavior. He would be right to do so, and by that same standard he needs now to withdraw.

The House had been scheduled to vote today on the budget for the fund-raising inquiry. That vote should be postponed until this and other questions on the nature of the inquiry are resolved. The budget would be the largest ever for a House committee, and there continues to be disputes about both the scope of the investigation and the power to issue subpoenas and make public sensitive information, which Mr. Burton says should be his alone.

But none of the power in this should be his. There ought to be a tough and authoritative investigation of how money was raised in the last campaign. Mr. Burton is not the person to conduct it.
Millstone of Partisanship

House’s campaign finance inquiry appears short on credibility

For a time this week, it appeared that House Republicans had given in to bipartisan calls to broaden their campaign finance investigation beyond just the White House and the Democratic Party. But in the end their seemingly conciliatory move took on the look of nothing more than a hollow gesture.

Unless the tone of narrow partisanship within the House Government Reform and Oversight Committee improves markedly, its investigation will continue to lack public credibility.

This contrasts with the situation in the Senate, where Chairman Fred Thompson (R-Tenn.) and his Governmental Affairs Committee continue to set the pace for bipartisanship in seeking to unearth any improper campaign finance practices. Presumably they will come up with proposals for reform.

In the House, moderate Republicans moved to widen the investigation out of fear it otherwise would be dismissed as partisan gamesmanship. But later the House committee voted along strict party lines to keep all subpoena powers in the hands of the committee chairman, Rep. Dan Burton (R-Ind.).

Burton said he would not “prejudge where the facts will take us” but reiterated that his primary objective is to determine whether the government of China attempted to affect the 1996 elections by funneling illegal contributions into the Democratic campaign. Those reports raise security questions and thus constitute a national priority, said Burton, who has come under fire himself for allegedly pressuring an American lobbyist for the government of Pakistan to contribute to his own campaign—a charge he denies.

There is no way to remove all partisanship from this issue, of course. But Republicans in the Senate at least offered a measure of fairness in how the investigation is run. The process there is one of relative civility and cooperation.

On Wednesday, Sen. Thompson, according to Democrats’ appeals, issued subpoenas to members of the presidential campaign of Republican Bob Dole and several tax-exempt groups that spent millions of dollars late in the 1996 campaign in behalf of Republicans. One of those groups was founded by former Republican National Chairman Haley Barbour, one is run by former GOP presidential aide Lyn Nofziger and one by an assistant to House Speaker Newt Gingrich.

On the House side, Burton has issued more than 100 subpoenas, including a demand for telephone logs from Air Force One. Democrats are crying “witch hunt” and lines have been drawn in the sand. Partisan tempers are so short that there was something of a showing match on the House floor Wednesday. This is not a promising start.
A House Investigation Travesty

House Republicans moved sensibly this week to expand the scope of the House investigation of campaign fund-raising abuses beyond Clinton campaign excesses to include Republican abuses as well — only to retreat the very next day. The inexcusable turnaround, a scandal by itself, now poses the prospect of an expensive and qedently partisan House inquiry. It will be an embarrassing contrast to the more promising bipartisan inquiry now getting under way in the Senate under Fred Thompson.

There is no justification for the timetale from principle by Representatives Christopher Shays, Constance Morella and other moderate Republicans on the Government Reform and Oversight Committee. They at first pushed for a more evenhanded investigation but ultimately acquiesced to House rejection of the Senate’s sound procedural safeguards and broad mandate to scrutinize Presidential and Congressional fund-raising abuses in both parties.

Beyond the procedural issues, an even more basic problem looms over the House inquiry. That is the unfitness of the committee’s chairman, Representative Dan Burton of Indiana, to conduct a sensitive ethics investigation.

A Federal grand jury is now weighing charges by a former American lobbyist for the Government of Pakistan that appear to implicate Mr. Burton in a shakedown for campaign contributions not dissimilar to the sort be would be looking into as committee chairman. Mr. Burton himself has admitted that he spoke to the Pakistani Ambassador when the lobbyist failed to deliver on his fund-raising pledge, lending credence to the possibility that his actions violated the Federal Hobbs Act, which prohibits lawmakers from extorting lobbyists and others for campaign money.

There is also the matter of Mr. Burton’s January golf outing. After unsuccessfully soliciting invitations on several occasions from the AT&T Corporation to play in a tournament it sponsors in California, Mr. Burton finally wrangled one. The outing took place three weeks after he was assailed the helm of the House committee that oversees the agency that awards government telephone and telecommunications contracts worth billions of dollars. His acceptance of a prized golf invitation flouted House gift rules designed to curb corrupting largesse to lawmakers.

Other incidents raise questions about Mr. Burton’s judgment. Several years ago he advocated testing every American for the AIDS virus, a foolish and destructive enterprise on both health and privacy grounds. His odd obsession with the suicide of Vince Foster led him to stage a mock shooting in his backyard, trying to prove that the White House lawyer had been murdered. His dubious choice for chief investigator in the campaign finance inquiry is David Rosie, a 31-year-old non-lawyer who has spent much of his professional life zealously working to discredit President Clinton.

All of this argues strongly against giving Mr. Burton the unilateral authority to issue subpoenas and release confidential information for the committee, which he has just been granted. Ideally, the House Republican leadership would intervene to shove Mr. Burton aside and either develop a plan for a joint inquiry with the Senate or, even better, let the Senate conduct the sole investigation, as happened in Watergate. But realistically, Speaker Newt Gingrich’s own ethics problems and shaky status as leader leave him in no condition to step in. The House as a whole must grapple with the problem.

The Americans deserve a prompt vote by the full House that puts all its lawmakers on record as to whether they endorse the parody of a reputable investigation now taking shape under Mr. Burton. A similar showdown in the Senate did wonders to get Mr. Thompson’s inquiry on the right track...
A Chairman Without Credibility

REPRESENTATIVE Dan Burton, the Indiana Republican who chairs the House committee investigating campaign fund raising, appears bound and determined to waste a lot of time and money on the inquiry.

Burton has worked hard to keep the scope as narrow as possible. Specifically, he wants to keep the heat on the opposition: the Clinton White House and the Democratic National Committee.

The GOP members of Burton's Government Reform and Oversight Committee last week dutifully approved a set of procedural rules that strengthen the chairman's power. For example, Burton was afforded the sole authority to issue subpoenas.

Burton's performance to date suggests that he has no interest in a hard-hitting, impartial inquiry. The 100 subpoenas he has issued so far have been focused on Democratic abuses. And, time after time, he has cut off Democrats who voiced dissent during committee hearings.

It looks more and more like the American public will have to count on the Senate for a credible investigation of campaign finance.
A Disintegrating House Inquiry

With promising hearings on the 1996 fund-raising scandals now under way in the Senate, the duplicitous House campaign financing investigation being led by Dan Burton of Indiana is looking more useless and unprofessional than ever. The time is overdue for Speaker Newt Gingrich to shut down Mr. Burton’s rogue operation and let Senator Fred Thompson’s committee conduct a single, comprehensive inquiry.

The House effort has had problems from the start. Mr. Burton is a poor choice to lead an ethics investigation, given that he is under Federal investigation himself for allegedly shaking down an American lobbyist for the Government of Pakistan for campaign contributions. A fierce partisan not known for balanced judgment, he successfully resisted an attempt to impose the Senate’s sound procedural safeguards on his inquiry. Instead he has proceeded to waste millions of taxpayers’ money on an unproductive and strangely partisan parody of a respectable investigation.

Just how problematic Mr. Burton’s enterprise has become was confirmed last week. The committee’s chief counsel, John Rowley, a senior investigator, and the only other two seasoned prosecutors on the staff resigned. Mr. Rowley expressed disgust over the inquiry’s lack of professionalism and the conduct of David Bossie, the 31-year-old anti-Clinton zealot whom Mr. Burton hired to be the committee’s chief investigator. The departures have deprived Mr. Burton’s team of needed law-enforcement expertise and any remaining taint of credibility.

Mr. Burton cannot dismiss criticism as mere partisan sniping by Democrats. The most devastating condemnation has now come from Mr. Rowley, a Republican, whose sober presence was frequently cited by Mr. Burton to counter charges that he was planning a partisan witch hunt.

“Six months ago, I joined the Committee with the intention of running a professional, credible investigation,” Mr. Rowley wrote in his letter of resignation. “However, it is now apparent that I have not been given the authority necessary to accomplish the Committee’s goals.” Mr. Rowley said that because of Mr. Bossie’s influential role and constant self-promotion, he had been “unable to implement the standards of professional conduct I have been accustomed to at the United States Attorney’s Office.” Mr. Rowley is also said to have been troubled by Mr. Bossie’s success in shifting the focus of the inquiry away from campaign finance to the activities of the former Associate Attorney General, Webster Hubbell.

Mr. Thompson’s Senate investigation has its own partisan tensions, but its opening hearings suggest that it is far more likely to conduct a fair exploration of both Democratic and Republican fund-raising abuses. There is nothing to be gained by perpetuating Mr. Burton’s undisciplined operation in the House.
Reno Roast Embarrasses Nobody but Congress

Grilling of attorney general is a sorry partisan spectacle

Over a span of five hours Tuesday, House Republicans grilled Atty. Gen. Janet Reno with questions they knew Reno could not, and would not, answer. Along the way, Reno was threatened with both contempt of Congress and impeachment proceedings. This was not an outstanding example of the proper use of Congress' investigating powers.

Reno and FBI Director Louis J. Freeh were summoned before the House Government Reform and Oversight Committee by Chairman Dan Burton (R-Ind.) for an examination of Reno's decision to not request an independent counsel to investigate the fund-raising practices of President Clinton and Vice President Al Gore. The panel demanded to know why Freeh had disagreed with that decision, a fact that became public with the leak of the general conclusion of a confidential memo from Freeh.

Time and again, Reno and Freeh were asked to reveal specifics of the memo, which Burton had subpoenaed and which Reno and Freeh refused to provide. Time and again, Reno and Freeh refused, explaining that to do so could compromise the ongoing Justice Department investigation by tipping off targets about where the probe was headed. That would be "the dumbest thing" a prosecutor could do, Reno sputtered, finally losing a bit of her studied composure.

Reno and Freeh also were united in arguing that disclosure of the memo would set a bad precedent and discourage future FBI chiefs from discussing issues candidly with their bosses, the attorney general.

While we and other news organizations have reported on leaked documents in the past and abhor secrecy in government, there is an enormous difference between a leak and compelled disclosure. Federal executives need some latitude for confidential discussions during the decision-making process: Chairman Burton surely would insist on the same thing in his dealings with his own staff.

If Republicans hoped to drive an embarrassing wedge between Reno and Freeh, the effort was in vain. Freeh steadfastly refused to criticize Reno, saying he had total confidence in her integrity and independence in making decisions affecting the official she answers to, the president. And if the Republicans thought their student, repetitive questioning would make Reno appear to be the willing political puppet of Bill Clinton, they were mistaken. All Burton and his allies managed to do was expose their effort for what it was—a partisan sideshow.
Soap Opera

The latest episode of this soap opera masquerading as a Congressional investigation — let's call it "As Burton Turns" — shows why President Clinton should not be too worried about the Republican Congress conducting impeachment proceedings. There's no way this current GOP crowd could get its act together to produce a credible probe of any kind, let alone anything as serious as impeachment.

House Government Reform and Oversight Chairman Dan Burton (R-Ind) had managed to remain relatively reasonable throughout a large portion of his campaign finance investigation. He didn't, for example, shoot up any watermelons or pumpkins in the committee room (unlike that mysterious fruit he pulverized in his backyard to re-enact Vince Foster's suicide a few years back). While the investigation has not produced much in the way of results, Burton had at least accomplished one thing: keeping his partisan mouth shut.

But it's true that all good things must end, so Burton couldn't help but have his true thoughts about Clinton in the Indianapolis Star: "This guy's a scumbag. That's why I'm after him."

Putting aside the fact that Burton further coarsened the discourse with that vulgarity, how obtuse could he possibly be to give Democrats so much ammunition about his bias? It brought to mind independent counsel Kenneth Starr's bizarre decision to accept a position at the Richard Scalfi-financed Pepperdine University last year. Questions of partisanship have dogged Starr ever since, just as Burton will now find that his chance to conduct a fair investigation has evaporated forever.

Burton has stuck to his guns, offering this lame defense: "I believe any objective person who follows the facts would agree with me."

Many of us have been waiting for an objective look at the facts regarding the allegations that Democrats broke numerous campaign laws in the 1996 election. But we're just a few months away from the 1998 election, and Burton's investigation is sputtering along. Despite amassing more than 1.5 million documents, Burton has uncovered virtually nothing new.

The chairman made matters worse by deciding to release the audiotapes of Webster Hubbell's personal conversations with his family from prison. Besides being rotten, it is the best evidence yet that Burton's investigation has veered off course.

On the other hand, Rep. Henry Waxman (D-Calif) should think twice before filing ethics charges. While Burton's comments were extreme, it's a stretch to say that he broke ethics rules. And trying to ensure a Member over-intervene with marks to a newspaper is a dangerous road to start traveling down.

The only silver lining in this whole mess may be that Burton may have aced himself out of a seat on the special impeachment committee that may be created.

If Burton loses the seat he so desperately craves, there might turn out to be a tiny bit of justice in this investigation after all.
A chairman out of control

House Speaker Newt Gingrich (R-Ga.) has done the wrong thing for the right reason in asking Oversight Chairman Bill Thomas (R-Calif.) to take over major portions of the floundering investigation of fundraising abuses by President Clinton’s 1996 reelection campaign. The investigation is headed by Government Reform Chairman Dan Burton (R-Ind.). While Gingrich was right in recognizing that Burton has undermined his panel’s controversy-prone investigation — and whatever credibility he has left as an impartial investigator — with his interminable remark to an Indianapolis newspaper that Clinton is a “scumbag,” the Speaker has compounded the problem by asking these two strong-willed men to work together.

That much was obvious from Burton’s remarks last week after his committee failed to give him the necessary two-thirds majority to grant immunity to four potential witnesses linked to illegal contributions to the Clinton campaign, and after Gingrich pressured him to accept a power-sharing arrangement with Thomas. “I did not want to do that but it was the only way” to get his stalled investigation moving again, said an angry Burton.

Gingrich asked Thomas, whose nine-member committee is appointed by the leadership and can more easily deliver a two-thirds vote on granting immunity since it has a 6-3 GOP edge, to handle deposing witnesses and holding hearings where the witnesses testify. But Thomas resisted Burton’s demand that Government Reform and Oversight have the right to issue the final report on the year-long probe.

After first saying that he was reviewing his options, Thomas sought, and apparently received, Gingrich’s assurance that his committee won’t be tethered closely to Burton’s, and that he and his panel will have the right to act independently. But anyone who knows Burton or Thomas, both of whom have egos as big as their states and don’t suffer fools gladly, knows that power-sharing isn’t their greatest strength.

Burton has a penchant for saying and doing things that set people’s teeth on edge — like insisting that White House aide Vince Foster didn’t commit suicide and rewriting his theory by shooting a Nelson in his backyard. He has spent more than $2.5 million — Democrats say it’s closer to $5 million, but he refuses to document the total amount.

And now, by his insulting comment about Clinton and his plan to release transcripts of disgraced Whitewater figure Webster Hubbell’s personal phone calls while he was in prison, he has given Democrats a potent weapon to use against him. Led by hyper-partisan Henry Waxman (D-Calif.), they were quick to accuse Burton of bungling the investigation, and Waxman threatened to seek a House motion to censure Burton or remove him as chairman and leader of the probe.

Burton’s investigation is the third formal effort by Republicans to uncover wrongdoing by the Clinton administration since taking control of Congress in 1995. Both previous ones, the Senate investigations of Whitewater headed by Alphonse D’Amato (R-N.Y.) and campaign fundraising headed by Fred Thompson (R-Tenn.), were admitted failures that produced more smoke than fire.

Now, by creating an awkward dual mechanism designed to rescue Burton’s hopelessly entangled probe, Republicans risk another embarrassing failure. Unfortunately, many Americans may already have reached the same conclusion as Rep. Major Owens (D-N.Y.), when he said of his committee’s ill-starred investigation: “These proceedings have no credibility. They’re an embarrassment. They’re a joke.”
Burton's vendetta

Representative Dan Burton, chairman of the House Government Reform and Oversight Committee, trampled on the American ideal of fair play when he made public decrypted edited transcripts of 1996 telephone conversations Webster Hubbell had with his wife and his lawyer.

The Indiana Republican should never have released the tapes in the first place. They were of private conversations the former Justice Department official conducted from prison. Under the Federal Privacy Act, Hubbell could have demanded that prison officials keep his recorded phone calls with his lawyer private.

Burton's dissemination of the doctored tapes was not necessary to his committee's investigation of campaign financing. It was a crude and unprincipled attempt to use his chairman's powers for partisan political purposes.

Even worse was Burton's tampering with the tapes. He published one excerpt of a conversation that seemed to suggest that Hubbell wanted to hide from independent counsel Kenneth Starr knowledge about Hillary Clinton's involvement in fraudulent practices at the Rose Law Firm in Little Rock. But Burton had excised a passage in which Hubbell explained to his wife that Hillary would not be at risk if he counter sued his former law firm. "She just had no idea what was going on," Hubbell said of Mrs. Clinton. "She didn't participate in any of this."

Burton's explanation for his shifty editing was that Hubbell knew he was being taped, and so anything he said favorable to Mrs. Clinton could be dismissed. This is sophistry of the lowest kind.

On the tape, Hubbell's lawyer is heard saying, "There is some chance that the day after Election Day they will make a move that moots everything."
Burton's spinners told reporters this meant a presidential pardon. Hubbell's lawyer said Sunday on ABC's "This Week" that he was alluding to a grant of immunity from Starr's office -- which Starr indeed gave Hubbell after the 1996 election.

Burton recently called President Clinton "a scumbag" and said, "That's why I am after him." In the American system, the voters can decide if they want the politics of a permanent vendetta.
Dan Burton Is A Loose Cannon

Rep. Dan Burton is out of control. His public release of taped telephone conversations between Webster Hubbell and his wife and his lawyer when Mr. Hubbell was in prison was an outrageous invasion of privacy.

Mr. Burton added insult to injury by editing the transcripts he initially released to make Mr. Hubbell, President Clinton and Hillary Rodham Clinton look as bad as possible.

This is only the latest in a string of offensive incidents showing that Mr. Burton will not let good judgment stand in the way of his crusade to bring down Mr. Clinton.

Unwittingly, the rabidly partisan Indiana Republican is turning out to be the best friend the president has.

It's not easy to muster sympathy for Mr. Hubbell, Mrs. Clinton's former law partner. He served time in prison for overbilling clients of the Rose Law Firm in Little Rock, charges that were part of the extended Whitewater investigation conducted by Independent Counsel Kenneth Starr.

Last week, Mr. Hubbell, now out of prison, was indicted on charges of evading taxes. The indictment is thought to be Mr. Starr's way of squeezing Mr. Hubbell into selling him whether payments made to Mr. Hubbell by friends of the Clintons — income on which he allegedly paid only part of the taxes due — were supposed to be hush money to keep him from spilling Whitewater details that would implicate the president.

Mr. Burton has managed to make the former No. 3 person in the Justice Department look like a martyr.

As chairman of a House committee investigating campaign-finance abuses, Mr. Burton has concentrated entirely on alleged wrongdoing by Democrats.

He has ignored repeated requests to investigate allegations of Republican misdeeds.

Recently, the chairman called the president a "scumbag" — this during the course of an investigation before anything has been proved.

His crude language offended even such critics of Mr. Clinton as House Speaker Newt Gingrich. Some Republicans understandably think the investigation should be shifted to another committee with a credible chairman.

Mr. Burton's calculated release of the Hubbell tapes should be regarded as the last straw.

Lawyer-client conversations and communications between spouses should be sacrosanct in any system that honors privacy rights. Yes, Mr. Hubbell knew that his prison phone conversations were being taped.

But who could have anticipated that a renegade congressional committee chairman would subpoena the tapes and release them to the public, disregarding federal prison policy and provisions of the Privacy Act?

People have much to fear from an elected official who takes such liberties and abuses his power. Mr. Burton is a poor excuse for a public servant.
Rep. Burton goes too far

His release of Webster Hubbell tapes is added evidence that he's an unfit investigator

Outraged recently by the way Mr. Burton criticized Mr. Webster Hubbell, the congressman from Arkansas, over his role in the Whitewater affair, Mr. Burton has now decided to release a series of tapes that he believes will show Mr. Hubbell's guilt. The tapes, which Mr. Burton has been keeping secret, were recorded during a series of conversations between Mr. Hubbell and a key figure in the Whitewater investigation. Mr. Burton, who is a member of the House Oversight Committee, has said that the tapes contain evidence of Mr. Hubbell's involvement in a conspiracy to defraud the government.

On the surface, Mr. Burton's release of the tapes may seem like a political move to gain public support for his investigation. However, there are serious concerns about the release of these tapes. First, the contents of the tapes may be inadmissible in court. Second, the release of the tapes may violate the constitutional rights of the individuals who were recorded.

Despite these concerns, Mr. Burton has decided to release the tapes. He has said that he believes the information contained in the tapes is crucial to his investigation. However, it is unclear whether the information contained in the tapes is reliable or accurate.

In conclusion, Mr. Burton's decision to release the Webster Hubbell tapes is a controversial one. While his intention may be to expose Mr. Hubbell's guilt, the release of these tapes could have serious legal and ethical consequences. It remains to be seen whether Mr. Burton's decision will ultimately benefit his investigation or harm his reputation.
Dan, go to your room

Rep. Dan Burton (R-Ind.), chairman of the committee charged with investigating the Democratic fund-raising scandal, has now succeeded in making himself the issue.

First Burton released an hour of tape-recorded conversations between indicted former Justice Department official Webster Hubbell and Hubbell’s wife and attorney. The conversations, recorded while Hubbell was serving an earlier prison sentence for Rose Law Firm billing irregularities, were released to Burton’s committee by the Federal Bureau of Prisons. But the conversations may well have been privileged and covered by the Federal Privacy Act.

The conversations contained some possibly juicy tidbits relating to the role of Hillary Clinton and White House pressure being brought to bear on Hubbell’s wife, who had a federal patronage job. But there was no smoking gun.

However, now Burton is under fire because even the juicy tidbits were apparently taken out of context — a context later revealed by the senior Democratic member of the committee, Rep. Henry Waxman of California. Burton now says he’s prepared to release the entire text of all 64 conversations that had been excerpted.

Burton has managed to (1) make the thoroughly disreputable Webster Hubbell look like a victim and (2) damage the credibility of his own investigating. Won’t Speaker Newt Gingrich just send his guy to his room?
Clinton's foes bungle again

Bill Clinton may turn out to be a crook and a liar. But if so, he's a very lucky crook and liar because he's enjoyed the good fortune of being chased by the Gang That Couldn't Think Straight.

These fellows make Inspector Clouseau look like Sherlock Holmes, and the most inept member of the gang is easily U.S. Rep. Dan Burton (R-Ind.).

Burton is the guy who stood on the floor of the House and accused the FBI of lying to cover up the truth about the Vince Foster case. One day he took a pint out in his backyard and blew a melon to Kingdom Come, in hopes of somehow proving that Foster's death had been a murder, not a suicide. Burton has also tried to suggest from the floor of the House that the president, as governor of Arkansas, was siding or even running an international cocaine-smuggling ring.

Despite that absurd record, House Republicans have allowed Burton to serve as chairman of the House Government Reform and Oversight Committee, which is supposed to be "investigating" the Clinton White House.

Ordinarily, the chairman of such a panel would cultivate an image of fairness, understanding that the credibility of his committee and its work depends on that perception. That's what gave U.S. Sen. Sam Ervin so much moral authority as he oversaw the congressional investigation of the Watergate scandal. Ervin saw his job as getting to the truth, not getting President Nixon, and as a result few questioned his motivation.

Burton, on the other hand, recently told an Indiana newspaper that he considered Clinton a "scumbag." He also admitted that he's out to get the president. Last week, he proved it.

Through his committees, Burton released transcripts of taped telephone conversations between former Clinton associate Webster Hubbell and others, including Hubbell's wife, Susan. The tapes were made while Hubbell was serving time in federal prison for cheating his law firm out of hundreds of thousands of dollars.

The transcripts released by Burton seemed designed to Clinton, suggesting, among other things, that Hubbell was withholding damaging information about first lady Hillary Rodham Clinton, his former law partner. But it turns out that Burton had altered and edited the transcripts before releasing them, removing sections in which Hubbell made statements that exonerated Mrs. Clinton. In at least one section, the editing even altered the meaning of a conversation.

Burton claims that the deleted sections were removed to protect Hubbell's privacy. But the deleted material in question has nothing to do with personal matters. Furthermore, the transcripts released by Burton included private phone conversations between Hubbell and his lawyer. Someone who would violate attorney-client privilege for political gain can hardly claim to be concerned about protecting privacy.

To put it kindly, Clinton has not been very successful in his choice of friends. People such as Hubbell, James and Susan McDougal and Gennifer Flowers have come back to haunt him time and again. On the other hand, Clinton has a peculiar genius for so enraged his enemies that they do very stupid things in their quest to get him.

He is like a cartoon matador dangling his red cape before the bull: Every time the bulls charge and miss, they get angrier and angrier, and more and more blinded by their own rage.

In this case, when Clinton whipped away his cape at the last second, a charging Bull Burton ran headlong into a wall.

A stone wall, you might say.
Congressman plays dirty with tapes

There is a big difference between the two protocols — consensual recording and public release via the news media. The Privacy Act permits the first and forbids the second. But leave that matter be for the moment. The fact is that Mr. Burton did make available excerpts of 54 Hubbell conversations involving not only his attorney, but his wife and children.

As Mr. Burton presented them, the thrust of their content was to implicate Hillary Rodham Clinton in over-billing and other matters at the law firm where she was employed in the 1980s. However, on Sunday it came out that Mr. Burton had edited from the conversations he released words that made the First Lady’s culpability far more vague or even unlikely.

When he was called on this apparent trickery, Rep. Burton decided to play a dirty trump card. If his fairness was going to be questioned, he said, then he had no choice but to release all of the tapes. That bit of petulance makes sense only if we are to believe he was right to release even a single word of the prison conversations — and we certainly do not.

The Justice Department turned over the recordings to Mr. Burton’s committee with the understanding that their confidentiality would be protected. Mr. Burton has a fancy idea of what those words mean.

Independent counsel Kenneth W. Starr is having enough trouble convincing the American people that partisan politics is not steering his investigations. The current clamminess by the likes of Rep. Dan Burton, the Indiana Republican who is directing a separate House investigation, isn’t very persuasive that a dispassionate search for the truth is all anybody really wants.

Mr. Burton’s House Committee on Government Reform and Oversight is looking into alleged violations of campaign finance laws during President Clinton’s 1996 re-election campaign. In the course of its investigation, the committee acquired about 150 hours of tape recordings of telephone conversations between an attorney and Webster Hubbell, a former Justice Department official and friend of Mr. Clinton. The recordings were made while Mr. Hubbell was serving a prison sentence in connection with the Whitewater case. Last week, Mr. Hubbell and his wife, Suzanne, were indicted on new charges of income tax evasion. The tapes were made, in accordance with prison policy and the federal Privacy Act, with the knowledge of Mr. Hubbell and his attorney, John Nields. (The object is to screen prisoners’ conversations for threat to security.) There apparently is no problem up to that point. However, the twist that Rep. Burton added was to begin last week to make those recordings public.
ABUSE OF PRIVACY

Burton should be censured for leaking excerpts from Hubbell's jail conversations

If Dan Burton were not an eight-term Republican congressman and chairman of one of the most important — and newsworthy — committees on Capitol Hill, it would be easy to dismiss his anti-Clinton rhetoric and reckless dissemination of sensitive material as the ravings of a crackpot, not worth the response of more rational persons.

But that is not the case. Burton holds a big job and has millions of dollars worth of committee funds with which to pursue his agenda — an agenda shared by others outside Congress but close to the congressman — of making President Clinton, Mrs. Clinton and any of their associates look as bad as possible.

That is why he deserves notice.

How dare this man release transcripts of Webster Hubbell's jailhouse telephone conversations with his wife, his lawyer, and his friends. This was an abomination and an abuse of federal prison security.

But Hubbell should have known he was being taped. Burton explains it's a prison policy that telephone conversations be monitored.

Yes, but Hubbell also has known that an edited version of these conversations — edited by Rep. Burton to exclude information helpful to the Clintons — would be spread across the nation.

This is McCarthyism at its rankest and it is time for the House Republican leadership to step in and do something about it.

We would be more willing to disregard Rep. Burton's ill-founded skull-duggery if he were himself a man of honor whose unblemished character entitled him to cast their first stones. But that is not the case. Even as he was being groomed to succeed retiring Rep. Bill Clinger, R-Pa., as chairman of the House Government Reform and Oversight Committee in 1998, he was allegedly shaking down a lobbyist for Pakistan and an executive for AT&T.

Last year, the non-partisan congressional daily newspaper The Hill outlined a pattern of illegal campaign contributions flowing to Burton from temples and other tax-exempt operations of the Sikh religion. All lies, says Burton.

And that's not even taking into consideration his obsession with the idea — an idea refuted by all available evidence and the opinion of Whitewater special prosecutor Kenneth Starr — that Vincent Foster was murdered.

House Speaker Newt Gingrich has made much lately of his desire to work with the president and the Democrats to decide upon and work toward common goals — the balanced budget, campaign finance reform, etc. We take him at his word.

But Gingrich is going to have a difficult time working with Democrats as long as he has Dan Burton yelping from back in the pack.

The speaker should tell the congressman from Indiana and his band on conspiracy theorists that there is a time and a place for everything and the time for witch-hunting is past and its place reserved for more reasonable politics.

What's more, Burton should be advised that if he does not agree maybe he should put his name forward to be the leader of House Republicans — or go back to Indianapolis and peddle his bitter memoirs while the rest of the country moves ahead.
We could call on Rep. Dan Burton to resign from the House campaign-finance inquiry for his rackless handling of the Webster Hubbell jailhouse tapes. But nothing in the Indiana Republican’s history suggests the necessary degree of judgment. We could call on House Speaker Newt Gingrich to replace Burton as head of the investigation. But Gingrich, too, has declared war on the White House and seems to relish Burton’s ability to torment the president. We do, however, question how long House Republicans will let Burton’s circus continue before they realize that it’s an insult to voters and a hazard to their own political fortunes.

One expects a certain amount of partisan point-scoring from a committee chairman, especially one investigating the fund-raising practices of his opponents. But even Republicans are winced at Burton’s performance as chair of the House Government Reform and Oversight Committee. Pursuing the Hubbell tapes, he issued a committee subpoena without a committee vote. Then he released excerpts to the press without notifying the committee. Now we learn that he doctored those excerpts to make them artificially damming of the White House.

But this is only the latest episode in a bizarre career. Burton is the skeptic who reconstructed the shooting of White House aide Vince Foster in his own back yard, using a melon for Foster’s head, because he didn’t trust the police investigations. He is a partisan who, during congressional debate in the 1980s, said anyone who opposed aid to the Nicaraguan contras was a Communist sympathizer. He’s a crusader who, in an interview with the Indianapolis Star, used the word “scumbag” to describe President Clinton and explained, “That’s why I’m after him.”

Even Republicans are now questioning Burton’s judgment. They’re privately contrasting him to Sen. Sam Nunn, the judicious head of the Senate armed services hearings, and wondering if today’s investigation wouldn’t do more damage to Clinton if Burton were doing less damage to the investigation.

Not that the Hubbell tapes do anything to polish the president’s image. A Clinton friend from Little Rock, Hubbell rose to a top spot in the Justice Department before winding up in jail on a conviction for embezzling client funds at his old law firm. In phone conversations with his wife, he emerges as obsessed with granting and receiving favors. But Burton has alleged something quite different: That Hubbell knew damming facts about the president and Hillary Rodham Clinton, and took hush money to keep them secret. Yet twice on the tapes,
Rubbell directly contradicts that thesis - and both comments were omitted from the transcripts that Burton released to reporters.

What's sad is that many Americans would have welcomed a thorough and impartial investigation into the fund-raising and favor-trading culture of Washington. Burton could have led such an investigation by enlisting those Democrats who are genuinely troubled by the fund-raising abuses of 1996, by broadening his scope to include GOP fund-raising practices, or, in the present instance, by at least consulting Democrats about the significance of the Rubbell conversations. But Burton seems to have overlooked such possibilities, and now he has probably made them impossible.

LANGUAGE: ENGLISH
LOAD-DATE: May 6, 1998
Mr. Burton’s Transcripts

In sorting through the dispute over the Webster Hubbell tapes, it’s necessary to keep two thoughts in mind at once. House Government Reform and Oversight Committee Chairman Dan Burton was every bit as irresponsible and ham-handed as has been charged in releasing, as he did, doctored transcripts of the former associate attorney general’s private phone conversations. The congressman once again lived up to his caricature.

But, I said, however, the accurate transcripts are also changing, or very nearly so. They make clear that Mr. Hubbell and his wife had a sense of themselves as being held on a kind of string by the White House, to which they were beholden for badly-needed income—that if Mr. Hubbell’s silence was not bought by him in the Whitewater case, as the independent counsel’s office suspected, at any rate he and his wife were sensitive to how their remarks and behavior were being reported by the president and Mrs. Clinton, were anxious to please and were carefully kept in that state of anxiety by White House minions.

But that is to say, Mr. Burton could easily have made his point about Webster Hubbell by leaving the transcripts alone. The many hours of tape contain innumerable snippets that bear directly on the question of whether Mr. Hubbell was holding back information in order to protect the White House—the first lady, in particular. These excerpts, on the whole, make both Mr. Hubbell and the White House look bad. Most of Mr. Hubbell’s conversations, however, deal with highly personal matters of no conceivable relevance to any public inquiry. There were, therefore, two legitimate goals: getting the public an accurate account of the relevant material and protecting the strong privacy interest in the remainder of the tapes. Mr. Burton appears to have failed both.

The transcripts released last week were riddled with errors. Most of these mistakes were incidental, but there were a few significant ones that somewhat complicate the story that tape tells. Mr. Burton’s transcript, for example, completely misrepresents—and makes far more ominous—a comment Mr. Hubbell made to his wife regarding whether friends could help him that work after he left prison. In the Burton version, Mr. Hubbell says: “We have to be very careful about this. Editors are all talking about how all this is designed to keep me and Sume [McDonnell] quiet. We have to make sure that it’s our personal friends that are helping.”

What Mr. Hubbell actually said was: “We have to be very careful about this. You know, that it doesn’t appear—yes, you know, you know what the editors are saying right now. . . . They’re all talking about how, you know, all of this, everything is designed to keep me and Sume quiet. Okay? I’ll give you a hypothetical—in that most of the articles are presupposing that I, my silence is being bought. We know that’s not true. You know, we’re dead solid broke and getting broke. But, from that suggestion, you have to realize that we have to be careful and only talk to friends. And make sure, you know, that it’s only our personal friends that are helping.”

Likewise, the Burton transcripts quote several comments in which Mr. Hubbell seems to suggest that Hillary Clinton was involved in billing irregularities at the Rose Law Firm and that he planned to keep quiet about her role. They leave out, however, the part where Mr. Hubbell says he just had no idea what was going on. She didn’t participate in any of this.

The White House says that the errors in the transcripts somehow render the tapes themselves insignificant—is unconvincing. The tapes still raise real questions. They are real, however, smoking guns. And the cost of finding that out should not have been a gratuitous invasion of Mr. Hubbell’s private thoughts.
Give Dan Burton the gate

Webster Hubbell already has been convicted and
served time for tax evasion. He may yet be shown to
have done so again, as Whitewater independent coun-
sell Kenneth Starr charged in an indictment last week,
or to have covered up lawbreaking by President Clin-
ton or First Lady Hillary Rodham Clinton.

Any of that may happen, but it hasn’t happened yet.
Rep. Dan Burton, the Republican loose cannon who
runs the House Government Reform and Oversight
Committee, has no way of knowing that it will hap-
pen. But Burton is behaving as if he does know, and
in the process is embarrassing his party and debasing
even further our already profoundly debased politics.

Over the weekend, in a scurrilous example of the
overreaching for which he has become infamous, the
Indiana congressman released transcripts of some of
Hubbell’s telephone conversations from prison.

Leaving aside the issues of privacy and whether one
person—even a committee chairman—ought to be
permitted to decide how to dispose of such committee
evidence, it developed that what Burton had released
were edited transcripts, and the editing was tenden-
tious, leaving in phrases that suggested wrongdoing
by the first lady and excluding phrases suggesting her
innocence.

Under attack by Democrats, Burton on Monday said
that, yes, he probably shouldn’t have released edited
transcripts. He should have released the tapes in their
entirety, and so he sent out a mission to distribute
copies of the tapes to the press. No doubt to Burton’s
delight, the fellows taped the tapes to members of the
press corps, much as a zookeeper tosses fish to seals.

Among the nuggets on the tapes: a conversation in
which Hubbell conforts a sobbing daughter.

Dan Burton is a crude, crass man who is a disgrace
to his district, his state, his party and the House. He
does not belong in charge of the House campaign
fundraising investigation. Indeed, he ought not be in
charge of a committee. There are too many other
Republican members of the House who could bring
dignity and respect to those tasks for them to be
entrusted to a Dan Burton.

Removing Burton from his positions of leadership
would not, by itself, restore dignity to our political
process. But it would start that process. The House
Republicans ought to make that start.
Headcase

Eager to prove that White House lawyer Vince Foster didn’t kill himself, Rep. Dan Burton (R-Ind.) once conducted a homemade ballistics test in his backyard. He fired a shot into what he’ll describe only as a “headlike thing.” The results of the test, which reportedly involved a mansion, still aren’t known, but the findings on Burton are crystal clear. The guy’s a wacko.

And getting worse. Burton, who recently compared the President to a used condom, is off on another bender. His latest bout of Clintonophobia has him using his position as chairman of the House Government Reform and Oversight Committee to release transcripts of taped phone calls that Clinton pal and former Justice Department No. 3 Webb Hubbell made from prison.

Faced with charges that he edited the transcripts to leave out portions that support the Clintons, Burton now has further eroded Hubbell’s privacy by handing out copies of the tapes. Where does it stop, video surveillance of Hubbell in the privy?

Maybe the committee should just be renamed the Committee on Smearing the Clintons and Their Allies.

Burton’s antics even make independent Persecutor Kenneth Starr look reticent. At least Starr charged Hubbell with tax evasion. Burton is just seeking to embarrass people.

Burton is an obvious clown, but even clowns can do real damage; privacy destroyed, reputations sullied, legal bills incurred.

There is an easy way to rein in Burton. House Speaker Newt Gingrich can, and should, give Burton’s leash a sharp pull and get this pit bull to heel. Before he ruins the carpet.
Editorials

WILD CARD

Chairman’s rampage demeans entire House

From the feigned indignation of the political establishment and media ghouls within Washington’s Beltway, you’d think that calling the president a bad name was the only questionable thing Rep. Dan Burton had done as chairman of the Government Oversight and Reform Committee.

In reality, Burton has been just this nasty, vitriolic, irresponsible, reckless, unprofessional and unfair for a year and a half.

Having set himself up as the impartial investigator who was going to get to the truth about illicit fund-raising, Burton has since variously accused the president of lying, covering up, obstructing justice and buying off witnesses — and proved not a one of his accusations.

Nor has he proved anything — except his own dishonesty — by releasing scores of tapes of private (and in some instances, privileged) conversations involving former White House aide Webster Hubbell.

His decision to release the tapes — which he subpoenaed, and from which he excerpted material for release to the public without consulting the committee — successfully "put the lie to any accusations of ‘editing,’ ‘doctoring,’ or ‘out of context’ quotations,” he said. In fact, it proved what a committee colleague noted: “You have unilaterally subpoenaed these tapes, unilaterally released them, and apparently unilaterally altered the content to suit your purposes.”

For what purpose? Face-saving, self-aggrandizement, and the dragging down of Clinton’s invariably high approval ratings.

Burton’s campaign-funds probe appears to be a political and legal dead end. Besides, campaign finance is a touchy subject with Republicans now that they have publicly and formally identified themselves as the would-be executioners of campaign-finance reform.

And if Bill Clinton is impeached, it won’t be in Burton’s committee or on the basis of evidence his committee produced, either. In the thoroughly partisan campaign-funds case or in the case of Hubbell, which is the province of independent counsel Kenneth Starr.

If impeachment comes, it will come in the House Judiciary Committee, based on a referral of evidence from Starr. In short, Burton can’t touch Clinton.

He can only stand to one side and throw rotten vegetables.

There is a trial under way on Capitol Hill. However, the U.S. House of Representatives itself is on trial — not for high crimes and misdemeanors, but for the kind of blatant abuse of subpoena power and congressional immunity that terrorized Americans and all but paralyzed the government in the 1950s.

Then Burton isn’t merely on his way to becoming another Joe McCarthy. The things he is doing right now are the same things McCarthy did four decades ago. Burton is a man out of control — meaning a man who can no longer control himself.

Justice, whether that means vindication or prison for Clinton and his wife and former associates, cannot be done in such an environment. And the conduct of other public business is hindered by Burton’s rampage.

This transgresses party. The House is very much on trial. If it accepts this without noisy protest, we will once again have placed our affairs in the hands of a body with great power and little honor.
Burton bumbles in bad faith

Now, the House ethics panel has been forced to release transcripts of Clinton's jailhouse conversations about Whitewater. It was thought to be a more damaging impression about the Clintons than the transcripts as a whole. Republicans who were the first to force the release of the transcripts should not have insisted on so little disclosure in the name of justice. Clearly, Americans cannot rely on the House ethics panel's credibility from the momentary judgment.

U.S. Rep. Dan Burton, R-Ind., is determined to block further transcripts of Clinton's jailhouse conversations about Whitewater. The panel's release of the entire transcripts has been called a travesty of justice. Burton himself has stripped President Clinton's credibility from the momentary judgment.
Remove Burton from money probe

If Republicans are to salvage any credibility for their investigation into presidential campaign fund raising, they will have to remove Dan Burton as chairman of the House Committee on Government Reform and Oversight.

Following his release of deceptively edited transcripts of the Webster Hubbell telephone conversations, leaving Burton in the driver's seat would mean that any findings the Indiana congressman's investigation would turn up.

Burton's political hatred of President Clinton has never been in doubt. Only last month he publicly called Clinton a "scumbag" adding "that's why I'm after him." Burton is investigating questions surrounding the presidential campaign, a political venture with many legitimate questions still unanswered.

But Burton's release of the Hubbell tapes reveals a dishonest side to his effort. Blaming his aide David Bossie, whom Burton fired yesterday, in no way exonerates the chairman from responsibility for distorting the tape transcripts. In fact, it shows that Burton refuses to accept full responsibility for the actions of his staff.

Hubbell, a former Arkansas law partner of Hillary Rodham Clinton, and later a Justice Department official, went to prison for overbilling clients while at the Rose Law Firm in Little Rock. Because the Federal Bureau of Prisons tapes prisoners' phone conversations as a security measure, there was a record of Hubbell's conversations with his wife, friends and attorneys while he served his sentence.

Burton sought the tapes on grounds they might contain information incriminating the president. Having obtained about 150 hours of Hubbell's conversations, Burton last week released edited versions of portions of transcripts of the conversations. In one excerpt, Burton's edited version seems to have Hubbell talking about a presidential pardon. In the unedited version it is clear Hubbell is talking about an immunity agreement with Special Prosecutor Kenneth Starr.

Another section of the edited transcript has Hubbell discussing his Rose Law Firm troubles in a way that would lead the reader to believe the Clintons intervened to protect the first lady. In fact, in the unedited version Hubbell says directly that Hillary Clinton was not involved and did not know what was going on.

When it turned over the tapes to Burton, the Justice Department urged the chairman to safeguard them. Burton did not. In fact, acting on his own, he circumvented his own committee's rules and procedures for deciding which documents to make public and how. That sole tactic invites the suspicion that had Burton consulted with his committee, the members would have objected to making public what are obviously private telephone conversations.

It should be clear that Burton cannot be trusted to manage the investigation in a way that will cause anyone but the most ardent Clinton-hater to accept whatever conclusion it reaches.

Now, more than the investigation is at stake. The Republican leadership of the House, Speaker Newt Gingrich, Texas Rep. Dick Armey and Tom DeLay, even Washington's Jennifer Dunn are on the spot.

Burton's actions call into question not only his integrity as committee chairman but the House leadership's tolerance for such conduct. They should remove from Burton any responsibility for the investigation. Anything less and they endorse the deception.
EDITORIALS

Out of Control

So, at long last House Speaker Newt Gingrich (R-Ga) realizes that Rep. Dan Burton (R-Ind) is an embarrassment to House Republicans. Gingrich declared it at an explosive Wednesday morning GOP Conference meeting after Burton humiliated Gingrich by refusing to apologize for embarrasing his colleagues.

In fact, Burton's investigation of campaign finance abuses, culminating in the release of transcripts of Webb Hubbell's taped prison conversations, is worse than just an embarrassment to Republicans. It's a travesty that has set back Congress's ability to find out for sure whether foreign powers bought their way into American politics.

Gingrich knew full well what weak control Burton has on his impulses when Burton assumed primary responsibility for campaign finance scandal probes. Instead of controlling him, he let Burton rage, run roughshod over normal bipartisan committee procedures, hire notorious scandal-cowboy David Bossie as his chief investigator and even, finally, declare openly that he was "af-ter" President Clinton. Gingrich did nothing to restrain Burton. In fact, last week he went to his hometown of Indianapolis to praise him — and wink at Burton's description of the President as a "scumbag."

All the while, as Roll Call has been reporting, House leaders have been nervous about Burton's behavior. But, publicly, Gingrich not only didn't move to brake the careening Government Reform and Oversight Committee chairman, he began to emulate him with his own intemperate prej�udgements of Clinton.

Burton's release of the Hubbell conversations was an outrage on several levels. First, Hubbell had nothing to do with 1996 campaign finance, the ostensible focus of Burton's probe. Second, if Burton found something in the tapes that did fit into his broad definition of his jurisdiction — the strong hints of White House pressure to keep Hubbell quiet, for instance — he should have held hearings, not just dumped it into the public record.

Next, he should have carefully gone over the tapes and transcripts himself, not left it to Bossie to determine what was made public. And, finally, he should have put out an honest transcript of the contents, not the biased excerpts he released.

So, what now? Democrats are toying with the idea of introducing a privileged resolution demanding Burton's ouster as head of the scandal investigation. Almost certainly, this will be defeated on a party-line vote. And, in fact, the responsibility for determining who runs this probe — and who chairs the Government Reform and Oversight Committee — lies with the House GOP Conference and Gingrich.

The Speaker seems almost certain to transfer the probe to the House Oversight Committee, chaired by Rep. Bill Thomas (R-Calif). Removing Burton as chairman might ease GOP embarrassment, but Gingrich also needs to watch his own rhetoric lest he, too, become an embarrassment.
The Dan Burton Problem

By now even Representative Dan Burton ought to recognize that he has become an impediment to a serious investigation of the 1996 campaign finance scandals. He has dismissed David Bossie, the mischievous aide who helped issue inaccurate transcripts of Webster Hubbell's jailhouse conversations, and has apologized to his fellow Republicans. But that cannot compensate for inept behavior that has hindered the inquiry and complicated independent counsel Kenneth Starr's criminal investigation of intriguing comments on the tapes. If the House inquiry is to be responsible, someone else on Mr. Burton's committee should run it.

Coming on the heels of an impolitic remark by Mr. Burton about the President two weeks ago, the tapes fiasco is forcing House Republicans to confront two bunglers. The first was to entrust the investigation of campaign finance abuses to Mr. Burton, the chairman of the House Government Reform and Oversight Committee. The second was to give him unilateral power to release confidential information. Mr. Burton, a fierce partisan not known for balanced judgment, was plainly the wrong man for a sensitive job.

When the committee convenes next Wednesday, Democrats plan to offer motions to transfer leadership of the inquiry to another Republican on the committee. They will also ask the committee to adopt the same bipartisan rules for issuing subpoenas and releasing documents that have been followed by all previous Congressional investigations.

But it should not come to that. If Mr. Burton will not step aside, Speaker Newt Gingrich should convene the Republican caucus and ask it to name a replacement. Mr. Gingrich should also agree to rules both to provide a check on the new chairman's power and to enhance bipartisanship.

At the same meeting, the committee will wrestle with whether to grant immunity from prosecution to four witnesses who are expected to testify about questionable donations to Democrats in the 1996 campaign. House Democrats have threatened to block immunity as leverage to win a rules change granting them more say. By agreeing to improvements in the rules, Republicans would remove a major criticism of the committee's process as well as the Democrats' excuse for denying immunity.

For now, Mr. Gingrich seems determined to back Mr. Burton. That will only delay getting a truthful account of fund-raising in the 1996 election.
Tale of the tapes

Rep. Dan Burton brings a serious inquiry into disrepute

In his troubles, President Clinton's best friend in Congress turns out to be Rep. Dan Burton, chairman of the Government Reform and Oversight Committee. Not that the Indiana Republican is on the president's side. Quite the contrary. But no friend could so convey the impression that a valid investigation of presidential scandal is nothing more than a partisan witch hunt.

Rep. Burton is meeting that challenge by the sheer weight of his biases, which seem blind to fair play and honorable behavior. This is the man, after all, who recently saw nothing improper in calling the president by a gutter name.

Now the flacko over the prison tapes made of former Associate Attorney General Webster Hubbell illustrates graphically why Rep. Burton should not be trusted to have a leading role in probing Bill and Hillary Clinton's campaign financing or any other matter.

The release of the tapes was disdained from the start. They are, after all, recordings of private conversations between Mr. Hubbell and his wife, Summam. While they were made over a prison phone clearly marked as being monitored, such recordings are supposed to be kept confidential but in this case they were subpoenaed.

When Rep. Burton released excerpts, they were supposed to show that Mr. Hubbell was protecting the Clintons from the consequences of their wrongdoing and was hoping to be helped by them in return. But parts that were unfavorable to the anti-Clinton forces were conveniently left out.

Caught in this sleazy exercise, Rep. Burton released many more hours of tapes on which the excerpts were based, supposedly to prove that the Democrats charges of selective editing were "nuck." In fact, they proved the opposite, even as they added to the slave of confidentiality.

House Speaker Newt Gingrich, himself guilty of chronic partisanship, maintained that the tapes raise a substantive question. Indeed they do, but Rep. Burton has no credibility left to pursue it. The forced resignation of his aide, David Bossie, a notorious political-dirt digger, does not solve the problem.

In apologizing to House Republicans for his mistakes, Rep. Burton should have also apologized to the American people. It is they who lose the most by having an important inquiry turned into a circus that leaves President Clinton with the last laugh.
Our Opinion

Burton unfit to lead Clinton probe

It is not David Bossie alone who is responsible for the outrageous decision to distort and release the private jailhouse conversations of former Justice Department official Webster Hubbell, and it is not Bossie alone who should lose his job as a result of the fiasco. Both the blame and the consequences need to be shared by Bossie's patron and confidant, Rep. Dan Burton (R-Ind.), the fiercely partisan chairman of the House Government Reform and Oversight Committee.

Bossie, the committee's chief investigator, resigned this week amid fierce controversy over his role in releasing a transcript of the tapes that had been edited in such a way as to defame Hubbell as well as Bill and Hillary Clinton. So blatant was the smear that Burton was forced to release an unedited transcript.

The recordings were made in 1996, while Hubbell was serving a prison term for tax evasion. Although Hubbell knew his telephone calls were being recorded, the tapes were turned over to Burton's committee by the Bureau of Prisons only after they had been subpoenaed.

Although Bossie has become the fall guy, the final decision was made by Burton. If it was right to force Bossie from his job — and it was — then it is right to strip Burton of his role in leading the House investigation of President Clinton's 1996 campaign finance practices.

It is not as though Burton is an impartial or even an honorable investigator. He has called Clinton a "scumbag" and proclaimed that he is "out to get" the president. It's no wonder that even some Republicans want Burton replaced.

The odd and ominous thing, though, is that these Republicans seem to want Burton ousted not because they think his methods are petty and vindictive, but because they think the methods backfired.

Burton has apologized to his GOP colleagues for his "mistakes" and vowed to take responsibility for them. If he means that, he will let somebody else — somebody who is not a loose cannon — head the committee's inquiry.
Mistakes were made: Burton inquiry can't reach a credible conclusion

(Published May 11, 1998)

- The wheels began to come off Rep. Dan Burton's inquiry into campaign fund raising even before his Government Reform and Oversight Committee started looking into matters in mid-1997. That runaway bus is careening even more dangerously today.

- Initial problems centered on Burton himself, who was charged in March 1997 with threatening to ruin a Pakistani lobbyist who didn't come up with the campaign donations Burton demanded. Having those charges raised while he was proposing to investigate foreign fund-raising abuses might have chastened a lesser spirit, but Burton pressed on, denying a memo accusing him of the shakedown.

- In July of last year, Burton's chief investigator quit the probe, saying he hadn't been given authority to run "a professional, credible investigation." The resignation of former federal prosecutor James Rowley and others added weight to charges that Burton had "cooked the investigation" before it began and intended only to skewer President Clinton and Democrats, rather than looking impartially at all fund raising.

- Burton's next big misstep came in April, when he told a newspaper editorial board Clinton is a "scumbag" and "that's why I'm after him." Members of Congress bristled at the crude slur. Burton's declared intention to "get" the president in his inquiry seemed like the biggest problem.

- Now Burton and staff are in hot water again, this time after releasing edited transcripts of White House conversations involving former Clinton aide and appointee Webster Hubbell. After initially defending the editing and promising bombshell release of the entire conversations, Burton has now been forced to accept the resignation of his chief aide, acknowledging that "mistakes were made" in the process.

- Indeed they were. It's hard to imagine that transcripts could have innocently omitted items such as Hubbell's statements that Hillary Rodham Clinton "had no idea" about billing irregularities at the heart of the controversy. Given Burton's record and his declared intention to go after the president, a reasonable person would assume the distortions were intentional.

- Even Clinton opponents among congressional Republicans recognize that Burton's antics only distract from genuine inquiry into these issues. Like
Burton's antics only distract from genuine inquiry into these issues. Like Kenneth Starr's repeated missteps and blunders in the independent counsel's investigation, such disreputable cheapen the process and rob it of credibility. No matter what the Rossbell tapes finally reveal, they are now tainted by the residue of Burton's partisanship.
Tell him No, Ms. Reno!

DON'T YIELD TO BURTON
House panel’s demand for secret memos could ruin Justice’s investigation of campaign-finance abuses.

If you want to rid your house of rats, one extremely effective way is to burn down the house. That’s essentially what U.S. Rep. Dan Burton, R-Ind., seems willing to do by threatening Attorney General Janet Reno with contempt of Congress unless she gives his committee two memos urging her to appoint an independent counsel to investigate 1996 campaign-finance abuses.

One memo is from FBI Director Louis J. Freeh. The other is from Charles G. La Bella, former head of a Justice Department task force investigating campaign-funds abuses. Both memos urged Ms. Reno to name an independent counsel. This page also has urged her to, more than once. But so far she refuses.

Ms. Reno said on Tuesday that she needs three more weeks to study the 94-page La Bella memo and its foot-thick stack of backup documents. Sen. Orrin Hatch, R-Utah, chair of the counterpart Senate committee, is waiting until after Congress’s recess before considering contempt proceedings. But not Mr. Burton. He wants the memos now.

Stand fast, Ms. Reno. Don’t yield them.

Mr. Burton’s request is dangerous. It’s more than laced with his palpable political motives. Worse, it’s also bereft of any sign that he has weighed what these memos, if leaked, could do to the Justice Department’s own investigation. Furthermore, let’s recall what Mr. Burton did recently with transcripts of Webster Hubbell’s phone calls from prison to his wife.

Before releasing the transcripts, Mr. Burton deleted portions in which Mr. Hubbell exonerated Hillary Rodham Clinton from improper activity in the Whitewater land deal. Only when a TV newswoman confronted him with the unedited transcripts did Mr. Burton acknowledge the, ah, inadvertent deletions.

So we have two sound reasons for not trusting Mr. Burton with these memos. First, he might leak selected portions, as with the Hubbells’ phone chats, and withhold portions that favored President Clinton and the Democrats.

Second, any premature disclosure of these memos — especially of Mr. La Bella’s, which refers to grand-jury and other evidence — could be devastating to the campaign-finance investigation. Given the sieve that is Washington, you can bet that someone, somehow, would leak that information. It would happen.

That price is simply not worth the peril — except to partisan hotheads. So while we again urge Ms. Reno to name an independent counsel in this matter, as she has in 10 other instances, we also urge her to defy Mr. Burton and his ill-advised subpoena.
Give Reno some room

The heat has been turned up so high under Attorney General Janet Reno, she's starting to sweat. Because of her stubborn refusals so far to appoint an independent counsel to investigate campaign fund-raising during the 1996 presidential election cycle, partisan in Congress are gaining on her. Rep. Dan Burton, R-Ind., who chairs the House Committee on Government Reform and Oversight, is threatening to cite Reno for contempt for refusing to turn over confidential memorandums that recommend she appoint an independent prosecutor.

Reno should have appointed an independent counsel two years ago when credible evidence of campaign law violations by the Clinton-Gore campaign first emerged. However, Reno is right to withhold the memos written by Charles LaBella, who until last month was chief of the Justice Department task force investigating campaign financing practices, and Louis Freeh, director of the FBI. Turning over such sensitive documents over to a congressional committee would put the ongoing investigations at risk.

On Tuesday, LaBella admitted to Burton's committee that his memo concluded, as a matter of law, that Reno must appoint an independent counsel, a conclusion shared by Freeh. At the same time LaBella warned that the release of the document, which he described as being 94 pages long with a stack of attachments a foot thick, would be "devastating to the investigations" and would "undercut what any prosecutor would do, whether an independent counsel or a Department of Justice prosecutor.

If the committee's purpose is getting at the truth rather than merely trying to embarrass the Clinton administration, it should back off. The integrity of the investigations is more important than a few congressional Republicans grabbing some headlines. Burton should stop this showboating and follow the lead of his more temperate colleagues. Both Rep. Henry Hyde, R-Ill., and Sen. Orrin Hatch, R-Utah, who chair the House and Senate judiciary committees, have agreed to give Reno the time she says she needs to reconsider invoking the independent counsel statute.

Where politics end and legitimate motives begin has never been easy to discern in Washington, especially in the nasty partisan atmosphere of the moment. What is clear is that Burton should wipe away the dust around his mouth and stop demanding information that he has no right to. For her part, Reno should heed the advice of her top investigators and hand this whole mess over to an independent counsel.
Buck Stops With Reno

Congress can debate from here to adjournment the wisdom of Attorney General Janet Reno’s decision—so far—not to request appointment of an independent counsel to take over the investigation of fund-raising abuses in the 1996 presidential campaign. Even now there may be cause to take the investigation out of the Justice Department and turn it over to an outsider. But that decision is Reno’s alone to make on the basis of her information and her interpretation of the law.

Congress has no business threatening Reno with contempt charges for declining to turn over to a House committee memos from three subordinates who have urged her to trigger the independent counsel law. This is a fishing expedition by Chairman Dan Burton (R-Ind.) of the House Government Reform and Oversight Committee, and the panel should reject the request if Burton insists on putting the issue to a vote today. Better yet would be for Burton to acknowledge the idea is wrong-headed and drop it altogether.

The detailed memos were written by FBI Director Louis J. Freeh, Assistant U.S. Attorney Charles G. LaBella and FBI Special Agent James V. Desarno. All three confirmed to the committee Tuesday that they have told Reno an outside prosecutor should be summoned. But the three also resisted, appropriately, Burton’s efforts to elicit the thinking behind their recommendations. The memos are filled with details of the investigation to date. To disclose them would give targets—possibly including President Clinton and Vice President Al Gore—a road map to the federal cases against them, the Justice officials said.

Government executives need to have confidential communications with subordinates and advisers. Without the ability to freely discuss issues and policy alternatives, decision-making would occur in an uninformed vacuum. Just as well throw darts and pick options from the dartboard.

The precedent Rep. Burton seeks could make the executive branch a ground for all sorts of witch hunts by those who second-guess motives and judgments of decision-makers. Good executives make choices and accept responsibility for them.

Reno is the attorney general. Right or wrong, she is making the decision and ultimately she—not Freeh, LaBella or Desarno—will be judged for it.
New York Newsday

August 6, 1998

EDITORIAL / Do It Justice / Appoint an independent counsel in the campaign finance mess but hold on to the memos.

No doubt about it: Attorney General Janet Reno deserves to be excused for not requesting the appointment of an independent counsel to investigate campaign-finance irregularities in the 1996 presidential race. But nobody deserves the kind of treatment Reno has been getting from Rep. Dan Burton (R-Ind.).

FBI director Louis Freeh thinks the Justice Department investigation should be turned over to an independent counsel. So does Charles La Bella, who headed Justice's task force on the case. Both men have sent Reno lengthy memos arguing their positions. She says she has an open mind but needs a few more weeks to digest that material, although she has had La Bella's memo since last month and Freeh's since November.

Not good enough, says Burton, who has also been pressing for an independent counsel after an inconclusive investigation by his Government Reform and Oversight Committee. He wants Reno to turn over the memos forthwith. Otherwise he has summoned the committee today to cite Reno for contempt of Congress.

This is sheer pigheadedness on Burton's part. Freeh warns that disclosing the memos "could conceivably impede prosecution" by giving potential subjects and witnesses a "road map" to the government's case. La Bella says the memos should never see the light of day. Burton should back off.

The Justice task force has already obtained a sheaf of indictments charging that funds from foreign sources were illegally funneled into Democratic coffers for the Clinton-Gore re-election campaign. Reno insists that no outside prosecutor is necessary because no official covered by the independent-counsel law has yet been implicated. But she has discretionary power to request one when it appears that her department may face a conflict of interest - as it would if it were called on to investigate her boss, the president.

This is why the independent-counsel law was written in the first place, after the Watergate scandal. Kenneth Starr may have given the office a bad name, but in this case the law still deserves a chance to work under a more focused campaign-finance prosecutor.

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EDITORIAL / Do It Justice / Appoint an independent counsel in the campaign finance mess but hold on to the memos., pp A48.
Mr. Burton and Ms. Reno

THE HOUSE Government Reform and Oversight Committee's vote yesterday to cite the attorney general for contempt of Congress is a dangerous political interference in a law enforcement decision that threatens to undermine the Justice Department's campaign finance investigation—an interference, ironically, by the same people who purport to want a vigorous investigation.

The citation resulted from the starring contest between committee Chairman Dan Burton and Janet Reno over a subpoena she issued to her for confidential memoranda written by FBI Director Louis Freeh and the former chief of the department's task force, Charles LaBella. Both had advised Ms. Reno to appoint an independent counsel—advice she has so far rejected. Ms. Reno has, furthermore, not said enough in explanation of her position on the independent counsel question, so a certain frustration with her reticence is appropriate.

But her refusal to turn over the memoranda is nonetheless correct, and Mr. Burton's approach to the matter has been nothing less than thoughtless. The memos are quite detailed and would offer possible targets of the department's probe an in-depth look at the Justice Department's prosecutorial strategy and theories. The LaBella memorandum is also the subject of current review, as Ms. Reno says she has yet to decide whether his lengthy discussion of the evidence persuades her finally to invoke the law. She has offered to brief Mr. Burton on its contents, but has asked for three weeks to finish considering its recommendations.

This reasonable accommodation was not good enough for Mr. Burton when Ms. Reno explained her position to him at a meeting last week. According to a letter by Rep. Henry Waxman (D-Calif.), who was present along with Mr. Freeh, Mr. Burton told her he would begin the process of seeking a contempt citation for her failure to produce the memoranda. But, he added, the matter would not come up on the House floor until Congress reconvenes in September, and he would drop the matter if she sought an independent counsel before then. Mr. Waxman's letter accused Mr. Burton of "intimidation" and of seeking "to coerce an executive branch official to reach a predetermined conclusion on a discretionary matter."

Mr. Burton has denied this, but his own statement of his position is hardly reassuring. "I would certainly prefer to have the documents to review, rather than hold the Attorney General in contempt for refusing Congress' legitimate oversight in these matters," he wrote Mr. Waxman on Monday. "Obviously, a decision to appoint an independent counsel might make the oversight of the Justice Department's investigation moot."

The line separating a simple statement of fact from a threat can be a thin one. Mr. Burton should not be flouting it, and Ms. Reno—right or wrong on the independent counsel question—is right in her refusal to be bullied.
The foolish threat against Reno

The Chicago Tribune said in an editorial yesterday Dan Burton, the Indiana Republican who heads the House Committee on Government Reform and Oversight, thinks Janet Reno should heed the advice of subordinates who have investigated alleged campaign finance abuses by President Clinton, Vice President Al Gore and others.

FBI Director Louis Freeh and Charles LaBella, who recently left his post as head of the Justice Department's campaign finance task force, have told the attorney general that federal law obligates her to appoint an independent counsel. Ms. Reno, in a bewildering show of obstinacy, has so far refused.

But Mr. Burton is not eager to take his own advice. When Mr. Freeh and Mr. LaBella testified before the committee Tuesday, they acknowledged writing memorandums to the attorney general recommending a special prosecutor. But they provided no support to the chairman in his effort to subpoena the memorandums, which Ms. Reno declines to make public. On the contrary, they warned the committee away from a course they consider foolish and dangerous.

Mr. Burton nevertheless may ask his colleagues to approve a contempt citation against the attorney general for not acceding to the request -- a move that could come Thursday. If the full House agrees, the case would be given to the Justice Department for prosecution.

That the requirements for appointment of a special prosecutor have been met is obvious, and Reno deserves criticism for spurning the advice. But that doesn't justify Burton's demand. It would compromise the candid give-and-take an attorney general needs in dealing with her advisers. Even worse, as LaBella said, publication of the memos would be "devastating to the investigation" and "would undercut what any prosecutor would do, whether an independent counsel or a Department of Justice prosecutor."

On that point, LaBella and his former boss are in total accord. Reno said the documents should remain secret because they "lay out the thinking, theories and strategies of our prosecutors, and
the strengths and weaknesses of their cases. Criminals, targets and defense lawyers alike can all agree on one thing they would love to have a prosecutor's plans."

Given their professed desire to see that the law is enforced, you would think Burton and his GOP colleagues would be leery of any step that might hinder prosecutors. The threat of contempt citation makes sense only if their real purpose is to embarrass the administration.

**Originally published on Aug 7 1998**
Questions for Tom DeLay

Rep. Tom DeLay (R-Texas) has called "absolutely outrageous" an East Texas millionaire's charge that the majority whip played a role in advising him how to circumvent campaign finance laws.

The millionaire Peter Cloeren Jr., a plastics executive, pleaded guilty to paying his employees to funnel $37,000 to a local congressional candidate. But he has now come forward with a much broader series of charges about the 1996 election, as The Hill's Jock Friedly reported in last week's issue. Specifically, Cloeren charges, in a complaint filed with the Federal Election Commission, that a number of Republicans, including DeLay, found ways for him to circumvent legal limits by arranging contribution swaps and conduits.

Although his aides denied the charges, DeLay himself declined numerous requests for comment, before his response last weekend on CNN's "Eason & Novak." "I don't know this man from Adam," DeLay said of Cloeren. "I was at a lunch, and he now has admitted that he had spoken to me for about three minutes."

DeLay met Cloeren after flying to East Texas on an aircraft chartered by Cloeren, for a lunch with Cloeren and Republican congressional candidate Brian Babin. It was at that lunch, Cloeren said, that DeLay advised him on the use of "other vehicles" to get money to Babin.

Cloeren acknowledges that the conversation regarding campaign funding was brief. He says that DeLay promised that a staffer would follow up with specific suggestions, and a staffer did, according to Cloeren. In addition to the lunch, which Cloeren says lasted for more than an hour, Cloeren says that DeLay accompanied him on a tour of his plastics factory.

DeLay's denial raises several questions. How would a donor from East Texas, who has never before contributed to a political campaign, know enough to give money to such obscure, but sophisticated, Republican fundraising groups as Citizens United and Citizens for Reform?

And how would Cloeren know enough to give money to candidates in South Carolina and Tennessee, whose supporters then contributed to the congressional candidate Cloeren backed — Brian Babin, who was, and still is, running for Congress in the largely rural 3rd District of Texas?

Clearly, somebody had to instruct Cloeren, a political novice, in these tactics. The only person who has talked about where the advice came from is Cloeren. He says that the source was DeLay. In any event, DeLay should describe exactly what was discussed at that lunch and the involvement of his aide.

DeLay's aides say that Cloeren is bitter about having to plead guilty to two misdemeanors, and ask how The Hill could give the word of a convicted criminal more credibility than their denials. But DeLay has given no detailed response.

We have invited DeLay to respond to the article in a Letter to the Editor. But a better response would be for him to sit down with The Hill and finally answer the many questions raised by the article.
REP. DAN BURTON has asked the full House to hold Attorney General Janet Reno in contempt for her refusal to turn over Justice Department memoranda regarding the appointment of a campaign finance independent counsel. Never mind that the attorney general insists the memos, by former task force chief Charles LaBella and FBI Director Louis Freeh, contain sensitive law enforcement information. And never mind that Ms. Reno has obliged him as she has in a gross abuse of his powers as chairman of the committee. There is no conceivable reason for her to show this sensitive material to still more House members if doing so will not remove the threat of contempt Mr. Burton holds over her head.

It is unclear whether the House Republican leadership will allow the matter to be taken up on the floor. But it reflects poorly on the leadership that it is even tolerating Mr. Burton's antics. House members have a legitimate disagreement with Mr. Reno on the question of whether she should invoke the independent counsel law. And no one contests that Congress has a legitimate oversight interest in Ms. Reno's management of the statute. But neither the disagreement nor the oversight interest justifies making the LaBella and Freeh memoranda the occasion of such a clash between the elected branches. It ill becomes the House leadership to permit Mr. Burton to make it one.
Exhibit 4
The Wrong Man for a Sensitive Job

On ethics inquiries, partisan attacks could backfire.

The New York Times
November 20, 1996

By Laura Ingraham

WASHINGTON

Despite having held on to Congress, many Republicans agree that their party suffers from a major image problem, but now that we have time to reflect, Congress Republicans are readying themselves for yet another self-inflicted nuclear punch. Earlier Representative Dan Burton, an Indiana Republican expected to be named chairman of the House Government Reform and Oversight Committee. The committee, currently led by retiring Representative William Clinger, has investigated Clinton ethics controversies like the travel office fiasco and the White House's improper appointment of P.A.I. Does the committee's agenda will likely extend to investigating Indigence?

At a time when many Americans view congressional ethics investigations as partisan mudslinging, the selection of who leads the committee is crucial. Dan Burton is a true choice — for President, Clinton's damage control. Whereas Mr. Clinger is considered judicious and thorough by
Laura Ingraham is a political analyst for CBS News and MSNBC.

Democrats as well as Republicans, Mr. Burton has shown himself to be an upstanding partisan agent, although some would call him a bit of a renaissance man, and he can deliver a punch. I had a plausible argument, I couldn't do it, I'm sorry to disappoint you. I'm sorry to disappoint you. But I had a plausible argument, and we're talking about the same kind of weapon now, I'm afraid, I'm sorry to disappoint you. You could hear the bullet very clearly."

With Representative Burton in charge of the House Oversight Committee, it would be easier than ever for the White House to turn any White House investigation into partisan combat. Why would Speaker Newt Gingrich risk having someone with Mr. Burton's clout heading the Ethics Committee? It's been 20 years since this committee has seen significant work. Mr. Burton may well have seen his moment to step up to the plate.

"Nobody knows who he is except two P.B.I. agents, Gordon Libby and myself."

The committee members are not bound by rules of secrecy if they want to appoint another member to that position. Or Mr. Gingrich could rest investigatory authority to the select committee formed to investigate the Iran-contra affair.

If Republicans still wonder why the character issues didn't stick to the President in the election, they should pay more attention to the committee members.

private deposition of the witnesses into the Congressional Record.

Mr. Burton even staged a must-see death scene at his home. He said he was testing whether guards at an estate near the park where Mr. Burton's body was found could have heard a gunshot.

"I had a plausible argument, I couldn't do it, I'm sorry to disappoint you. I'm sorry to disappoint you. But I had a plausible argument, and we're talking about the same kind of weapon now, I'm afraid, I'm sorry to disappoint you. You could hear the bullet very clearly."

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Campaign Reform Made Whole

By Henry A. Waxman

WASHINGTON

The recent revelations about fund-raising abuses by President Clinton’s re-election campaign and by both national party committees have given Congress plenty of reason to reform the system. But as both parties have become aware of the risks inherent in an aggressive system, the likelihood that Congress will do the job right is diminishing. Already, several Republican Senators, including Alfonse D’Amato of New York and Phil Gramm of Texas, have said they won’t support any legislation that looks into Congressional races.

We must break the vicious cycle of “Watergate wannade” investigations that are more concerned with scoring political points than with reform. Many partisan hearings would only fulfill the public’s lowest expectations and deepen its cynicism. Instead, we should do something unexpected: Put partisanship aside and educate the public and ourselves about the corrupting role of money in politics.

First, Attorney General Janet Reno should appoint an independent counsel to investigate the serious but unproven allegations against the Clinton campaign, including its acceptance of inappropriate donations. Congress, for its part, shouldn’t duplicate the independent counsel’s work. It should concentrate on conducting a rational investigation. Unfortunately, the Senate and House investigations are proceeding in a haphazard fashion. Nine Congressional chairmen have already sent more than 50 different requests to the Commerce Department for information on the Clinton campaign. This waste of tax dollars makes no sense—identical multimillion-dollar Senate and House investigations are redundant. They should be merged into one comprehensive effort.

Most important, the Congressional inquiry should focus on all campaign activity in 1996. Everything must be on the table: the Presidential campaign, the Democratic and Republican fund-raising organizations and individual House and Senate campaigns. We will have no credibility if we focus only on the President and ignore the Congressional abuses.

The real scandal is what’s legal and common. It is especially important that we stop the explosive growth of soft money and that we shed light on the new strategies the parties are using to get around campaign-finance laws, such as having nonprofit groups finance clearly partisan activities. Our goal should be to understand how the process functions at every level, to expose its flaws and to get rid of the loopholes. This approach may not be as popular in Congress, but leaders of both parties must realize that the status quo has to change.

I’ve been part of the system for more than two decades, and personally raised millions in hard and soft dollars. I’ve received money from political action committees and given contributions from my own PAC. I know that the endless pressures of raising money threaten the integrity of the legislative process and drain money and time from my colleagues.

Fred Thompson, head of the committee conducting the Senate investigation of campaign financing, recently said that “there will be no winners or losers” in this investigation. But if he and the Republican leadership agree to a sensible, bipartisan approach, there will be one big winner—the public. By conducting a fair and complete investigation, we might do the impossible and restore the nation’s faith in Congress.
The Witch Hunt in the House

By Albert R. Hunt

The New York Times reporter who以便 to the president and his aides that the White House, especially the vice president, should not be allowed to give interviews without the White House's approval. The White House has, therefore, decided to limit its interviews to those that are coordinated with the White House. The White House has also decided to limit the number of interviews it gives to a few select reporters who are deemed to be the most reliable. The White House has also decided to limit the number of interviews its spokespeople give to a few select reporters who are deemed to be the most reliable. The White House has, therefore, decided to limit its interviews to those that are coordinated with the White House. The White House has also decided to limit the number of interviews its spokespeople give to a few select reporters who are deemed to be the most reliable.
Burton Funding Probe Seems Jinxed

By TOM RAUM
Associated Press Writer

WASHINGTON (AP) -- Rep. Dan Burton, a brashly partisan Indiana Republican and fierce critic of President Clinton, can't seem to get his inquiry into campaign fund-raising abuses going, no matter how hard he tries.

Instead of causing double headaches for the White House this week with simultaneous hearings on both sides of the Capitol, as Democrats had feared, the Burton probe has only meant double trouble for Republicans.

So far, the House inquiry has born no apparent fruit. And repeated major glitches have subjected GOP leaders to new criticism.

As chairman of the House Government Reform and Oversight Committee, Burton is conducting an investigation paralleling the one by the Senate Governmental Affairs Committee, chaired by Sen. Fred Thompson, R-Tenn.

But Burton's public hearings have yet to begin. more than three months after Thompson gave his into session.

From having his chief counsel quit, to finding his own fund-raising targeted by the Justice Department, to seeing some of his panel's subpoenas served on the wrong individuals, Burton has endured one embarrassment after another.

The latest came Tuesday, on the eve of the scheduled kickoff session.

The three leadoff witnesses the sister of Democratic fund-raise: Yah Lin "Charlie" Trie and two others refused at the 11th hour to testify without immunity from prosecution.

The new delay brought fresh jeers from Democrats.
"I don't see why they're wasting millions of dollars in the House on an investigation that is stumbling along so badly," said Rep. Henry Waxman, D-Calif., the panel's senior Democrat.

The snags have embarrassed House Republican leaders. GOP aides said privately.

Some top Republicans didn't want to entrust the inquiry to Burton in the first place, concerned that he might not be perceived as a fair interrogator.

Burton, 59, took to the House floor in July 1994 to suggest that White House aide Vincent Foster was murdered, not a suicide as investigators had concluded and mortified some colleagues by saying he staged a mock reenactment of the shooting at his home using a rifle and a watermelon.

"I will not go on any witch hunts," Burton promised when he took over the inquiry. "I'm not going to be warm and fuzzy, but I'm going to be fair."

But his inquiry was thrown into turmoil July 1 with the abrupt resignation of John P. Rowley as chief counsel. Rowley said he wasn't given the authority to run a "professional, credible investigation."

It took more than a month to find a new chief counsel, Richard D. Bennett, a former Maryland prosecutor.

Burton's panel issued a short statement Tuesday announcing the new delay and saying he and Waxman were "engaging in constructive discussions on granting immunity to witnesses."

But Waxman said that "before I make that decision, I need to know what the Justice Department thinks about it. ... I don't see any great rush to have these people testify."

Burton himself is under Justice Department investigation after a former lobbyist for the Pakistan government said the lawmaker pressured him to raise at least $5,000 from Pakistani-Americans for his re-election effort.

Burton denies the accusation and called the probe "a retaliatory move by the Justice Department, because I am pushing pretty hard in my investigation."

On NBC's "Meet the Press" last Sunday, Burton likened a
Justice Department subpoena on the Pakistan matter to a reported Internal Revenue Service audit of the taxes of Paula Corbin Jones, who is suing Clinton on charges of sexual misconduct.

Will Dwyer II, a spokesman for Burton, denied that the latest obstacle represented a setback.

With the attention given to the upcoming hearing, the three witnesses "are understandably anxious. They are represented by counsel, so they have made a request," Dwyer said.

Burton has scheduled a business meeting for Thursday, but it was not clear when he would be able to call witnesses.

"Outside the Beltway, the Thompson hearings are not even on the radar screen," said University of Virginia political scientist Larry Sabato. "The problem for Republicans is that the Burton hearings may end up on the radar screen but not for the reasons they want.

"A lot of nonpartisan observers see Burton as a ticking time bomb who could easily be portrayed as being extreme and very partisan. That could totally discredit the whole investigation, if that happens."

EDITOR'S NOTE Tom Raum covers politics and national affairs for The Associated Press.

(17 Sep 1997 01:23 EDT)

For continuous breaking news, see AP Newstream

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In Other News:

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• Burton Funding Probe Seems Jinxed
• Clinton Appeals For Racial Unity
In the Loop of McCarthyite Investigations

By Jonathan Bresnahan

I've long ago, before the current media fad of investigative journalism had even begun, decided that it was a bad idea to try to understand the political forces that move Washington—either in the early 1960s, when I covered Congress for the Washington Post, or in the recent past, when I was a political correspondent for the New York Times.

There are many reasons why it is difficult to understand the political forces that move Washington. One is that the people who make it move are often not willing to share their secrets with the public. This is particularly true when it comes to investigations, which can be very revealing but also very damaging.

The Washington Post's coverage of the Watergate scandal, for example, was highly controversial at the time. The paper's reporters, led by Bob Woodward and Carl Bernstein, were accused of bias and of compromising the integrity of the government. But the Post's coverage ultimately proved to be accurate, and it helped to bring about the resignation of President Nixon.

Another reason why it is difficult to understand the political forces that move Washington is that they are often complex and hard to predict. Even the most experienced political operatives can be caught off guard by unexpected events or shifting political winds.

Finally, there is the problem of distortion and spin. It is easy for politicians and their supporters to spin events to their advantage, and it is often difficult for the public to discern the truth.

Despite these challenges, I believe that it is possible to understand the political forces that move Washington. It requires a combination of careful research, a willingness to question authority, and a commitment to the truth.

Jonathan Bresnahan is a policy analyst at the New America Foundation.
Burton's pursuit of president

ANDREA PIRAL

A great deal more than the Star's 4.5 million circulation and its 900 daily and Sunday editions are at stake.

The Star has always been a part of Burton's life. He was born in Detroit, where he attended public schools, and he has remained close to the community throughout his career.

During his time as editor of the Star, Burton has worked hard to maintain the newspaper's reputation for excellence in journalism.

In 1995, Burton was named as a finalist for the Pulitzer Prize in national reporting for his coverage of the Iran-Contra affair.

Burton's leadership of the Star is widely respected, and he has been praised for his ability to navigate the complex world of media and politics.

From the editor's desk:

Although he is not yet able to share his passion for journalism, Burton remains committed to the Star and its mission to provide accurate and timely news to its readers.

The Star's staff is dedicated to providing the community with the best possible news coverage, and Burton's leadership is a key factor in their success.

As the Star continues to grow and evolve, Burton's commitment to excellence and integrity will remain at the heart of its mission.

The Star's readers trust and rely on the newspaper to provide them with the news they need, and Burton's leadership is a crucial part of that trust.

For Burton, journalism is not just a profession, but a calling. He is dedicated to serving the community with the highest standards of excellence and integrity, and he will continue to lead the Star with the same passion and commitment that has always been his hallmark.

The Star's readers can be confident that under Burton's leadership, the newspaper will continue to provide them with the news they need, and that the community will continue to thrive and flourish.
A wacky politico invades privacy to get at Clinton

WASHINGTON — Webster Hubbell knew the guards were listening to the telephone calls he made from prison. He didn’t care, he says. “I was in prison for 500 days,” the former associate attorney general and Clinton crony recalled yesterday. “People have to realize what a difficult time that was. When you’re in prison you talk to your family and your friends. We’re all trying to communicate with each other.”

Hubbell, serving a sentence for tax evasion and mail fraud, did not realize, however, that his most intimate conversations with his wife and friends were being recorded. Nor did he expect that Rep. Dan Burton, the increasingly eccentric Indiana Republican, would dump these private phone calls on the public record over the years.

Even Burton’s colleagues regard him as a wacky and an embarrassment. In an on-the-record interview with his hometown Indianapolis Star last week, he explained his obsessive pursuit of President Clinton: “This guy’s a s—bag. That’s why I’m after him.”

Unfortunately, Burton is chairman of the House Government Reform and Oversight Committee, and that gives him great power. Last summer he subpoenaed 269 of Hubbell’s prison phone calls for his hearings into campaign finance abuses.

Even prisoners have rights and, in theory, Hubbell’s jailhouse phone calls, which guards monitored for security purposes, are covered by the Privacy Act. In turning them over, the Justice Department noted that Hubbell had a right to privacy and said it understood Burton’s committee would safeguard the tapes. But Burton recog-

A congressman ignores the bounds of decency

nizes no such right — though this is the same Republican leadership that genuinely believed the law it inflicted on everybody else.

Burton’s reason for releasing the tapes? Revenge. Hubbell, he says, “has refused to cooperate with the committee’s inquiry. It is time the American people have access to the same information available to the committee because they have the right to know and weigh the evidence.”

In fact, none of the calls were incriminating. If they were, Burton would already have used them as evidence. But the transcripts are deeply intimate. You can learn the state of Hubbell’s marriage, his interest in the food his family was eating, observations about friends, discussions of family problems.

“It was the creepiest thing I ever did in my life,” says a congressional staffer who listened to some of the tapes. “It’s all so personal, and some of the things said will mortify the people being talked about.”

Rep. Henry Waxman (D-Calif.), the senior Democrat on Burton’s committee, appealed to Attorney General Janet Reno yesterday to intercede with Burton. “Whether one likes Mr. Hubbell, his wife, his family, his friends or his attorneys is irrelevant,” Waxman argued. “They are American citizens and are entitled to the same rights of privacy that all other Americans receive.”

But Burton insists release of the transcripts is appropriate — and he claims fellow Republicans agree with him.

“It’s pretty sad that the Congress thinks that it’s above the law,” Hubbell said yesterday. “This is personal invasiveness. People will see the struggles I was going through.”

No, the transcripts will not expose any wrongdoing by Hubbell or implicate the Clintons in a cover-up. But their release does serve one useful purpose: it shows Burton’s willingness to abuse his official powers to invade a family’s privacy and trample common decency for no governmental reason. He just seems to enjoy being a bully.
Richard Cohen

An Abuse Of Power

One day in June 1996, a former associate attorney general had a conversation with his wife—about food. What should she make for dinner that night? Her husband suggested takeno, but then wondered if there was a "nice pork tenderloin" in the freezer. It turned out there wasn't, and so he recommendend grilled veal. "And lemon butternut and then a light pasta to go with it." As it happened, the former associate Attorney General would not be home that night for dinner. He was in jail.

That conversation between Webster Hubbell and his wife, Sury, was routinely recorded by the government at the Federal Corrections Institution in Cambria, Md. That's where Hubbell, Bill Clinton's close friend, was serving 15 months for rigging his former law partners—the very famous Rose Law Firm. That's where Hillary Rodham Clinton worked.

So you can see that Hubbell is a very important man—was, is and may well be again. But even if he were a nobody, his phone calls from prison would have been routinely monitored but would not have been made public. In fact, the Privacy Act forbids the Justice Department from disclosing these conversations. No such act, though, forbids Rep. Dan Burton (R-Ind.) from doing so. And that, in fact, is precisely what the chairman of the House Government Reform and Oversight Committee intends to do.

Burton's most recent claim to his fame was for calling Clinton a "southern boy." Before that, though, he was best known in Washington for being so sure White House aide Vincent Foster did not kill himself—a multiple investigations have concluded—that he re-entered a shooting in his own back yard. Apparently, he plugged a watermelon—between the pips, as it were—proving God knows what.

Actually, I could fill most of this column with Burton's odyssey. He's pathetic about AIDS, he was a guest of AT&T at the Pebble Beach (Calif.) Pro-Am tournament while the company had business before Burton's committee, and he raises more money in Florida from Cuban Americans than he does in all of Indiana. He is what is known in Washington as colorful—between the ears for odd.

But that's no excuse for the way he has trampeled on Hubbell's civil liberties. If Burton were Fred Thompson, the Tennessee Republican whose own fundraising investigation went from high drama to deep boredom almost overnight, then everyone would be jumping up and down with indignation. Since Burton is "colorful," no one but the committee's Democrats is raising any objection at all.

Hubbell's phone calls to his wife are not of course of the Wall Street Journal. Rep. Henry Waxman of California, the committee's ranking Democrat, has accused Burton of leaking them—and another Hubbell transcript to the American Spectator. Burton won't say how these conversations got into the press, but he has announced his intention to make them all public. This is why the intimate conversations of a man and his wife are now being read by the committee's staffers—some of them with great distaste for their task.

If the conversations suggested that Hubbell had indeed received 300,000 or so to keep quiet about what he knows about the Clintons, then their publication might make some sense. After all, Hubbell made a lot of money for a man about to go to jail—most of it in consulting fees from individuals or firms close to the president.

But what committee staffers have been reading is no way fascinating, just the sort of personal matters between family members that is no business of yours or mine. This appears to be nothing less than an attempt by Burton to pressure Hubbell.

The trouble with the multiple investigations of President Clinton is that, with the exception of Thompson's committee, they seem to be worse than any crime they're looking for. Ken Starr's abuse of prosecutorial power, and his initial reluctance to appreciate how it was wrong to conduct himself as a Republican partisan, are now being matched by Burton's reckless and tasteless behavior. These two guys ought to go after each other.
House Probe of Campaign Fund-Raising Uncovers Little, Piles Up Partisan Ill Will

By MARC LACET

WASHINGTON—The House probe of campaign fund-raising ethics has degenerated into the congressional equivalent of a serial of murky young girls' harrowing subsequent stories.

It's the Democratic fault. No, it's the Republican fault. Did not Did so.

The investigation is degrading itself more for the intensity of its various clashes, which have been frequent, than for its revelations, which have been few and far between.

Recently, Democrats on the House Government Reform and Oversight Committee deposed at Chairman Dan Burton's characterization of President Clinton as a "wreier-aviles on DSK5TPTVN1PROD with HEARING".

NEWS ANALYSIS

"wreier-aviles on DSK5TPTVN1PROD with HEARING" and voted against granting immunity to four witnesses Republicans deposed.

The fight continued last week during testimony from a convicted bank president who was released from prison for the day so that he could explain his connection to $50,000 in allegedly illegal Veterans contributions made in 1992.

Rep. Henry A. Waxman (D-Los Angeles), the top Democrat on the panel, took Burton to task for his role in the inquiry and for his broken promises to the committee.

"At this rate, Mr. Chairman, it will be sometime in June that we expect we will be hearing on the 1980 campaign and taking testimony on whether President Reagan stole the election," he said.

Despite having a Curry of 600 subpoenas, committee witnesses have largely run into dead ends and, after dead end, the same thing that happened in previous hearings. Before Burton, the committee's reaction to witnesses was to ask Burton to testify more, and to seek witnesses who would yield information that the committee could use.

"The committee has run into a stone wall of stonewalling and obstruction," he said.

To make it worse, Burton's aides erected a muck wall in the committee room featuring photographs of various officials who had testified to the 8th Amendment or not-compliant with investigation orders. The committee's strategy was to make Burton a witness whenever they could, as a way of demonstrating how strong the committee was, and to make Burton's testimony less effective than it would be.

"I see no sense in doing this as a way of getting at the truth," Waxman said.

"What [Democratic] post-talk this investigation, it is a joke," Burton replied.

The committee's strategy to make Burton a witness was a failure. A number of witnesses, including Burton himself, did not appear before the committee. The committee's strategy was to make Burton a witness whenever they could, as a way of demonstrating how strong the committee was, and to make Burton's testimony less effective than it would be.
Abroad at Home

ANTHONY LEWIS

Slime on the Right

BOSTON

If there has been a slender political act in Washington in recent decades, I do not remember it. Representative Dan Burton, Republican of Indiana, retrieved depths of degradation in publishing transcripts of telephone conversations that Webster L. Hubbell had, from prison, with his wife, friends and lawyers.

The Federal Bureau of Prisons tapes prisoners' calls to guard against threats to security. Its regulations forbid disclosure of their contents as does the Privacy Act.

Mr. Burton, chairman of a House committee that is investigating campaign finance, subpoenaed the Hubbell tapes. He said he needed them to pursue an inquiry into whether Mr. Hubbell had been paid hush money for silence. But he edited out exculpatory remarks by Mr. Hubbell, including a denial of the hush-money notion.

In turning the tapes over the Justice Department said, "We understand the committee appreciates [their] sensitivity and will safeguard them accordingly." Mr. Burton ignored that, an aide explained, because "the American people had a right to know what happened." The real purpose was of course to smear Mr. Hubbell's friend, President Clinton.

Dan Burton once fired a bullet into a melon to prove that Vincent Foster did not commit suicide. He is a fanatic ready to believe, and propagate, anything that will hurt the President.

When Hillary Rodham Clinton said that her husband was the longtime target of "a vast right-wing conspiracy," the was much mocked. The word conspiracy evokes the unlikelier picture of men plotting in secret meetings. But no one can doubt that there are many people and institutions on the political right dedicated to destroying Bill Clinton. Like Dan Burton, they need no instructions from a conspiracy.

Richard Mellon Scaife reportedly funneled $2.4 million through a right-wing magazine, The American Spectator, for what was called the Arkansas Project. It was a secret operation to find evil about the President — to invent it, like the tale that he helped to fly drugs in through an airport at Mena, Ark.

Kenneth Starr's principal deputy in Little Rock, W. Mark Feltman Ewing Jr., was the subject of a recent profile by Jeffrey Toobin in The New Yorker. His record, and his own words, portray a prosecutor who sees himself as the sword of God and who has declared, as Mr. Toobin put it, "that the President and his wife are crooks." Kenneth Starr, the Whitewater independent counsel, is not in the financial category of a Burton, Scaife or Ewing. But he has gone very far in his effort to find something that he can report to the House of Representatives as a possible impeachable offense by the President.

Last week Mr. Starr had a grand jury indict Webster Hubbell on numerous charges, principally obstructing tax administration. Mr. Hubbell's wife, accountant and lawyer were also indicted.

"That's very hardball," a U.S. attorney in New York under President

Anything goes for Clinton-haters.

Bush, Otto G. Obermaier, said. It is unusual to bring a criminal rather than a civil case on such tax matters, and this was brought without the customary review by the Justice Department and the Internal Revenue Service. Mr. Starr hopes to pressure Mr. Hubbell into saying damaging things about President and Mrs. Clinton.

Mr. Starr is trying, for the first time in our history, to make secret Service agents who guard the President testify about his personal life. He is taking that dangerous step in hopes of getting evidence that Mr. Clinton lied about a sexual relationship — lied in a deposition found to be immaterial, in a civil case that has been dismissed.

President Clinton has made what I regard as grave mistakes of policy, and he may have done private wrongs that are the subject of so much innuendo. But the behavior of his enemies seems to me — and I think to much of the public — far more dangerous.

At his press conference last week one reporter asked the President about his "moral authority." They might start asking about the moral authority of Dan Burton, Richard Mellon Scaife and the other haters. And they might start thinking about what will be left of our constitutional balance on Jan. 20, 2001, when Kenneth Starr will presumably step haunting the Presidency.
Rules of Congress, Truth Be Damned

Dan Burton's release of Hubbell tapes should be grounds for taking him off the inquiry.

That Rep. Dan Burton (R-Ind.) might have a screw loose is not news. But the fact that the media fall for his inflammatory attacks on the president and printed his dishonestly edited fragments of the Watergate Hubbell tapes is.

Why weren't the media more skeptical of the selective leaks by Burton, who has been using his chairmanship of the House Committee on Government Reform and Oversight to randomly smear the president? How could anything Burton does be taken at face value after his recent黔岑one outburst in which he called the president of the United States "a second-rate" and added, "that's why I'm after him."

But last week, Burton captured headlines when he released deceptively edited transcripts of private conversations between Hubbell and his attorneys, accountant and wife, recorded in a federal prison. For example, in one excerpt, Hubbell seems to be authorizing a White House pardon, but in the full context, he is referring to an agreement with Kenneth Starr. That and other distortions were revealed by Henry A. Waxman of California, the ranking Democrat on Burton's committee.

Waxman points out that Burton has no authorization from the committee to release the document. Nor has Burton convened a meeting of the subcommittee that governs the release of documents, which committee rules require him to do. Indeed, it was not until Friday evening that Democrats on the committee received a copy of the portions of the transcript that had been released to the media.

The edited transcript made news because it seemed to contain a smoking gun proving the allegation that the White House had intervened with Hubbell to ensure that he not implicate the Clintons in his troubles. Those troubles stemmed from Hubbell's overbilling clients while at the Rose Law Firm, where Hillary Rodham Clinton also was a partner. Hubbell had been considering a lawsuit against his former partners and in the transcripts released by Burton, it was implied that Hubbell held off from suing because it would embarrass Hillary Clinton.

However, what was edited out of the transcript and withheld from the public enraged the first lady. Hubbell mentions that some partners would be vulnerable if
It's time to say, 'Bye-bye, Rep. Burton'
Marianne Means
Hearst Newspapers


Like a buzzard in a flock of pigeons.

The Republican chairman of the House Government Reform and Oversight Committee has blown it. The possibility of winning public confidence in the credibility of his investigation is now down the tubes.

When he called President Clinton a "scumbag" whom he was "out to get," Burton did not exactly reassure voters that he is fair-minded as he looks into a wide range of thus-far-unproved allegations that have already been largely examined with inconclusive results in Senate hearings.

But Burton's latest outrage is the doctoring of tapes made from former Associate Attorney General Webster Hubbell's phone calls from prison. What was cut out were Hubbell's comments denying that he took hush money and defending his former law partner, first lady Hillary Rodham Clinton. "She never paid any attention to what was going on," Hubbell says in the deleted portion.

It was mean and unethical to release any part of Hubbell's private conversations with his wife and lawyer in the first place. Such a gross violation of Hubbell's privacy was technically legal for a House committee but normally would not be allowed outside a courtroom setting. Hubbell is a convicted felon and may have been a massive tax cheat as well, but that does not justify kicking him this way.
Editing the tapes to alter their meaning and generate a false impression is truly beyond rational comprehension. It was not only despicable - it was stupid. Did Burton think no one would notice or care?

This is the last straw in a long line of partisan excesses that demonstrate Burton's unfitness for his leadership role.

It is a bad joke for an irresponsible incendiary like Georgia's Rep. Bob Barr to call for Clinton's impeachment on the basis of little but partisan hatred. But when a chairman with the power to harass an entire administration with his subpoena power displays similar vindictiveness, it is intolerable.

This is not supposed to be the American way.

House Speaker Newt Gingrich, who has recently become more aggressive himself in verbally convicting Clinton of the unproved allegations, has been nervous about Burton's stability and probity all along. He knows Burton's reputation for nutty conspiracy theories, making accusations against others that he cannot substantiate, and dubious fund-raising practices. Burton has been accused of trying to shake down a lobbyist and of improperly accepting illegal campaign contributions.

But Gingrich has not publicly interfered despite months of inappropriate Burton remarks and of committee stumbling with inept treatment of witnesses, staff turmoil and investigative blank walls.

The speaker, however, may now be poised to take away some of Burton's investigative powers in this matter, if not all his authority. He may transfer Burton's stalled effort to win immunity for four witnesses, blocked by committee Democrats, to another committee with a larger GOP majority that could overrule the Democrats. So far it does not appear to be a move to dethrone Burton altogether.

But Gingrich should move quickly to pull the plug on Burton's inquiry and shift the party's attacks on Clinton to a more responsible leader. The oversight chairman has become an embarrassment to the Republicans, and his committee is accomplishing nothing except wasting taxpayer money.

A new U.S. News and World Report survey reports that 44 percent of those queried believe the Washington political scandal scene is the result of efforts by the president's enemies to discredit him.
But 16 percent believe that the turmoil stems from efforts by Clinton to cover up legitimate legal problems.

Only 5 percent have it about right, which is that both political motivations are at work here.

If there is ever to be some public consensus that will permit a politically acceptable resolution to the vast, lumpy mess that is Whitewater-Lewinsky, somebody has to bring a bipartisan coloration to the proceedings. Nobody is interested in doing it yet. But at least the worst offenders should be shut up, starting with Burton.

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Low tide for national leadership

The speaker of the House and the President of the United States, the two top official leaders of the elected branches of our government, apparently have decided to compete for the distinction of doing the most to degrade and diminish the high offices they hold.

Nothing else can explain the vapid rhetoric in which Newt Gingrich and Bill Clinton indulged last week. They are both too intelligent to be acting inadvertently in such a regressive manner. Indeed, both claim to have reduced long and hard before uttering the words that shamed them — and the nation.

History will judge why it is that the first of their generation to reach the top of the legislative and executive branches should act in a way that inflicts such damage to the credibility of the government they lead. A journalist can simply record — and analyze — this country's state of affairs.

In Gingrich's case, he returned from an Easter vacation book-promotion tour on which he proclaimed that through trials and errors in his first three years as speaker, he had achieved something akin to wisdom and maturity.

The self-proclaimed growth of 54-scored hardly to make up another blunder that occurred too late to make his book deadline — his crude efforts to bully campaign finance legislation. Faced with a rebellion led by conscientious freshmen of both parties, he retracted and offeredcaled an acquiesce to a real debate later this month.

Returning from this setback, he got on his moral high horse about the refusal of every Democrat on the House committee investigating Clinton's 1991 campaign scandal to offer immunity to four witnesses. Attorney General Janet Reno said the Justice Department had no objection to the testimony under the grant of immunity.

The Democratic leadership thus found itself in the position of having to choose between the president and the committee chairman, Rep. Dan Burton of Indiana, whose latest display of judicial temperance was to call the President of the United States a "scumbag." In "agewater," Gingrich, who has given Burton more support than he deserves, had every right to intervene. But instead of moving inside the House to settle the committee feud, he went to the most partisan of shrines — a rally of GOPAC supporters — and said it was "undermining the laws of the United States" and dismissive "the most systematic, deliberate obstruction of justice covets we have ever seen in American history.

Gingrich vowed to keep up the assault at every speech and so far has kept his word. That was the man who must deal with the President on every important issue involving the White House and Congress has made himself Clinton's chief accuser. The man who will receive any report from independent counsel Kenneth Starr and who must command enough trust from the public and both parties to order proceedings that might lead to the impeachment of the President.

As for Clinton, who offered the nation its first full-scale press conference in four months only to say at least 17 times, "I can't" or "I won't" answer questions stemming from the charges against him, he revealed himself as an enforcer consumed by self-pity and consumed by his own convenient conspiracy theories.

The consequences of his refusal — or inability — to clear up the many unanswered questions about his relationship with a White House intern were evident during the drubbing but not important interruption. He has restored himself silent, not just on the facts of the case but on the more important institutional questions stemming from it. He is restoring himself on every question touching on the credibility of his office and the corrupting effect, caused by his systemic evasion of responsibility.

The ghosts of Washington and Lincoln must have cringed when Clinton was asked, "Does it matter if you have committed perjury or, 'beaten the law' and he replied, 'I'm in some ways the last person who needs to be having a national conversation about this.'

So much for leadership by example. And for total moral blindness, how about Clinton's voice-repeated claim that it is his critics who "can affect my reputation. . . . that they can do nothing to affect my character?" Which is not once — in a full hour did he acknowledge that his own actions may have shaped his reputation and revealed his character.

A question for a future history room: Explains at whatever length you need, how the hell the United States wound up with such a pair of leaders.

David Broder is a columnist for The Washington Post.
The Republicans’ loose cannon

The Star-Ledger
THE NEWSPAPER FOR NEW JERSEY

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The Republicans’ loose cannon

John Farmer

The Republicans’ loose cannon

If you were erecting a statue to the current Congress that captured its pet ballpark, you couldn’t find a more fitting model than Republican Rep. Dan Burton of Indiana. Burton’s latest misadventure was his decision as chairman of the House Government Affairs and Oversight Committee to make public hours of taped telephone conversations between an imprisoned Webster Hubbell and his distraught wife, Suzie. Like a true politician, Burton went out not only to win the battle of the tapes but to sidestep the controversy.

For Burton, the misadventure was his most recent in a series of missteps that have damaged his reputation. Democrats have long pointed to Burton as a political roadblock to the investigation of President Clinton’s Whitewater business dealings. But the latest episode has only added to their concerns.

Burton, a former prosecutor, has a reputation for aggressive investigation and has been involved in several high-profile cases, including the Whitewater investigation. But his latest actions have raised questions about his judgment and his commitment to the rule of law.

The tapes, which were taken in the days following the 1994 midterm elections, reveal a series of conversations between Hubbell and his wife. Burton released the tapes without the knowledge of the Justice Department, which had been monitoring the case for months.

The move has sparked outrage from Democrats, who have accused Burton of trying to undermine the Justice Department’s investigation. Burton has defended his actions, saying that the tapes were a matter of public interest.

But the move has also raised questions about Burton’s role in the impeachment proceedings against Clinton. Burton, a leader of the House Republicans, has been one of the most vocal critics of Clinton, and his actions have been seen as an attempt to undermine the investigation.

Despite the controversy, Burton remains a powerful figure in the House, and his actions will likely have a significant impact on the course of the impeachment proceedings. The question now is whether Burton’s actions will have any impact on the ultimate outcome.

John Farmer is the Star-Ledger’s national correspondent.
Accuser caught in his own trap

W. Initiative Hubbell, the former Arkansas governor who once served as a top Justice Department official, is not accused of any wrongdoing in a lawsuit brought by a businesswoman who claims he coerced her into a compromising romantic relationship.

Hubbell, who spent 17 months in prison for stealing tax shelters and facing prison for his role in the Whitewater land deal, was pressuring the woman to go on a trip with him. She said he repeatedly asked her to lie to investigators to protect him.

But the woman, who is now a businesswoman who owns a restaurant chain, said Hubbell repeatedly asked her to lie to investigators to protect him.

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You Want a Non-Partisan Investigation? Don’t Get Burton

By Robert G. Becker

WASHINGTON

Bill Clinton didn’t have Rep. Dan Burton (R-Ind.) in the House, he would have to invent him. Talk about a gift that keeps on giving.

Burton, as the GOP chairman of the Government Reform and Oversight Committee, which is investigating charges against the Clintons, ranging from campaign-finance violations to Monica Lewinsky,

Two weeks ago, Burton decided to release highly redacted transcripts of taped telephone conversations by Webster L. Hubbell, former Justice Department deputy attorney general and former law partner of Hillary Rodham Clinton. Hubbell made the calls (we knew they were monitored) from a phone while serving 18 months for overseeing the Clinton family’s failed Whitewater enterprise.

As first thought, the transcripts were damaging to both Hubbell and the Clintons. Burton’s transcripts, however, had several intended and unintended mistakes involving key words, including a reference to the “ lining” and “inside” of the Continental Airlines. Several years ago, the Continental Airlines was accused of fraudulently issuing money to the Clinton-Gore 1996 restoration campaign. After reviewing the tapes, it is clear that “ lining,” “inside” and “inside” is what was said.

When confronted with these discrepancies, Burton estimated he had left out crucial parts, including a section in which Hubbell specifically said he did not believe Hillary Clinton knew anything about his Whitewater-related problems at the state firm. Burton didn’t find this relevant, but he did think the public needed to hear Hubbell confronting his daughter on a personal matter. Is any more proof needed of Burton’s motives?

This is the same Burton who tentatively told the Indianapolis Star that he is “going after” the U.S. president, because Bill Clinton is a “strategist.” The same Burton who called for the use of nuclear weapons against Iraq. The same Burton who called for universal tests for AIDS.

But none of these actions have made him popular in Congress.

On the Senate floor, the House Republicans voted 247-167 in support of the impeachment of President Clinton. Burton voted against the resolution. He also later voted against the resolution to censure the House committee chairman.

I am not a Democratic political operative, and I am sure my motives are beyond dispute.

Robert G. Becker, a Democratic political operative, was the campaign manager for Walter F. Mondale in 1984.
By midweek, the investigation was underway. Republicans want to get the whole thing in the hands of Speaker Henry J. Hyde, chairman of the House Judiciary Committee. Hyde is welcomed by most Democrats and he’s the boss. But Hyde must wait for Kenneth W. Starr to submit a report, since the special prosecutor law specifies that information that may lead to impeachment proceedings against the president must go to the Judiciary Committee. So Hyde must, for now, remain on the sidelines.

The Democrats would have to keep the inquiry in Burton’s hands. But not only does he seem incorruptible, but the leading Democrat on the committee is Rep. Henry A. Waxman (D-Los Angeles), one of the Democrats’ toughest pit bulls. It is often said, if you want one dog in a fight, get it be Henry. He is steering the GOP nuts with his mastery of committee rules, has a united group of Democrats on the panel and, most important, has an ability to play to the cameras. Remember, this is the same Waxman who brought the CEOs of the major tobacco companies to their knees. If Waxman can beat Big Tobacco, little Dan from Indiana is a piece of cake.

Since the Burton committee is split, 25 Republicans and 18 Democrats, Waxman has succeeded in denying Burton the chance to testify. 

For Clinton, Burton is a gift that undercuts the president’s unbelievable run of good fortune. Sure, he and his people may be counting on damage control, but let’s face it, luck has had a lot to do with Clinton’s success so far. If you go after a president, you need people of the stature of a Sen. Howard Baker or a Sen. J. Bryan Jr. during Watergate, or a Sen. Fred Thompson (R-Tenn.), whose Senate hearings on campaign finance are looking more and more high-minded.

The stakes are all this is huge and require huge figures to handle facts in a way that is seen by the public as fair, thorough and unbiased. That may well happen, if this all ends up in the hands of Hyde, literally and figuratively a huge man. For Clinton, Burton is a dream, but Hyde could prove a nightmare.
ON THE HILL

HOUSEBROKEN

By David Grant

On a recent Wednesday night, as most congressional staffers were finishing their work, four of Dan Burton's aides on the Government Reform and Oversight Committee were just beginning their biggest chore. Carrying eight heavy chunks of corkboard, a box of photos, and tape, they headed into Rayburn House Office Building Room 2154, where the committee would sit for a hearing on alleged illegal foreign campaign contributions. On one side of the room, the aides taped piece after piece of painted corkboard together until their vision materialized: a mock stone wall measuring six feet by 30 feet. Next came the photos—big glossy shots of Democratic contributors who had fled the country or invoked the Fifth Amendment after being subpoenaed by the committee. In the middle, the staffers stashed a special spot for the biggest photo—a picture of President Clinton. "It's perfect," thought one aide. And, indeed, in the quiet of the evening, the wall seemed like just the thing to jump-start a probe that, after six months and more than $2 million, had yet to confirm any of the allegations against the president and, according to members on both sides of the aisle, had become a parody of the democratic process.

But then the hearing began. Eying the wall, Democratic Representative Paul Kanjorski of Pennsylvania asked for a point of information: "Is this evidence of a grant from the National Endowment for the Arts, and if so, who is paying for it?"

"You can research that," Burton mumbled—which several Democratic aides vowed to do. Trying to recast the hearing as an important business, he asked, "Whether to grant immunity to four individuals in exchange for their testimony—the Indiana Republican pointed to his creation and declared: "There has never been a congressional investigation that has faced this kind of stone wall... Look again at that wall I call it a wall of shame!" I see in the back of the hearing room, looking at the wall, in the light of day, it seemed more like something from an Ed Wood set. I had come not for any noble journalistic purpose but rather to witness for myself what had become the equivalent of a congressional car accident—something to laugh at on the way to work—and to glimpse what might happen if Congress actually tried to impeach the president. The committee's few public hearings had become legendary not for their substance but for their sidebars.

Last October, for instance, Ileana Ros-Lehtinen, a Republican from Florida, broke out in a ditty to the tune of "Copacabana:" His name was Jorge. Jorge Cameiro.

They say he ran a little cake
And he had good cigars to smoke.

That same day, someone from the Democratic National Committee paraded through Rayburn dressed as a pumpkin, wearing buttons that said "don't shoot" in honor of Burton's other great prop: a "beastlike" object, which the former insurance salesman had plugged with a bullet in his backyard to determine whether Vince Foster was murdered. Even before that, things had already deteriorated: The committee had accidentally subpoenaed citizens whose only crime was that they had Asian last names; the chief Republican counsel had quit, citing his colleagues' unprofessional conduct; and Speaker Newt Gingrich had assigned new members to the committee simply to keep an eye on Burton, who was being investigated by the Justice Department for allegedly shaking down a lobbyist for campaign contributions. His minders didn't seem to help: Two weeks ago, in an interview with The Indianapolis Star, Burton called the president of the United States a "scumbag." In response, Democrat Henry Waxman, with his black
mustache and boohish spectacles, was now calling the
chairman's recent conduct "vile" and "reprehensible"
and demanding an investigation of the investigator. "Mr.
Chairman," he said, "in listening to your statement,
there are so many mistakes, inventions of facts, untruths.
I really don't know what to make of it... it seems to me
your whole thought process is unraveling."

Staring forlornly at his wall, Burton refused to apolo-
gize. Then, as the panel's other members debated the
cynology of "scumbag," four schoolgirls in red baseball
caps sat down in the front row to watch democracy in
action. This is what they heard:

Burton: "We will enter a letter from the Justice De-
partment into the record without objection—"
Kanjorski: "I object!"
Waxman: "So do I!"
Burton: "You object to having this letter—"
Kanjorski: "I've lost confidence in anything you ask..."

Then came a debate over the amount of time each side
had to debate. "The clock will start now," said Burton.
"How can the clock start now?" asked Waxman. "I
made a point of order."

"The chair rules that the point of order is out of
order," said Burton.

Another congressman, looking on dumbfounded,
declared: "This is the Congress of the United States!"

Although I couldn't hear him, it was then, according
to people present, that Burton leaned over and called
Waxman a "prick." (Burton's office admitted he had
previously used the word "scumbag," which it said was
Midwestern plain-speaking, but denied ever using
"prick," which was not.) Meanwhile, California Repres-
sentative Chris Cox, one of Burton's minders who appar-
ently hadn't heard the "prick" comment, continued to
focus on Burton's original taunt. "Reprehensible," he
claimed, was "essentially a five syllable word for scum-
bag." Democrat Edolphus Towns said he was tired of
all the name-calling. "But," he added, looking at his
GOP colleagues, "you act as if all the name-calling is on
the minority side... I think a lot of name-calling is
on the majority side, starting with the chairman who is
the biggest name-caller of all. He used the word 'scum-
bag'; that's a big name."

No bigger than "vile," charged GOP Representative
Mark Souder, who had dispatched one of his aides to
find a dictionary. According to Webster's, he said, "vile"—
the word Waxman used—"means morally base or evil,
wicked, depraved, sinful, repulsive, disgusting, cheap,
worthless, degrading, low, and mean." Major Owens, a
Democrat from New York, added his own word to the
list: "feciis," which is what he believed they were now all
mired in. "I hope somehow that the children of America
are not watching this," he said, as the four little girls
looked on, crossing and uncrossing their legs.

Finally, after more than three hours, Congressman
Tom Davis said he felt like taking a shower, and the meet-
ing adjourned just as it had started: deadlocked. On his
way out, Burton glanced at his wall of shame, already
being dismantled. "Maybe we can use it next week," one
of his aides said later. "It really was a good prop."
Exhibit 5
Roll Call

November 14, 1996

Burton Promises to Put Partisanship Aside in Role as Oversight Chairman

By Ed Henry

During President Clinton's first term in office, Rep. Dan Burton (R-Ind.) mentioned everything from the suicide of Vince Foster to the spending habits of Socks the cat in the Oval Office. Burton turned the blame of controversy by saying "there are questions that lead one to believe that the body was moved." He picked on Socks by firing off a letter to President Clinton demanding to know how much the White House spent to respond to the First Feline's mail.

Earlier this year, a scene that Rep. Henry Waxman (D-Calif.) called "Shoes McCandless," Burton held up a sheaf of documents at a Judiciary hearing that he said revealed that White House aide Craig Livingstone had "sold numerous kinds of drugs in the past."

Burton has also alleged that "dealers may have been committed," in the White House's handling of FBI files, and he accused a Democratic member of the Government Reform and Oversight Committee of "breaching" a female staff during a continuous committee session.

Last year, Burton rapped Clinton's handling of foreign policy by saying, "I don't know what the hell he's doing. He's off the wall."

But now that Burton is in line to chair Government Reform and Oversight in the 105th Congress, he insists that he will give Clinton a fair shake during his second term in office.

"As chairman I have to be an non-partisan as possible," Burton said in an interview with Roll Call this week. "I have to be as fair as humanly possible, which will be a surprise to a lot of people."

Burton said he agrees with House Speaker Newt Gingrich's (R-Ga.) recent declaration that while House Republicans must conduct oversight, they can't let it "absorb everything else."

"I don't think the American people want us to legislate things out indefinitely," Burton said. "I don't plan to go on any witch hunts should I become chairman. ... Where there is strong reason to think there's wrongdoing, it will be incumbent upon me as chairman to investigate. But we will try to do it as fairly and capably as we can."

But even some Republicans are skeptical of the kinder, gentler Burton.

"I'm sure he wants to make a good first impression, but that doesn't take away from his natural inclinations," said one GOP Congressional investigator. "The big fear is that the Neanderthal wing of the party is going to take over the investigative process of Congress, and Burton certainly represents that faction."

This GOP investigator added, "There is an enormous burden of proof that he has to overcome. Seeing is believing."

Burton dismissed speculation that the Continued on page 19
Partisan Warrior Tries to Recast His Rough Image

Continued from page 3

House Republican leadership will support a more moderate candidate for the chairmanship out of fear that Burton’s penchant for overzealousness will undermine their scrutiny of Clinton.

While Burton is the most senior Republican on Government Reform, a series of moderates — Reps. Dennis Hastert (R-Ill.), Connie Morella (Md.), and Christopher Shays (Conn.) — follows him in seniority.

"Every indication I have from the leadership is that there will not be any problem to me becoming chairman," said Burton, who said he discussed the topic in a recent meeting with Gingrich. "It has to be ratified by the Conference, but I haven’t had any indication [of a challenge]. I don’t see any problem at this point."

A GOP aide said the leadership could not bypass Burton, who has the most seniority on Government Reform, because of his ties to conservatives. The aide said that the 70-member Conservative Action Team, a caucus head by Burton, "would go ballistic" if Burton were denied the chairmanship.

Burton said that in his meeting with Gingrich, he asked for more committee funds to investigate the Clinton Administration because the current staff has been working 15-hour days trying to keep up with the probes of Travelgate, Filegate, and other matters.

"If we expect them to do their job adequately, we need an adequate number of people and resources to get the job done," said Burton, who said he would give Burton his "certainly request it."

Burton said he mentioned to Gingrich that the staff was overburdened, and the Speaker said he would look into providing more funds. "I told him I hope he would give us a hand because people are working their tails off," said Burton.

But Burton said that more money doesn’t necessarily mean more harassment of the Clinton Administration. "If we get cooperation from the executive branch, we will be over these things quickly," said Burton.

In the interview, Burton pointed out several times that in the 104th Congress he has been fair both as chairman of the Western Hemisphere subcommittee and when he has presided over House debate in the Speaker’s chair. He said his critics fail to acknowledge that he understands the difference between his role as a leader and as a partisan attack dog delivering a speech on the House floor or at a committee hearing.

"It’s not that I have a split personality," said Burton. "Do you remember [the late House Speaker] Tip O’Neill? I debated him on the floor one time and he came down on me with a mean cleaver. But when he was in the Speaker’s chair he tried to be as fair as he could while being a Democratic leader. When I go to the floor or a committee hearing, I think I ought to tell my colleagues what I think as the representative of 600,000 [constituents]. But as chairman of the committee, I’ll do my dead level best to be fair."

Nevertheless, Burton’s critics say you have to watch his actions — not his words. One of Burton’s investigators will be David Bossie, who dug up allegations against Clinton for GOP activist Floyd Brown, architect of the controversial Willie Horton TV ad used during the 1988 presidential election.

In the 104th Congress, Bossie served as an aide to Sen. Lauch Faircloth (R-N.C.) on the Special Whitewater Committee. The probe by Sen. Alfonse D’Amato (R-N.Y.) has been roundly criticized for its partisanship, and at one point during the committee’s work, Brown sent out a fundraising letter boasting about the fact that one of his men was directing the investigation.
Burton Admits Aide Leaked Huang Records

By Ed Henry

Newly elected House Government Reform and Oversight Chairman Dan Burton (R-Ind) is under fire from fellow Republicans after one of his top aides improperly leaked the confidential phone logs of former Commerce Department official John Huang.

Burton confirmed to Roll Call on Friday that aide David Bossie had leaked the records to the media. Several top GOP aides said Bossie's activities cast fresh doubt on whether the new chairman will investigate the Clinton Administration fairly in the 105th Congress.

Burton insisted that he had been unaware of the action taken by Bossie, a well-known anti-Clinton activist who will be Burton's chief investigator at Government Reform starting in January.

"He released information on Mr. Huang's telephone records without my knowledge or approval," Burton said in a prepared statement to Roll Call. "I have told him in no uncertain terms that I do not allow my staff to release any information, including documents, without my approval, and that I do not expect this to happen again."

Commerce Department officials recently turned the phone logs over to Congress.

Continued on page 17
New Gov't Reform Chairman Comes Under Fire After Aide Leaked Commerce Phone Logs to Media

Continued from page 1 to the House International Relations Committee, where he is pushing for a law authorizing the Department of Homeland Security to track the whereabouts of illegal immigrants. A House Intelligence Committee study found that the information was used by intelligence agencies to track illegal immigrants and terrorists.

Congressional officials said that the documents were released on behalf of the Democratic National Committee (DNC), which has been investigating the leak.

The documents allegedly contained political opposition research and campaign strategies for the 2016 presidential election. They were leaked to the media by a DNC employee who was promised a $100,000 bounty if the information was published.

House Majority Leader Kevin McCarthy (R-CA) said that the leak was a violation of the rules and that the Department of Justice should investigate.

"This is a serious breach of trust that must be investigated fully," McCarthy said. "We are working with the Department of Justice to ensure that those responsible are held accountable."
POLITICS

BURTON: DEMOCRATS WON'T GET ONE-THIRD OF BUDGET FOR PROBE

The partisan battle over the House's campaign finance investigation heated up yesterday with Government Reform and Oversight Chairman Dan Burton, R-Ind., indicating that Democrats were unlikely to get the one-third of the committee's budget for the probe that they are demanding.

Ranking Democrat Henry A. Waxman, Calif., sent a letter to Burton in which he charged that Burton violated House rules by preparing a committee budget without consulting the minority. Burton later said his $16.2 million committee budget request did not include funds for the investigation.

That "is going to be a supplemental that I will bring before the [Government Reform] Committee next week," he said. Burton said he had not yet decided how much more to ask for, but he called the $16.2 million "totally inadequate" for the 500 people Burton plans to question, spread across six countries.

Burton said Democrats will get more than the "19 percent to 20 percent" that he said Republicans received when they were in the minority on the panel. But he was cool to the suggestion that Democrats get one-third of the investigation's funds -- the level they have requested and the amount their counterparts in the Senate would be given.

Burton yesterday also met with FBI Director Louis Freeh to talk about "relevant issues." Though he declined to detail the conversation, Burton said he "asked Freeh questions about parts of the investigation" and he was "confident that he will cooperate with us."

Burton appeared at a news conference with Jon D. Fox, R-Pa., and others who have introduced a bill (HR 636) that would prohibit the use of the White House to reward political contributors and also limit fundraising on White House and executive office grounds.
March 9, 1997

Congressman Open to Shots Over Ethics of Golf Date

By DON VAN NATTA Jr. with CHRISTOPHER DREW

WASHINGTON -- Ever since he was a boy, Rep. Dan Burton dreamed of playing golf in the Pebble Beach National Pro-Am Tournament in California. After 16 years in Congress, Burton finally got his wish in January, thanks to an invitation from its sponsor, AT&T, which also sponsored a fund-raising dinner for the Indiana Republican at a Pebble Beach restaurant.

The golf outing came three weeks after Burton became chairman of the House Committee on Government Reform and Oversight, which has jurisdiction over the agency that will soon award at least $5 billion in long-distance and local telephone and telecommunications contracts with the federal government.

It also happens to be the committee that is leading the House investigation into Democratic fund-raising practices in 1996, to determine whether the Clinton administration took favors and money from big donors who stood to profit from federal policy-making.

Burton acknowledged that his golf outing left him open to criticism and that his hosts might have been interested in his influential position. But he said, "I tell you right now, I would not sell my vote for anything and second, I would not sell it for a couple rounds of golf," he said.

But advocates of reducing the role of campaign contributions in elections criticized Burton's participation in the tournament, saying it raised questions about his judgment while his committee is leading that inquiry. They characterized it as a particularly jarring example of how corporations curry favor with congressional committee chairmen, whose decisions can affect millions of dollars in revenue.

More than once, Burton said, he sought an invitation from AT&T, the sponsor
of the celebrity-studded tournament since 1986. Burton, who has served on the committee since early 1995, said the corporation finally invited him last August.

"Over the past several years, whenever I talked to anybody at AT&T, I told them that if they ever had a chance, I'd like to play in that tournament," said Burton, who was the only congressman to participate in the tournament this year. "Since I was a kid, I've always watched it and wanted to play in it."

On the eve of the tournament, Burton also played a practice round with AT&T chairman and chief executive Robert Allen at the nearby Monterey Country Club.

The golf invitation to Burton was part of a larger effort by AT&T to cultivate an array of government officials involved in controlling the phone contracts, including top officials of the General Services Administration, according to interviews and internal AT&T documents obtained by The New York Times.

Fred Wertheimer, president of Democracy 21, a public policy group and a leading advocate for change in campaign financing, said, "Representative Burton is supposed to be investigating the use of political money to buy White House access and influence and, at the same time, he is out playing the influence-money game himself."

"This not only undermines his credibility," he said, but it also may explain why the Republican leadership is opposing investigations into Congressional uses of political money.

Burton defended his participation in the tournament, saying it would not affect his objectivity when dealing with telecommunications issues. AT&T has 60 percent of the current long-distance contracts with the government, which expire in December 1998, and are worth an estimated $500 million a year. Sprint Corp. has the other 40 percent.

In the next round of phone contracts, AT&T, the Baby Bell regional telephone companies, Sprint, MCI Communications Corp. and other companies will compete for the federal phone contracts into the next century.

But at the same time, Burton acknowledged that some might raise questions about his participation, particularly because he has been a vocal and frequent critic of President Clinton, accusing him and other Democrats of brazenly selling access to the White House in exchange for campaign contributions.

"I presume they were interested in me because of my position," Burton said of the AT&T executives who arranged the invitation for him. "If I thought that in any way it would have influenced me, I would not have participated in the tournament."

Burton said that AT&T did not pay for his trip to the golf tournament, which ran from Jan. 29 to Feb. 2. He said he personally split the total cost with his re-election campaign funds. He used some campaign funds to pay for his trip
because he attended three fund-raising events while in California, he said.

The congressman recalled that the AT&T-sponsored fund-raising dinner at a Pebble Beach restaurant was attended by 25 or 30 people, most of whom were executives and lobbyists for AT&T. AT&T's political action committee also contributed $2,000 to Burton's re-election campaign fund, he said.

"This is a very big contract, and I do not take this responsibility lightly," he said of his legislative role. As an example of his independence, Burton pointed to the fact that he voted against several provisions that AT&T had wanted in the Telecommunications Act of 1996.

Because AT&T did not pay his air fare, Burton insisted that his participation in the tournament did not violate the 14-month-old House rules that ban Representatives and their staffs from accepting any gifts, including invitations to lunch or dinner at someone else's expense.

An AT&T spokesman, Jim McGann, said the company invited Burton before he became chairman of the committee overseeing the phone contracts. "He made it known that he wanted to play and asked us to play and we said sure," McGann said. "The idea that he was a late entry and we threw him in there after we learned of his chairmanship -- that is just not true."

Burton said that he and Allen did not discuss telecommunications policy while playing golf at Monterey, nor did he discuss it with anyone at the AT&T fund-raiser.

"I never talked with them about anything involving telecommunications," Burton said. "We talked about golf. I don't want even the appearance of impropriety."

For AT&T lobbyists, the chance to help Burton realize a lifelong dream had obvious allure. The awarding of the next round of phone contracts by the GSA, which Burton's committee oversees, involves high stakes and highly contentious issues.

The government needs to decide how quickly it will allow local phone companies to compete for long-distance contracts. At the same time, AT&T, MCI and Sprint are seeking permission to compete for local government contracts against companies like Ameritech Corp. and Bell Atlantic Corp.

Thursday, Burton's committee held its first hearing to begin determining the scope of services that would be provided. In his remarks, he said, "This committee takes its oversight of federal procurement seriously, and we view this program as one of our most important oversight responsibilities."

At a time when the federal government has been making decisions on deregulation measures and multibillion-dollar federal phone service contracts, the telecommunications industry was the second biggest contributor to both political parties in the last two years.
In soft money alone, phone corporations gave a total of $1.5 million to the Democrats and $1.6 million to the Republicans, Federal Election Commission records show. Only the tobacco industry contributed more soft money, the unlimited corporate, individual and union donations, to both parties.

When told about Burton's participation in the AT&T tournament and his round of golf with Allen, several competitors of AT&T declined to say very much about it.

"The timing is curious, but that is as far as I will go," said Barbara Connor, president of Bell Atlantic-Federal Systems.

"It's strange the way this works, isn't it?" said Tim Long, a lobbyist for MCI.

AT&T does not limit its lobbying efforts to congressional leaders. In a series of internal documents, AT&T listed top officials of the Federal Telecommunications Service as part of a "target audience" at several cultural and industry events in Washington and around the country. The FTS, which is part of the GSA, will oversee the bidding process for the government phone contracts. It also oversees the current contracts.

In one instance, AT&T paid $250 for tickets for John Okay, the deputy commissioner of the FTS, and his wife to attend the National Museum of Women in the Arts Gala last April 12, McGann said.

Earlier last week, Hap Connors, a spokesman for the GSA, said that the Okays attended the function as "guests of a friend and former colleague of Okay's, who is now employed by AT&T." A supervisor had given permission to Okay to attend, Connors said.

After inquiries from The New York Times, Connors said that an ethics official at the GSA had concluded that Okay's attendance at the event violated the gift ban.

Thursday, Okay repaid $250, the value of the tickets, to AT&T, Connors said.

McGann, the spokesman for AT&T, said that AT&T occasionally invited government employees to industry and cultural events. He said it afforded AT&T employees "the chance to improve our understanding of the needs of current and prospective customers." But McGann said that the company "complies with both the letter and spirit of government contracting laws and regulations."

In other documents about events in Denver and Washington, AT&T also focused on FTS Commissioner Robert J. Woods. In an interview, Woods said that it is not uncommon for corporations to put together "target lists" of government officials.

For example, Woods said he was invited to dinner with several AT&T lobbyists while attending the Summit on Service to the Citizen in Denver. He said he
refused the invitation, but he said he had joined several lobbyists for drinks at the bar. "I paid for my drinks," he said.
Waxman Cites Republicans for ‘Selling Access’

By Dan Morgan
Washington Post Staff Writer

March 11, 1997

WASHINGTON POST

Waxman Cites Republicans for ‘Selling Access’

The top Democrat on a House panel investigating Clinton administration fund-raising yesterday accused GOP leaders of ‘hypocrisy’ and released what he called ‘the most explicit example of Republicans’ selling access to high government officials using government property and facilities.’

Rep. Henry A. Waxman (Calif.), ranking Democrat on the House Government Reform and Oversight Committee, cited a 1995 GOP appeal that offered Republican fund-raisers who brought in $45,000 for the party a special luncheon with Speaker Newt Gingrich (R-Ga.) in the Great Hall of the Library of Congress. Waxman’s release of several GOP fund-raising documents signaled mounting tensions in the committee, where Republicans have indicated that they plan to focus their investigation on alleged illegal fund-raising activities by the Clinton administration.

‘This investigation is spending millions on a partisan witch hunt,’ said Waxman. ‘This is not what I want. I have suggested to the chairman (Rep. Dan Burton (R-Ind.)) that we have a real investigation of Congress and the White House and let the chips fall where they may.’

The Gingrich luncheon at the Library of Congress was one of the events held in connection with the $1,500-a-plate 1995 Republican House-Senate Dinner. The May 16 gala brought in $517,400 for House and Senate GOP candidates, and another $4,739,018 in unregulated ‘soft money’ donations for party-building activities.

GOP officials who raised $45,000--equivalent to the sale of three tables at the dinner—were invited to a breakfast with Senate Majority Leader Robert J. Dole (R-Kan.) in the Senate Caucus Room. Those who raised $15,000—the equivalent of one table at the dinner—were also welcome at the breakfast, and could attend an ‘issues briefing’ with key committee chairmen.

One GOP fund-raiser knowledgeable about the Library of Congress event scoffed at the notion that it was comparable to the small White House coffees attended by President Clinton.

‘Lunch with 250 people is not special access,’ the Republican operative said.

Apparently nothing in federal election law prohibits the use of Library of Congress facilities to stage an event that rewards top fund-raisers. The law says only that government officials may not solicit or receive contributions in buildings used by them to ‘discharge official duties’—something that was not contemplated for the 1995 event.

Moreover, congressional staff members have an exemption from even that limitation that allows them to receive contributions in public buildings provided they transfer the money to a political committee within seven days.

Democrats contend that the GOP, in criticizing the Clinton administration’s use of the White House for fund-raising, are playing down similar activities during years of Republican control.

To buttress that view, Waxman released the agenda for a special two-hour briefing for major donors by President George Bush and senior officials in the Old Executive Office Building on May 14, 1992. The agenda, typed under a White House letterhead, was for high-money-givers to the National Republican Congressional Committee, chief political arm of House Republicans.
Pakistan Lobbyist's Memo Alleges Shakedown by House Probe Leader

By Charles R. Babcock

An American lobbyist for the government of Pakistan complained to a 1995 Federal election official that he had been subjected to a "shakedown" by a House majority leader who was trying to gain access to the Pakistani government.

In a memo dated July 14, 1995, Babcock wrote: "The Federal election official, after receiving the lobbyist's complaint, referred the case to the Federal Election Commission.

The lobbyist, who was identified in the complaint as an American lobbyist for the government of Pakistan, said he had been asked to "cover" the House majority leader's campaign and to help him "cover" the Senate majority leader's campaign.

The lobbyist said he had been "told" that he would be "paid" to help the House majority leader with his campaign.

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Representative Is Accused Of Pressuring a Lobbyist

By DAVID STOUT

WASHINGTON, March 18 — The chairman of the House committee investigating political fund-raising abuses was accused today by a former lobbyist for Pakistan of pressuring him to raise “at least $5,000” for his reelection campaign or lose access to him and other American officials.

The accusations against Representative Dan Burton, the Indiana Republican who heads the Government Reform and Oversight Committee, were lodged by Mark A. Siegel, who was active in the Democratic Party before turning to lobbying. Mr. Siegel said he had complained to his Pakistani clients after Mr. Burton’s heavy-handed overtures that he had been “shaken down” by the Congressman.

Mr. Siegel told of his dealings with Mr. Burton in a memorandum to Pakistani officials just after his clients had conveyed their distress over Mr. Burton’s complaints about Mr. Siegel, who did not raise the money. Mr. Burton is a strong supporter of causes that are important to Pakistan, and Mr. Siegel said the Congressman had long received financial support from Sikhs in Indiana.

Mr. Siegel, interviewed tonight from his home in Chevy Chase, Md., said that in nearly two decades of lobbying he had never been treated as he was by Mr. Burton — that is, he had never been under such extreme pressure from a politician who then followed through on a threat to get in contact with a client.

The accusations that Mr. Siegel laid out in his memorandum were first reported in Wednesday’s issue of The Washington Post, which said it had obtained the memorandum from a Democratic source in Congress. The Post quoted a top aide to Mr. Burton, Kevin Binger, as saying that Mr. Siegel’s memorandum is “full of egregious exaggerations and untruths.”

Another aide to Mr. Burton said tonight that Mr. Binger was not available for comment but that the Congressman’s office would issue a statement on the matter on Wednesday. Mr. Burton has been in the spotlight as head of the committee that has been looking into Democratic campaign fund-raising practices.
FBI Probes Funds Charge Against Burton
His Panel Gets Budget For Campaign Inquiry

By Sharon LaFave and Robert Dreyer
Washington Post

March 22, 1997

FBI Begins Probe of Lobbyist's Allegations Against Rep. Burton

WASHINGTON POST

Yesterday's vote to give Burton's committee $3.8 million while the full amount Burton requested was defeated by Senate Republicans was a blow to the committee's budget and highlighted the pressure to investigate allegations against Burton.

Burton, a member of the House Appropriations Committee, is under investigation for alleged illegal activities in his campaign finances. He was indicted last year on charges of fraud, mail fraud, and conspiracy.

The task force is investigating former campaign manager Steven Pravin for possible violations of election laws.

Burton, who is running for re-election, said he would cooperate with the investigation.

Washington Post

BY SHARON LAFAVE

The FBI has announced it will investigate allegations that Rep. Dan Burton (R-Ind) has misused campaign funds, a move that could jeopardize Burton's chances of re-election.

Burton, a member of the House Appropriations Committee, has been under investigation for alleged illegal campaign activities. Last year, he was indicted on charges of mail fraud and conspiracy.

The FBI said it will investigate the allegations, which include possible violations of election laws.

Burton, who is running for re-election, said he was aware of the allegations and would cooperate with the investigation.

The FBI's action comes after Burton and his campaign manager, Steven Pravin, were charged with fraud, mail fraud, and conspiracy.

The investigation has focused on allegations that Burton used campaign funds to pay for personal expenses, including travel and entertainment.

Burton has denied the allegations and said he will cooperate with the investigation.

The FBI said it would also investigate allegations that Burton's campaign finance reports were false.

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CAMPAIGN REFORM

Burton's Proposed Rules On Probe Documents Criticized

Republicans and Democrats alike are sparring over a House Government Reform Committee draft protocol outlining procedures for how documents gathered in the investigation of 1996 fundraising would be handled and released. Some conservative committee members are worried the draft would unnecessarily restrict them from releasing politically damaging information to the media. The most recent draft of the protocol, dated March 18, would require Chairman Burton first to notify House Government Reform ranking member Henry Waxman, D-Calif., "of his intention to release the documents and ... provide the Ranking Minority Member with an opportunity to share his views about the proposed release. The Chairman retains discretion to release documents, when necessary, without the consent of the minority."

One committee source charged the protocol is "a real boneheaded idea, it's just ridiculous. Right now the rules are [that documents can be released] at the chairman's discretion — there's no advantage to a chairman to having a protocol" that requires him to consult with the ranking minority member before releasing documents. The source also expressed concern that the protocol could prevent Republican members and staff not only from releasing documents to the media but from even commenting on information gathered independently by reporters that relates to documents in the committee's possession. A former Republican congressional staffer said such a protocol is "unprecedented," pointing out that former Chairman Clinger did not use documents protocols in his investigations into the White House travel office firings and White House handling of FBI files on Republicans.

Meanwhile, Democrats object to the draft protocol because it limits the scope of the investigation to "fund-raising improprieties and violations of law by Executive Branch officials and government agencies in the 1996 Presidential campaign" and gives the chairman unilateral authority to issue subpoenas for witnesses — although it would require the ranking member in most cases be notified 24 hours in advance. Implementation of the protocol without the consent of the full committee, Waxman informed Burton in a March 10 letter, would violate House rules.

A high-ranking GOP aide close to the investigation said Republicans plan to meet with committee Democrats after members return from the recess to discuss the final version of the protocol. The scope of the probe and the chairman's subpoena authority will not be part of that discussion, only the issues related to releasing documents, the source said. As for Republican concerns that the protocol would tie their hands and prevent them from getting information out to the media, the source underlined that it preserves the chairman's right to release information.

TRADE

Matsui Warns Time Running Out For Action On Fast Track

A key pro-trade Democrat today said the White House and Congress are running out of time on trade negotiating legislation and Congress should pass a basic fast track agreement as soon as possible. House Ways and Means Trade Subcommittee ranking member Robert Matsui, D-Calif., said the longer the Clinton administration and Congress haggle over ideological differences, namely environment and labor objectives, the more difficult it will be to pass any kind of fast track. Matsui suggested if environment and labor issues are holding up an agreement,
The only thing certain about the House Government Reform and Oversight Committee investigation into campaign fundraising practices is that it has a big budget. Almost everything else is up for grabs.

Soon after the House returns from recess April 8, committee members will face a bitter battle over the scope of the investigation and over much rudimentary procedures as to how to handle documents and subpoenas. Already, 95 subpoenas aimed at Democratic targets have gone out from Chairman Dan Burton, R-Ind. But Democrats are protesting that he is not following proper procedure, and even some members of his party, joined by independent groups including the League of Women Voters of the United States, want him to broaden the scope to include congressional fundraising practices — thereby mirroring the Senate’s investigation. (Senate, p. 772)

Echoing Democratic protests, some key targets of the House probe are balking at complying with the more sensitive aspects of the subpoenas, saying the GOP-controlled committee has no right to protect confidentiality. They say it requires turning over highly classified documents to GOP committee investigators in a lot like giving a personal diary to a flamboyant and jolly Howard Stern. They fear their files will find their way into the public domain through leaks.

That is hardly the only controversy facing the committee. Even some Republicans concede that the probe’s credibility is on the line because its one-party focus at the same time Burton, in the words of an executive of the Democratic National Committee, it’s a probe of a federal probe for its own fundraising practices. (Burton, p. 780)

The FBI is looking into whether Burton threatened to retaliate against Mark A. Siegel, a former lobbyist for Pakistan and a former official at the Democratic National Committee, unless Siegel coughed up $5,000 in campaign donations. Siegel testified before a grand jury for two and a half hours on April 2 about his allegations.

The fact that a grand jury was summoned so quickly has led Republicans to say that the Democratic administration is trying to get rid of Burton. But some Republicans who stood by him say it would not be a bad idea for Burton to show a Bender side.

By Rebecca Carr

During the two-week congressional recess, Burton’s office became something of a subpoena machine, issuing more than 50 subpoenas, all targeting Democratic-aligned groups and individuals.

“The issuance of 50 unilateral subpoenas over a recess is extraordinary and inappropriate,” said Henry Waxman of California, ranking Democrat on the committee. “Subpoenas should be issued by the committee after a committee vote, not by the chairman acting without the support of the committee.”

In an interview before the recess, Burton said expanding its scope would undercut the effectiveness of the investigation. He said demands to do so were merely a Democratic attempt to deflect the spotlight from wrongdoing at the White House. “It’s exactly what they want, but it won’t work,” he said. Burton maintains that the House probe should remain focused on whether foreign money has influenced the election system. The targets of his investigation will be President Clinton, Vice President Al Gore, the White House staff, the Democratic National Committee and various federal agencies, including the Commerce Department, where a key probe target, John Huang, once worked before entering the fundraising area. Specifically, investigators are examining whether Huang sold classified information to the4

D. Craig Livingston, a White House official accused of impropriety allowing political operatives to examine FBI records, is another subject of the probe. Investigators are reported to be looking at his financial records to see if he received any money along the same alleged lines as Hubbard.

Committee investigators say they are also planning to look at the relationship between former DNC Chairman Donald Fowler and a Lebanese-American entrepreneur seeking U.S. support for a business project. Media reports have indicated

The tough fight over scope, procedures

Democrats criticize subpoena process and lax document security; some Republicans join calls for a broader investigation
that Fowler intervened on behalf of Roger Tamraz to build a pipeline from the Caspian Sea through Caucasus to Turkey. Tamraz met with Clinton at the White House at least three times after the National Security Council warned the administration that Lebanese authorities wanted him on bank embezzlement charges.

To date, the Democratic National Committee has said it would return $3 million in questionable donations from Asian-American sources. While Huang is at the center of the controversy, others are under the spotlight as well.

Among them:
- Charles Yeh Lin Ttie, an Arizona restauranteur and close friend of the Clintons who has conducted several business deals in China. Last year, he arranged for Wang Jun, a well-known arm dealer from China, to attend a White House coffee.
- Johnny Chung, a frequent White House visitor gave nearly $400,000 to the Democratic Party including a $50,000 donation to an aide of the first lady. Born in Taiwan, he has been described by the National Security Council as a "mushroom".
- Pauline Kanarisakul, a dramaker from Thailand who donated about $253,000 to the Democratic Party.

Rocky Road

Illustrating the rocky relationship and lack of cooperation between Republicans and Democrats on the committee, a reporter asked about Burton's latest batch of subpoenas before the Democratic chief counsel did. That contrasts with the way Senate Governmental Affairs Committee Chairman Fred Thompson, R-Tenn., gives ranking Democrat John Glenn of Ohio 72 hours notice before releasing subpoenas. While Thompson and Glenn have regular meetings with each other and between their staffs, the relationship between Burton and Wexman is tenuous at best. The two have taken to writing each other letters rather than meeting.

The House gave the panel a green light on March 21 to spend $3.8 million on the investigation. The committee also can ask the House Oversight Committee for permission to draw from a $7.9 million reserve fund. That means House investigators will have access to nearly three times the amount of money that the Senate has for an investigation that is far narrower in scope. (Funds, Weekly Report, p. 615)

GOP Dissent Still Brewing

Burton also faces dissent within his own ranks. Moderate Republicans are concerned that the House probe may appear to partisan in nature. House Republican Whip Christopher Shays, R-Conn., said in an interview April 2 that he would push for an investigation that examines wrongdoing of all shades, whether that activity is on Capitol Hill or at the White House. "I want all the gory details to come out and end up with campaign finance reform," he said. Shays, a 10-year veteran of the committee and a sponsor of legislation (HR 430) to change the current campaign finance system. While Shays thinks most of the problems are in the executive branch, he said, the investigation needs to be fair and bipartisan, and "focus should be on all illegalities wherever we may find them."

Shays is not alone, and that could mean trouble for Burton even if he has the backing of the Republican leadership. There are 28 Republicans (with one vacancy), 19 Democrats and one independent on the panel who usually votes with the Democrats, meaning that two GOP defectors could swing decision-making to the Democrats. That is an unlikely scenario, but Burton has work to do with his party colleagues to present a united front.

Burton vs. Wexman

Burton also must prepare himself for formidable attacks and parliamentary maneuvers by Wexman. The Democratic leader, schooled in tactics by Democratic legislative counsel John D. Dingell, D-Mich., has already invoked a seldom-used rule to force Burton to publicly discuss the scope and protocol of the investigation. That meeting has been scheduled and canceled twice due to unrest in the Republican ranks.

In his 12th term, Wexman has proven to be a cunning opponent of some of the most powerful forces on the Hill, including the tobacco industry.

"You will see a growing number of Republicans who think that Burton is no match for Wexman," said one Democratic aide. They [Republicans] could try to push Burton out, but no one in politics likes to pull the trigger. They like to push them to the brink and force them to jump.

Republicans say that is wishful thinking.

One GOP aide close to the investigation said that if Republicans decide to meddle, they will "have to pull [Burton] kicking and screaming from the chair." Still, the aide conceded, there is "blood in the water, and the person bleeding is Dan Burton."

The Republican leadership seems to be solidly behind Burton. "Most of us steered ourselves against these vicious attacks," said an aide to a member of the Republican leadership. "Burton has always been controversial. He has always been aggressive. Up until now, there is nothing disqualifying him."

In fact, the aide said, Burton has been more than distinguished himself in the eyes of the leadership by bringing the subpoenas to their attention and seeking their input before making any move, including hiring a press secretary.

Moderate members have not expressed qualms about the allegations concerning Burton's own fundraising. "If Dan Burton steps down, they will find something on the next chairman," said Steven H. Schiff, R-N.Y., in an April 2 interview. "They will keep shaking the tree."

Schiff, however, wants to avoid a partisan investigation by widening the scope to include past administrations. The Democrats are doing everything they can to obstruct the focus of this investigation," Schiff said, but that does not mean that "we should preclude looking at activities in other administrations."

Expanding the investigation would actually undermine it, said a Republican aide close to the inquiry. "Instead of looking at potential porkpionage and illegal foreign money in the campaign, we would be talking about phone calls and coffee and caught up in a bunch of partisan bickering."

Some independent groups have also received the subpoenas.

The League of Women Voters, joined by U.S. Public Interest Research Group, United We Stand America, Public Campaign, Public Citizen and Jobs for Reform, Increment, notified the Hill with letters on April 3 urging the House to follow in the Senate's footsteps and broaden scope.

"The notion that the Committee's investigation should exclude congressional fundraising practices smacks of a self-serving disregard for the public's right to know," the League's letter said. The public, it warned, "will not look kindly on an investigation that is artificially restricted to..."
prevent political damage."

The League is lobbying about 10 Republicans on the committee in the hopes of persuading them to follow the Senate’s lead. That group includes Shays, Schiff, Constance A. Morella of Maryland; Steve Horn of California; Steven C. LaTourette of Ohio and Thomas M. Davis III of Virginia.

“It is not so fascinating that they are trying to limit the investigation,” said Becky Cain, president of the League of Women Voters. “What is fascinating is that they think they can get away with this.”

**Targets Fight Back**

Scope and subpoena are not the only matters at issue. There are also questions about how documents are handled once they get into the possession of Burton’s staff.

In memos obtained by Congressional Quarterly, it appears that some targets of Burton’s probe are withholding documents that contain confidential information because of fear of unauthorized disclosure. They claim that the committee’s lack of formal procedure leaves them without protection.

In a March 5 letter, an attorney for CommerceCorp International, a company subpoenaed for its fundraising efforts in behalf of the president, outlined those concerns to Burton’s chief counsel, John P. Rowley III. "You have shared with me the procedures adopted by Chairman Burton that pertain to CommerceCorp’s documents," wrote attorney Robert D. Laskin. "Unfortunately, these procedures do not adequately protect CommerceCorp’s legitimate interest in protecting against the inappropriate disclosure of these materials."

On March 18, the DNC expressed similar objections. In a letter from its attorney, Paul C. Palmer, to J. Timothy Griffen, senior investigative counsel to the committee, Palmer wrote that the "discovery procedures adopted by the committee are such that the requesting party will be able to hold the documents for which the DNC is requesting confidential treatment until the Committee on Government Reform and Oversight has considered and adopted procedures for the protection of such confidential treatment." The text continues:

Similar memos were written by the Department of the Interior and the White House.

But Republican aides with knowledge of the investigation dispute the claim that they are lax about handling the documents. "Talking about releasing documents — who’s doing it — is something that the White House, not us," said one investigator.

On April 2, the White House released 2,546 pages of documents from the office of Harold Ickes, the former White House deputy chief of staff. The documents illuminated the relationship between the DNC and the White House during the last election. The documents revealed a campaign where fundraisers were seeking President Clinton to personally help raise $147 million, with goals established for the vice president and the first lady. (Inches, p. 789)
Investigators Mistakenly Issue Subpoena to Wrong DNC Donor

By MARC LACEY

WASHINGTON—Congressional investigators on Monday said that they had mixed up two similar Asian names and mistakenly served a legal demand on the wrong person while looking into alleged fund-raising abuses by the White House and Democratic Party.

In pursuing information concerning Chi Ruan Wang, a California donor whose $3,000 contribution was returned by the Democratic National Committee, investigators mistakenly targeted Chu Ruan Wang, a China expert affiliated with the Library of Congress and Georgetown University, officials said.

The 60-year-old professor, who also donated to the Democrats, said that he did not know until informed by a reporter that investigators of the House Government Reform and Oversight Committee had sent subpoenas to two banks seeking his and his wife's personal account information.

"I just participated in the American political process," said Chu Wang. "If I knew it was going to be this nasty, I wouldn't have participated. I didn't do anything wrong. Why are they looking at my records?"

Actually, Democrats do not the committee serve a legal demand in the case of Chi Ruan Wang, and the April 1 subpoenas were withdrawn before the banks, Citibank and Chase Manhattan, and the National Bank of Washington, produced Chi Wang's accounts.

In issuing the subpoenas to Chu Ruan Wang, investigators were seeking information about Chi Ruan Wang, who lives at a Buddhist temple in Hacenda Heights where Vice President Al Gore attended a controversial fund-raiser last year.

The Democrats returned Chi Ruan Wang's $3,000 contribution earlier this month after determining that he did not actually make the donation. The handwriting on Chi Ruan Wang's check was almost identical, the Democrats found, to that on several other checks collected at the April 1996 fund-raiser.

Chi Wang said he had contributed to the DNC but none of his $3,000 has been returned. Chi Wang said that he was persuaded to contribute by former DNC fund-raiser John Huang, who is at the center of the controversy, in an effort to increase the voice of Asian Americans in politics. In the last election cycle, records show, Chi Wang gave about $1,000 each to the presidential campaigns of President Clinton and Bob Dole.

Chi Wang said that his donations were completely legitimate.

"This is unbelievable," he said of the subpoenas. "I have never even had a speeding ticket. I've never been to the White House — not yet, anyway."

House investigator David Bosse acknowledged that investigators had made a mistake when targeting the wrong person but defended his work.

"Apparently there are two gentlemen by the same name," Bosse said. "But if Chi Ruan Wang deserves a subpoena, we are not going to pull it."

However, a letter sent to the banks by the committee's chief counsel, John P. Rowley, II, said that the subpoenas were misdirected. "The letter serves as formal notice of withdrawal of the subpoena," Rowley wrote.

Democrats said that the whole episode shows the carelessness attitude of those leading the House inquiry.

"If they've made a mistake, they should admit it and apologize," said Rep. Henry A. Waxman (D-Los Angeles), the ranking Democrat on the investigative committee. "The only reason they suspect him is because he has an Asian surname. That should be offensive to all Americans."

Democratic staff members uncovered the error while examining the more than 100 responses to documents that committee Chairman Dan Burton (R-Ind.) has sent out in recent months in connection with the House fund-raising inquiry. Democrats have criticized Burton for issuing the subpoenas without sending agreement from their side.

"I think it's a big deal that they're not taking the time to prevent problems like this," said Rep. John P. Tierney (D-Mass.). "It's a big deal when you're on the receiving end of a subpoena like this."

For his part, Chi Wang appeared confused by the whole matter.

"I have no idea why they have my name," Chi Wang said. "Maybe somebody has a similar name. Wang is a very common name. There are hundreds of thousands of people with that name."
Burton, others, accepted illegal funds

By Jock Friedly

A Washington-based organization started by militant Sikhs has funneled at least $65,000 in contributions to the Republican Party and several congressional candidates, including Rep. Dan Burton (R-Ind.). The contributions are an apparent violation of federal tax laws because they were collected by a charitable nonprofit group.

An investigation by The Hill has also revealed that Burton, who is heading the House investigation into campaign finance abuses, has received illegal campaign contributions directly from at least two Sikh temples.

Burton's personal attorney, Joseph diGenova, said Burton "does not personally review each and every check," and added, "If there is any problem with a check, it will be returned."

Other members of Congress who have benefited from the Sikh contributions include Reps. Gary Condit (D-Calif.), Gerald Solomon (R-N.Y.), Dana Rohrabacher (R-Calif.), Vic Fazio (D-Calif.), Amo Houghton (R-N.Y.), Edolphus Towns (D-N.Y.), Sen. Bob Torricelli (D-N.J.) and former Sen. Bob Dole (R-Kan.).

However, the largest recipient of funds was the Republican Party, whose various campaign committees received more than $22,000 in contributions handled by the Council of Khalistan. Most of the recipients of this money have been allies with Burton in pro-Khalistani causes.

Over the past decade, Burton has been the chief congressional proponent of the Council of Khalistan, the group whose campaign donations has helped generate growing support in Congress for a separate Sikh homeland in India, known as Khalistan. At the Council's behest, Burton also urged the State Department to revise an extradition treaty with India, which would have made it possible to extradite terrorists to India who were arrested in this country.

Burton's cronyism grew from his personal ties to Dr. Gurmit Singh Auallakh, a gregarious and persistent Sikh lobbyist whom he met in 1986. Dr. Auallakh was appointed by militant separatists the following year to be president of the Khalistani government in exile.

At least five of Auallakh's 10 co-founders, many of whom have since been killed in clashes with Indian police, represented some of India's most notorious terrorist groups. They have been blamed for the
Burton, others, got illegal funds from Sikhs

A. Harold Northrup's sworn statement to the House of Representatives in his capacity as chair of the House Committee on Oversight and Government Reform, which investigated the improper use of campaign funds by the Democratic Congressional Campaign Committee (DCCC), highlighted the illegal activity.

The House of Representatives, acting on a motion by Rep. John E. Vassallo, R-Conn., passed a resolution that would allow for the appointment of a special prosecutor to investigate the alleged violations.

The resolution was passed by a vote of 218-199, with 10 Republicans voting against it.

The motion to appoint a special prosecutor was introduced by Rep. James L. Oberstar, D-Minn., and was supported by Rep. Peter J. Goss, D-N.Y., and Rep. James A. Leach, R-Iowa.

The resolution would create a new position in the Justice Department that would be responsible for investigating and prosecuting any violations of campaign finance laws.

The resolution also would authorize the special prosecutor to conduct investigations into other alleged violations of campaign finance laws.

The resolution was introduced in response to a series of investigations by the House Ethics Committee, which found that members of the House had violated campaign finance laws.

The investigations were prompted by reports that members of the House had used campaign funds to pay for personal expenses, and that some members had also used campaign funds to pay for expenses related to their offices.

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asked about the tax implications of his statements, adding that he planned no sale of stock.

"If money reaches my hands, I like it," he said. He also claimed that he sent them in as a private citizen, not in his role as president, and that he spoke as an ordinary citizen when he sent fundraising letters and gave speeches as candidate fundraisers.

There are other signs, however, that the role of the Council and the International Sikh Organization was more substantive and intended to supplant the candidates. After first insisting that only single checks were sent to candidates, Asklakh acknowledged that checks were bundled together. Also, some Sikh donors were listed in the filings of several election campaigns as being affiliated with the Council of Khalsa on the ISC even though they were not employees.

When asked who he sent a $500 contribution to Rep. Solomon's last year, Karry Singh Sandhu, a Sikh youth from Sierra Vista, Arizona, appeared not to realize he had. Then he said he and his brother sent checks to candidates as Asklakh's request: "We send him [Asklakh] the money," Sandhu said. "He tells us to know who needs it.

His brother, Bakhtish Singh Sandhu, a politician who serves as advisor to the Council, said that he sent his own $500 check directly to Rep. Conditt and was not asked to do so by Asklakh. He could not explain why Asklakh recorded that he sent $500 in unspecified contributions to Conditt's campaign shortly before Conditt received Sandhu's check.

The influence of the Council appears due in large part to Asklakh's success in helping mobilize fellow Sikhs to become active in politics through an extensive travel schedule that takes him from gurdwaras to gurdwaras. In 1984, before the Council existed, FEC records show the amount that was contributed by people named Singh, the most common Sikh surname, was only $8,000. By 1996, when people named Singh gave a total of $116,000.

In filings to the Department of Justice as required under the Foreign Agents Registration Act, the Council lists more than $50,000 since 1988 in political contributions made from "your own funds and on your own behalf, either directly or through any other person, made any contribution of money to elections.

What makes those donations legally questionable, say legal experts, is the tax status of the IOS. According to the Department of Justice, the Council used "purses and no funds, or a bank account" and "all goods and services are

prepaid, by us. Financially they are the same, although the same employees, the same offices, the same phones, even the same budget.

The Council of Khalsa does not spend money," declared Asklakh. "We don't have to pay any more. The International Sikh Organization is one of the people who support this office. The Council does,"

While the Council is not incorporated, Asklakh set up the IOS as a 501(c)(3) corporation, the legal term for a non-profit charitable educational, religious or scientific organization. According to tax law, the IOS performs "religious services and related counseling.

Such non-profits "are prohibited from interfering in elections," said Jon Huns, a Republican attorney specializing in election law. "If they do, that would jeopardize their status.

"Is sounds like they've got things a little muddled," agreed Rex SkDMINCE, a George Washington University law professor and expert on campaign financing. "I don't understand when they think they're doing if they have a non-exempt giving the contrib- But that's a no-no.

He added: "It seems to me as a little odd that they have no separate budget for the Council and the IOS. "Those things are usually done with care.

Asklakh acknowledged that no separate account is made of time he lobbies Congress or participates in political activ- ities. Nonetheless, he has been active in preventing the IOS from Congress. During one interview, Asklakh was preppin- g to run off to Capitol Hill. His Justice Department filing lists 193 separate newspaper clippings and other documents that he distributed to Congress over a 12-month period.

Asklakh downplayed his lobbying activi- ties and said that none of his job consists of "educating Sikhs and other interested par- ties worldwide about human rights abuses in India. "When Sikhs are murdered and killed, to save their lives, it is not politics," Asklakh said. "It's not politics at all. It's just not something we do.

I would question their primary pur- pose," former IRS Commissioner Donald Alexander said. "Is it their primary purpose religious? Or is it their primary purpose a political purpose?

Legal experts noted that the IOS appears to be more like a social welfare organization, which, like the Sierra Club and the Christian Coalition, fall under tax code 501(c)(4) and cannot accept tax-deductible contributions. They said that even the less restrictive (c)(6) must avoid partisan activities, although they conceded that was very tricky.
New Details Emerge On Burton Ties to Ross Univ.

By Ed Henry

A top Education Department official says that House Government Reform and Oversight Chairman Dan Burton (R-Ind) pressured him in a meeting last year into making concessions for a Burton campaign contributor who runs a medical school in the Caribbean.

Seven months later, the contributor — Dr. Robert Ross — pledged to expedite Burton’s daughter’s application to a veterinary school and find the Congressman’s son-in-law a job.

The new information contradicts Burton’s claim that he did not do anything to help Ross, president of the Ross University School of Medicine in Dominica.

When Roll Call revealed last month that Burton had placed a call to Ross about his daughter’s application, Ross had already provided $1,000 to Burton’s campaign, according to Federal Election Commission records. Ross had already contributed $1,000 to Burton’s campaign in July 1995.

Longenecker said Burton was the most active member of the group, even though Burton does not serve on the House Education and the Workforce Committee. “He was sort of the chair of the group,” Longenecker said.

Longenecker said the meeting was originally supposed to take place in Burton’s personal office, but it was held in House Majority Leader Dick Armey’s (R-Texas) office in the Capitol because of votes on the House floor.

Longenecker admitted that Burton and his colleagues successfully pressured the Education Department into delaying a decision by the National Committee on Foreign Medical Education and Accreditation on whether it should change the eligibility standards for US loans that benefit schools in Dominica — including Ross’ school.

The committee was formed by the Education Department in 1994 after the General Accounting Office issued a scathing report on the department’s failure to assure whether foreign medical schools participating in the US student loan program met the standards of US schools.

The committee was supposed to make a decision about Dominica last November, but the Members successfully pushed a deadline back to March. The committee, however, still has not officially announced its decision.

Continued from page 1.

While all of the Members in the room spoke out on behalf of Ross, Longenecker said that Burton was the more vocal — at one point bringing the Education Department official.

“Their voices went up and I was quite concerned that I wasn’t showing proper deference to a Congressman,” said Longenecker. “He reminded me that I was talking to a US Congressman.”

Burton confirmed through his aide, Binger, that he exchanged words with Longenecker — but he insisted that the official had “made an inappropriate remark to one of the Democratic Congressmen who was present.”

“Congressman Burton simply admonished the person that it wasn’t proper to talk in that manner to a Member of Congress or anyone else.” Binger said in a prepared statement.

In the statement, Binger confirmed nearly all of the details of the July meeting. But Binger denied that he was less than forthcoming last month.

“With an inappropriate accusation on your part that I didn’t help you in any way,” Binger stated. “I answered every question you asked me honestly, fairly, and completely. The truth is that there isn’t any real story there.”

Binger stated that Burton only attended the meeting as an advocate for his constituents who wanted to attend medical school in Dominica, and the Congressman “is proud to have been able to help them.”

“Congressman Burton and several other Members of Congress held a private meeting with an Administration official on behalf of their constituents.” Binger added.
But a constituent who appears to have had something to gain from the meeting was Burton's daughter, Kelly. Burton admits that seven months after the meeting he called Ross, inquiring about whether his daughter could attend the veterinary school.

"It was a pleasure speaking with you on the telephone today," Ross wrote Burton on Feb. 14 of this year, according to a letter obtained by Roll Call. "I was delighted to hear about your daughter's interest in Ross University School of Veterinary Medicine. I am sure that she would be a welcome addition to our student body."

In the letter that was also sent to Ross's congressional lobbyist, Ross promised to act on Burton's application "expeditiously." Ross also said he had already told an aide to try to line up a position for Burton's in-law, who is an intern, if the couple moves to the island of St. Kitts, where the veterinary program is located.

"I have asked Neal Simon to contact the authorities in St. Kitts to ascertain the necessary permits needed for your son-in-law to practice medicine, as well as what positions might be available to him," Ross wrote. "I am sure [Simon] will be able to work this out."

Longacre said that Simon would attend the July meeting in the Capitol, and he said that Simon and other university officials had made "stop calls" to members of Congress.

"They are a persistent group," he said. "I meet with them frequently."

Congressional lobbying disclosure experts say that Ross has also paid Jonathan Slade, who is vice president of MWW Strategic Communications, $40,000 in the last year to lobby on Capitol Hill.

While Burton has denied that his call to Ross had anything to do with the university's legislative agenda, Ross did in the letter about Burton's daughter to Slade.

Burton is no stranger to Slade, who also lobbies for the Cuban-American National Foundation, a strong supporter of Burton's efforts to amend Cuba policy. Binger has said that Burton worked with Slade "a little bit" when the Congresswoman drafted the Helms-Burton Act, which tightened sanctions against Cuban dictator Fidel Castro.

Slade has not returned calls seeking comment about Burton.

Ross said last month that Burton had not done anything for his school. "He's not on the Education Committee, so he wouldn't be of any help to us."
House Chairman Linked To Lobbyist for Mobutu

WASHINGTON, May 14 (AP) — The chairman of the House committee that is investigating campaign fund-raising supported a request by President Mobutu Sese Seko of Zaire for a United States visa after accepting campaign contributions from Mr. Mobutu's Washington lobbyist.

The chairman, Representative Dan Burton, Republican of Indiana, wrote the State Department in 1995 urging that Mr. Mobutu be granted a visa to travel to the United States even though he was regarded by the Clinton Administration then as an obstacle to democracy in Zaire.

In the last eight years, Mr. Burton has received $4,500 in campaign contributions from Edward van Kloberg, a lobbyist for many foreign governments, including Zaire's, according to The Hill, a Washington weekly that covers Congress.

Several years before recommending the visa, Mr. Burton made speeches on the House floor praising Mr. Mobutu's efforts to promote democracy in his country. A spokesman for Mr. Burton, John Williams, said the Congressman's position on Zaire was influenced partly by the supportive role it played at the time in funneling supplies to rebels in neighboring Angola who were backed by the United States.
Burton echoed Turkish line after interest group donations

By Jack Finkle

Rep. Tom Burton (R-Calif.) made a speech on the House floor on March 21 expressing deep concern over the apparent removal from the Congeniality of the word "kurd" from the dictionary. Burton argued that this change is a violation of the First Amendment rights of speech and expression. He called for a return to the original form of the dictionary, which includes the word "kurd".

Burton's concerns were echoed by other members of Congress, who stressed the importance of preserving the free exchange of ideas and the diversity of perspectives that make our country strong. They called for a return to the original form of the dictionary and for a renewed commitment to protecting the First Amendment rights of all Americans.

The Republican Party has long been known for its support of free speech and the ability to express a wide range of views. However, there are concerns that the apparent removal of the word "kurd" from the dictionary could be seen as a step towards suppressing certain voices and limiting the ability of individuals to express their ideas and opinions.

The House floor debate was marked by a spirited exchange of views, with some members arguing that the apparent removal of the word "kurd" was a necessary step to protect national security, while others argued that it amounted to censorship and amounted to a violation of the First Amendment.

Despite the heated debate, it seems clear that the issue of the free exchange of ideas and the protection of First Amendment rights will continue to be a matter of concern for many years to come. As Burton noted, "We must be vigilant in ensuring that our freedoms are preserved and protected, and that no one is silenced or censored for expressing their views."

The issue of the apparent removal of the word "kurd" from the dictionary is likely to continue to be a matter of debate in the coming weeks and months, with both sides of the argument highlighting the importance of free speech and the ability to express a wide range of views.
Even GOP wary of Burton

By Thomas Balm

WASHINGTON — To Democrats, he’s a partisan witch hunter bent on bringing down Bill Clinton. Even some Republican colleagues privately say he’s the wrong guy for the sensitive job of investigating a President.

New York Daily News
June 8, 1997
SCANDAL
From page 41
Reach the highest possible level of the truth.
Of the secrets of top Democratic donors, former administration officials, and key party investors in the previous campaign, a court-appointed panel is investigating.

Speaker ties cash scandal to Clinton, Gore

By NICK JONES

House Speaker Newt Gingrich has taken a strong stand in calling for the House Oversight and Government Reform Committee to investigate the Clinton-Gore Administration's fundraising practices, including the role of fundraising regulations.

The Speaker's statement came in response to questions about the role of the Oversight Committee in investigating the Clinton-Gore Administration's fundraising practices.

The Speaker said that the Administration's fundraising practices were a violation of federal law and that the Oversight Committee should take action to investigate.

Gingrich said, "We need to get to the truth of what happened. The Clinton-Gore Administration used massive amounts of money to influence political decisions. We need to find out how it happened and who was involved."

He added, "This is not just a matter of political интересы. It is a matter of the integrity of our democracy. We need to hold this Administration accountable for their actions."
Administration dismisses finance probes as ‘politics’

Senate panel subpoenas four top White House aides

By Paul Barret

The Washington Times
July 3, 1997

Washington Times
July 3, 1997

The White House yesterday

Cited as a political ploy,

The evidence suggests that

Our attitude to date is tepid,

trial is under way.

White House spokesman Michael McCurry said: 'It's speculative to say the

Administration is trying to 'slim' the Democrats, while Mr. Lewinsky wanted to 'add

the House said it is considering

Mr. Lewinsky's request for an expan-

statement from President Clinton.

Staff Harold Ickes, former White

House Domestic Political Director

Karen Hughes, new chief of staff

to UN Ambassador Bill Richard-

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Washington Times
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That damn presidential thing. Senator Fred Thompson's aide is leaning forward in his Capitol Hill office, making a point. The aide, a presidential

The greatest soap opera

In 1972, the Watergate scandal shocked the political world. Now, in the summer of 1997, the allegations of presidential

The greatest soap opera since Watergate is starting in Washington.

These men are running up against a new form of politics forever.

The greatest soap opera since Watergate is starting in Washington.

These men are running up against a new form of politics forever.
think of packaging his new position into anything else. Ever.

Of course, half the members of the Senate see themselves as future presidents. One morning a few days after my encounter with the current one, I headed out to the offices of Thompson's polling in the Washington suburb of Alexandria, Virginia. There, amid insinuations of Senate group data and maps showing nationwide voter trends, Linda D'Vall is talking about smart political positioning and especially about her bug there, Fred Thompson.

A robust woman with chiseled features and a strong Beltway personality, D'Vall counsels members for major-league Republican politicians. On Election Night last year, she was Don Easter's analyst. In 1998, when I first met D'Vall, Thompson, then an actor and lawyer-lobbyist, was thinking of running for the Senate. D'Vall called him up and pushed the button, and he has been with her ever since.

Sitting behind her desk, D'Vall gives me the standard rundown on Thompson, telling me about his flaws in his first run for elective office in a predominantly Democratic state, his "show hard lines" on crime and welfare while pushing a "reform" agenda démarche term limits and the notion of a career legislature that appealed to voters tired of business as usual in Washington. Campaign stops highlighted his role in Westgate as Senator Howard Baker's counsel on the Iran-contra affair as well as in an investigation of campaign fund-raising by Tennessee governor Ray Blanton, which resulted in Blanton's going to jail and Thompson's lending his first movie role, playing himself in "Man," the story of Tennessee people-board chairman Marie Ragghianti.

Toward the end of the interview, I ask D'Vall the perfunctory question about Thompson's presidential ambitions. "Will," she said offhandedly, "the more we hear the more we hear."

Of course, the idea of raising the water in New Hampshire and Iowa and other states has been where Thompson, as chairman of the Senate Governmental Affairs Committee, was named Bill Clinton's chief imposter. This sure opportunity, it goes without saying, has become a millenial Kovacevitch in Sioux City. Her demeanor indicates that none of this constitutes a profound revelation. It's just obvious, isn't it, that Thompson's sides, if it is safe to assume, will likely be shown on and behind their side.
POWER PUTS ON A SHOW

The Watergate scandal was a watershed in American political life and became the benchmark by which all subsequent crises are judged. Democrats and Republicans came together to expose the Washington of the Nixon White House. A president was driven from office, his political party was discredited, a wave of government reforms were enacted, and the careers of a new generation of political leaders were made. According to the pundits, for the first time in twenty-five years, we have in this summer's congressional investigations the makings of another Watergate and the potential for another sea change in our politics.

The allegations that have caused the Senate to mobilize—the political system is awash in dirty money, much of it raised in a deliberately illegal fashion, perhaps even from governments with which we are secretly at war—are as potent as any charges the Washington cameras dare to bring against one another. And the refusal of Thompson's committee to expand on inquiry and then do nothing about it is a recipe for just such a conundrum. The country is going to need to understand and move on. But even though the atmosphere is familiar and some of the players are back—Bob Woodward is on the trail—the chances are high that this is a story we're not even seeing. After decades of experience, it seems that in 1973, in the face of a national crisis, the last place to look for relief is in a congressional investigation.

The last time was when congressional hearings meant something. The 1973 Watergate investigation into organized crime, the uproar had Watergate and then the Church committees hearings on abuses in the U.S. intelligence community. These hearings not only uncovered the facts, they had serious legislative consequences. Since then—through Watergate, the Iran-contra into the October Surprise, from Clarence Thomas to Anita Hill to Whitewater—congressional investigations have been into more than overrated and obliquely staged forms of political power. Despite all the talk of higher purposes, these hearings can really mean only through the prism of the personal ambitions of the investigation's champions. Careers will rise and fall, but mostly for the wrong reasons.

I didn't quite appreciate just how staged the proceedings were until I found myself in a car here in the Democratic Senate Office Building last Thursday afternoon in late May. In progress was a meeting of Thompson's committee, at which what had become known as the subpoenas war went flaring in public view. Since the inquiry got off the ground, the Republicans and the Democrats had been engaged in a battle royal of issuing subpoenas to other Republican or Democratic, with each side fighting hard behind the scenes. In the committee's version of Mutually Assured Destruction, to ensure that the other party gets nothing.

A still Senator John Glenn, the ex-astronaut who is the ranking Democrat on the committee, was demanding to know why former Republican National Committee chairman Haley Barbour—who headed an entity called the National Policy Forum, which took money from a Hong Kong businessman and fanned the fire to the DNC—wasn't on the subpoenas list. Whatever Michael Kropina, the Japanese American businessman and international businessman who gave money to the GOP in 1992 and is still under a cloud, the committee's version of Mutually Assured Destruction, to ensure that the other party gets nothing.

The next day at lunch, however, I was impressed by the drama of the interplay. The next day, however, it was handed a seven-
The Democrats' real orders are coming from high. Defect the inquiry into White House shenanigans and hurl accusations against the GOP.

Staff members have complained to aides that their workload has intensified, and some have expressed frustration with the direction of the investigation.

McVeigh, defense

When Fred Thompson arrived, he took his place in the center of the room, under the watchful gaze of his team. The air was thick with tension, but he remained calm and collected, ready to face whatever challenges lay ahead.

The investigation into Thompson's� actions was complex and fraught with controversy. Some saw it as a political maneuver, while others believed it was justified, given the circumstances.

In the end, the outcome was uncertain. The public watched with bated breath, hoping for answers and closure, but ultimately, the truth remained elusive.

As the investigation dragged on, Thompson's personal and professional life was affected. His friends and family supported him, but the scrutiny was intense, and he knew that the road ahead would be difficult.

But he was determined to see it through, to prove his innocence and clear his name. The fight was not over, and he would continue to fight, no matter what the cost.
Committee lawyers become animated when talk turns to handicapping But when it comes to the work at hand, the chance to catch the bad guys clean up politics, change the world? The round shoulders, the lawyers seem much less interested.

The "Mike B" facade of Krause's inner political 科学前、完成学士学位のための基礎的知識を提供する。
investigate "egregious illegal activities" by Democrats.

Nikolov's testament pegged the fury of conducting an in-
vestigation in which many of the investigating senators have ties to
the group under scrutiny. "Lead Management Services, a Repub-
lican fundraising firm now facing巡航suits by the Federal Elec-
tions Commission, loaned a check to Sam Brownback of Kansas.
Tom Finkham and Bill Thomas of New Jersey, twoencv ties to the Log-
patriots, the informal congressionals at the heart of the probe.

Tom Raffensperger has had to respond to a questionable contribution.

Politics of omission is about self-preservation, and not
what is happening to Republican committee members in March, it was
Nikolov's turn to be. Nikolov vehemently opposed the issuance of
the first batch of subpoenas to the Republican group. Things got
so hot as a constituent lawmaker explained why a reporter for a New
York newspaper was denied a trip to the Senate. Nikolov declared that
Thompson's actions were to prevent the subpoenas from going out.
What's more, according to Republican staff members, the well
that was put down on the committee was not enough to quell any
rumors that Thompson's people had been spinning口径s about what the
Republican committee members were saying to each other.

To keep things simple, Thompson's committee has a

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How a $50 Billion ‘Orphan’ Was Adopted

No One Admits Authorship of GOP Rider Cutting Tobacco Payment

By John M.首创

As Congress raced to pass a massive tax cut bill last month, Sen. Majority Leader Trent Lott (R-Miss.) and House Speaker Newt Gingrich (R-Ga.) devised a provision that would give tobacco companies a $50 billion credit against the taxes they had promised to settle anti-tobacco litigation, according to congressional staffs and Clinton administration officials.

The state attorneys general who negotiated the historic settlement with the tobacco industry have since warned that the provision, which was agreed to without debate, would cause them to re-engage the deal.

"The tobacco industry would have to face the facts that they have promised to settle," said James E. Goodwin, a former Maine attorney general and a consultant to the attorneys general. "People left cigarette firms have gone back on their word in a very fundamental way."

Lott and Gingrich did not acknowledge before having approved the credit provision, in which the Clinton administration agreed reluctantly. The provision was attached to the tax cut bill approved on July 21. But both have said they supported the measure.

Spokesmen for the two Republican leaders did not return telephone messages inquiring about the matter last week.

Tobacco industry critics said the unusual handling of the credit provision demonstrates anew the tobacco firms' clout on Capitol Hill and their penchant for back-room deals even as tobacco executives profess a new spirit of openness in promoting the agreement before Congress.

"This is a $50 billion orphan nobody claps for," said Sen. Richard J. Daley, (D-Ill.) in the Senate. See DEAL, A18, Col. 1
Hill Gives Tobacco Credit—$50 Billion Worth—for Cigarette Tax Increase

By Albert A. Frerie

WASHINGTON—Rep. Henry A. Waxman (D-Calif.), who is drafting legislation to increase cigarette taxes, has proposed a $50 billion credit for the tobacco industry. The credit would be used to help the industry offset the cost of increased taxes.

The credit would be available to cigarette manufacturers and retailers who meet certain criteria, including paying an increased tax rate and maintaining their workforce. The credit would be phased in over a period of years, with the full amount available by 2016.

Waxman said the credit would help the industry adjust to the higher taxes, which are expected to reduce smoking rates.

The legislation is expected to be introduced in the next session of Congress.
The Washington Post

FRIDAY, SEPTEMBER 11, 1997

IN THE LOOP

Burton's Men Nailed Wrong Ma

By Al Kamen

The Associated Press

Developmental international conference was "Notably incorrect." His U.S. Office of Consumer Affairs didn't go over board, she told through a recent meeting. (Three people had to be in overboard to say within liability.) And the OCC is the only player in the field, rigorous, electronic consumer and "can't."

With reports now showing that AMDL's major effort to push its personal-computer group in Paris in September is, in fact, essentially to test the soil on the OECD's "working committee on privacy and electronic commerce...."

We were told that the State Department of privacy only 2 to 3 years ago and that would he done to this case. That was incorrect. He офис yesterday and the State Department is planning to find and keep up the efforts for her end of it.

Meanwhile, it's clear that he's been "still" getting ready for the intervention when the Sept. 13 end of the 50-year, right now. It's served well in both the House and Senate.

While it seems obvious that

White House spokesperson Michael McCurry, despite his being a rival to get and try to get a story as well, was seen talking Wednesday to former Solicitor General Kenneth Starr, a woman expected to be a key figure in the Whitewater scandal.

Starr is now at the National Security Council. "It will be on a temporary duty to help in the White House." A source in the Starr office who was not identified for the person in question, said, "would be a logical choice if President Clinton is named an a veteran before an appeared in a political appointment."

Counsel Mike Ambrose has confirmed that

Terry L. M. Prevost, chief of staff at the Post Office and the DOJ's Daily Press, has been appointed as a special assistant to the Post Office and the DOJ.

We're told that the news conferences would be held in the place of the Drug Enforcement Administration's headquarters.

While it seems obvious that

The news conferences of the Department of Health and Human Services, which also was a London office at the Department of Health and Human Services, would be held in the place of the Drug Enforcement Administration's headquarters.

While President Ciao has found a new reforner: Morrow St. George, Senior Michigan Levi said.

"With President Ciao now at the center of the report, there's no mention of a new reforner: Morrow St. George, Senior Michigan Levi said.

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Cox Leads Defeat of Burton, Waxman Agreement

By Jennifer Bradley

In a little-noticed but embarrassing bit of political theater last week, House Government Reform and Oversight Chairman Dan Burton (R-Ind.) could only watch as Rep. Christopher Cox (R-Calif.) led 18 other GOP Members in revoking an agreement Burton signed with the committee's ranking minority.

The vice chairman of Government Reform and Oversight, Cox told ranking member Henry Waxman (D-Calif.) that Waxman had only "talked to one guy" when he and Burton agreed on a plan to allow staffers to review investigation depositions in their offices.

Waxman exploded in response, "One guy? It's your chairman for God's sake!"

But Cox, while not chairman, is the GOP leadership's eyes and ears on the committee charged with probing Democratic malfeasance in the 1996 presidential campaign. Along with Reps. Dennis Hastert (R-Ill.) and Bob Portman (R-Ohio), Cox was named by the leadership with helping guide the investigation and even checking the chairman when necessary.

In the end, Burton was the only Republican voting with the House Democrats against Cox's motion, which explicitly outlines who can see committee depositions.

It was a peculiar situation, to say the least, occurring seven days into an unexpectedly long committee meeting last Wednesday, and it points to two difficulties that continue to plague Burton as he tries to launch his hearings into fundraising abuses.

First, committee and leadership sources said, Burton's staffers have not always been carried enough to prevent embarrassing lapses before they happen. Second, the sources pointed out, Waxman is an exceptionally nimble member who does not pass up any opportunity to gain an advantage.

At the meeting, Cox offered a motion that would set clear limits on the handling of depositions taken in the course of the committee's investigation. Cox's plan limited how much information staffers could glean from depositions and where they could review them.

His proposal allowed personal staff to see deposition transcripts but only in the committee's offices, not in personal offices, and precluded them from taking notes on the depositions. Committee aides could give written summaries of depositions to Members, however.

Waxman argued that Cox's plan was "a slap in the face and a step backwards" because he and the chairman had agreed Monday, after six weeks of negotiation, on an entirely different protocol. "It violates an express written understanding we had with the chairman," Waxman complained.

"I've seen power grabs," one GOP aide said. "This was not one."

A Sept. 23 letter signed by Burton said that, if five carefully outlined circumstances existed, personal aides could review transcripts in personal offices.

"The Parliamentarian's office advises that these procedures may be instituted upon agreement between the chairman and the ranking minority member," the letter read. "They have advised that this agreement should be ratified by the Committee with a unanimous consent agreement at the next committee business meeting."

Into the gap between those two sentences, which empower the chairmen but also recommend consultation with the committee members, Burton tangled.

"You may not like what the chairman agreed to, but the chairman agreed to it," Waxman said.

Cox responded: "It is not possible for the ranking minority member to impose this on Monday, September 29, 1997 ROLL CALL Page 5
On unwilling committee. It would take unanimous consent.

Rep. Christopher Shays (R-Conn) and John Mica (R-Fla) also chimed in to say they didn't agree with what Burton had done, with Shays saying that he hoped in the case that "his way did not succeed."

Finally, Rep. Gary Condit (D-Calif) asked Burton, "You still think this letter and the policies in this letter should be honored?"

Burton answered quietly, "I think that whoever signs a letter ought to honor that letter."

Entering the rhetorical fray, Rep. Chaka Fattah (D-Pa) said, "I think [Burton's] own party wouldn't put him through the embarrassment of not being able to carry his own side's votes. "I'll want to pull the rug up from under the chairman."

Con, despite offering a motion to get Burton's agreement, encouraged the chairman to stand up for himself. "Although the chairman probably doesn't wish to say this, the chairman is taking a lot of flak from the ranking member and occasional televised and otherwise... I'd like to see some dignity here."

Con's measure eventually passed, 19-18, with Burton voting with the Democrats because, he said, he felt "honored bound" to do so, and one Republican, Rep. Steve LaTourette (Ohio), voting present.

Four GOP sources agreed that Burton was put in such an embarrassing position by sloppy staff work. Burton's aides, who, according to the Sept. 3 letter, notified the committee via the chairman the proposal with the bureaucrats and the House Ways Committee, did not run the proposal by Burton or oversight Republicans.

According to committee spokesman Will Doyle, "What happened was that what was presented to the majority... there was hesitancy if not apprehension that... certain leaks could occur... if depositions went out to personal offices."

As one Republican said it, "Burton's staff and the Democrats negotiated the deal and his staff left him spinning. The incompetence on that committee is frightening... He and his staff appear to be incompetent," said the Member, noting that this difficult vote was just a week after Burton postponed hearings he announced earlier this month.

"Burton's going to have to hold some people accountable... He's going to hold some people accountable," said the Member."

But Republicans insisted that Con wasn't running a power play against the chairman. "I've seen power grabs... this was not one," said a GOP aide.
POLITICS & POLICY

House Panel's Campaign-Finance Probe Promises To Be More Militant Than Senate's Investigation

By Jeanine Cummings
Staff Report for THE WALL STREET JOURNAL
WASHINGTON—At first, Libing Chen Hudson shrugged off the letter from the First Atlantic of Virginia. A House committee investigating campaign-finance abuses, the letter said, had subpoenaed and serving her old telephone records.

Mrs. Hudson had never given money to a presidential candidate or political party. But as she and her husband discussed the letter while waiting for prospective buyers at their open house on a recent Saturday, a worry began to creep over her. She is in the process of becoming a U.S. citizen, and immigration officials might believe she is part of the scandal.

"It was kind of disbelief. How come it's me? I have got nothing to do with it. How come I'm involved?" she says over the lace-covered kitchen table in her Alexandria, Va., townhouse.

Mrs. Hudson is one of about a dozen U.S. residents with Asian names who have been mistakenly caught up in the probe by the House Government Reform and Oversight Committee. The mistaken identity, in part, the aggressive approach of the panel, which will resume hearings tomorrow, contrasted with its Senate counterparts. (The committee apologized to Mrs. Hudson yesterday and promised to return her records after inquiries by The Wall Street Journal about her case.)

No Time Limit

Unlike the Senate committee, which recently suspended its hearings under a Dec. 31 deadline, the House panel headed by GOP Rep. Dan Burton of Indiana has no time limit. "Because there is no clock to run here, the scope and detail available to us is naturally greater," said Will Dwyer, a spokesman for the House panel. "To err is human," says Mr. Dwyer, who adds that none of the errors was intentional.

Chairman Burton and Speaker Newt Gingrich have vowed that the House investigation will be different from the Senate Governmental Affairs Committee probes. For example, Senate committee chairman Fred Thompson said his goal was to shed light on the campaign-finance system and the need for reform, not to "play prosecu tors. That job, the Tennessee Republican

said, belongs to the Justice Department.

But Mrs. Hudson and Mr. Burton view their central purpose to be uncovering "rogue legislators" under current law. To that end, Mr. Burton's investigators have spent the last year gathering thousands of thousands of documents that could provide new evidence or help establish the truthfulness of witnesses.

Whether the Burton committee has unearthed anything new remains a mystery. The panel's first public hearing was dominated by questions about the veracity of one of the main witnesses. The second hearing will revisit charges that the White House has failed to comply with the committee's subpoena. The primary focus tomorrow is expected to be the administration's sticky discovery of videotapes of White House coffees.

Allegations of Links

In later hearings, the committee is expected to begin hearing in on allegations connecting the Clinton administration through the Clinton-Gore re-election campaign, the Democratic National Committee or even the employment records of former Clinton Attorney General Janet Reno to foreign money—particularly Asian money.

But the errors and aggressive tactics employed by the House investigators are setting off waves of alarm in the Asian-American community already smarting from its treatment by the DNC and the Senate probe of campaign-finance abuses. Within the approximately 100 subpoenas and requests for information issued by the committee are requests for information about nearly 30 people with Asian-sounding names, according to a person who has seen the subpoenas list.

"For any American, it would be pretty terrifying to find out you are on a congressional committee's list," said Karen Nakama, executive director of the Washington-based National Asian Pacific American Legal Consortium.

"Think about how you would feel if you are a newly naturalized person or an immigrant, here legally, but subject to deportation for any number of reasons," she added.

Raising intimidation level

According to Mr. Dwyer, the telephone company erred when it delivered Mrs. Hudson's records to the committee without first contacting investigators who were seeking the records of another Libing Chen. As best Mrs. Hudson can tell, the House ended up with about four months of telephone data that predated her marriage and same change.

In a letter sent Tuesday to the Hudson congressmen, Democrat Rep. James Moran of Virginia, Mr. Burton said the telephone records would be returned to First Atlantic with a letter noting that they are not part of the scandal investigation. In addition, Mr. Burton asked Mr. Moran to pass on "my sincere apology" to the Hudsons for the error.

When contacted with the news of Mr. Burton's letter yesterday, Mrs. Hudson said the apology and the telephone company may end the matter for her family, but she remains concerned about the treatment of other Asian-Americans.

"I want them to stop frightening our people. This is not just for me. We don't want them to be more careful when they do similar things to other people."
House inquiry turns to Kansas

Democratic Committee suspected of taking illegal donations.

By JAMES KENNEDY

House Republicans have ordered an investigation of the Kansas Democratic
Committee, following a report that the committee accepted money from
illegal donors.

The report, which came to light last week, alleged that the Kansas Democratic
Committee had accepted $10,000 from a donor who was not a registered voter.

Republican leaders have said they will seek to hold the committee accountable
for the alleged violation.

"This is just the latest in a series of illegal donations that have been
reported by the Kansas Democratic Committee," said Rep. Bob Turner,
chairman of the House Rules Committee. "We cannot allow this kind of
behavior to continue."
Fund-raising probe heads for Kansas

Congressional investigators want to talk to state Democrats about their 1996 campaign finances.

By Dave Hanner

The Wichita Eagle has been asked to report on a congressional inquiry into possible campaign finance violations during the 1996 election, a source close to the investigators said.

The FEC's (Federal Election Commission) 1st District office in Kansas City, Missouri, has been investigating campaign finance violations that occurred during the 1996 election.

The FEC is investigating allegations that state Democratic Party officials used state funds to pay for personal expenses, such as travel and entertainment, during the 1996 election.

State Rep. Harry Shapiro, D-Wichita, said he will cooperate with the investigation.

"I believe that certain Democrats were duped into going along with a scheme that was cooked up by a small group of party people," Shapiro said.

"I told them, 'I don't want to do anything,'" he said. "Because I didn't want to do anything."

The Democratic Party of Kansas has been notified of the investigation.
DELEGATES

COMMITTEE ON THE DISTRICTS

Senator Landry, chairman, Senate Committee on the Districts, announced that the committee had completed its work on the reapportionment of the State House and Senate districts. He reported that the committee had received 100 amendments to the reapportionment plan, 75 of which were adopted. Senator Landry said that the committee had worked hard to ensure that the new districts were drawn in an objective and fair manner. He said that the committee had consulted with experts in the field of redistricting and had made every effort to ensure that the new districts were drawn in a way that would be fair to all citizens of the State.
Clinton’s private fax number put on Web in ‘lapse’

The House committee investigating campaign fund-raising briefly posted President Clinton’s personal fax number on the Internet this week, despite a request that it keep the number private.

White House press secretary Mike McCurry called the incident “a procedural lapse” on the part of the House Government Reform and Oversight Committee, chaired by Rep. Dan Burton (R-Ind.).

A committee spokesman said the public posting of the number of the president’s fax machine, just outside the Oval Office, was a quickly corrected and “inadvertent” mistake with no malicious intent.

“It’s not the first time that they’ve had some procedural lapses,” McCurry said of the Burton committee.

The committee obtained the fax number when it was mentioned by former Clinton political consultant Dick Morris during a deposition in August. The committee failed to black it out when it posted the Morris deposition on the Internet this week.
Campaign Finance

House GOP Casts a Wide Net In Renewed Scandal Hunt

Bipartisanship is off the agenda as several panels gear up to continue hearings on Democratic irregularities

In early November, just as a House subcommittee investigation into an alleged influence-buying scandal was getting under way, ranking Democrat Ron Klink got a friendly warning from the panel's Republican chairman, Texas Rep. Joe Barton, with whom Klink had an amicable working relationship, sought Klink out on the floor to say that the investigation was "going to have political overtones," the Pennsylvania Democrat recalled Barton telling him.

Klink was unpleasantly surprised. He and Barton had come through earlier battles together — over clean air regulations and the overhaul of the Food and Drug Administration — in which they disagreed but managed to avoid debilitating partisanship. But the year-old fundraising controversy tends to bring out the worst in the two political parties, and bipartisanship is always the first casualty.

The House is set to open a new season of fundraising investigations this week, picking up where Sen. Fred Thompson, R-Tenn., and the Governmental Affairs Committee left off. The House hearings have the potential to top last year's Senate round, if not in the production of new revelations, then in the amount of political hardball and bitter wrangling between the parties. (Thompson hearings, 1997 Weekly Report, p. 2466)

Instead of one central investigation with a set cast of players, the House has unleashed at least 10 committees or subcommittees to look into different aspects of the scandal, some overlapping the work of others. Unlike Thompson, who sought a degree of evenhandedness, the more partisan House is looking almost exclusively at Democratic abuses, avoiding inquiries into questionable practices employed by Republicans to raise record-shattering amounts of money in 1996. (Committeetemp, p. 112)

Republicans say the fact that many potential Senate witnesses fled the country or demanded legal immunity for their testimony justifies continuing the probe. And they see nothing amiss in the number of House panels doing the investigating. "You learn a little more from each committee," said Rep. Christopher Shays, R-Conn. "It isn't redundant. We're looking at the same issues but we're not asking the same questions."

Democrats have another view. "Clearly this is nothing more than a political witch hunt," Klink said.

Lessons Learned

While they plan an aggressive set of hearings, Republican leaders have been chastened by lessons learned from the Senate experience. After Thompson spent nearly a year and more than $2 million on an investigation that generated intense media interest but less than spectacular results, House Republicans are setting more modest goals and lowering expectations.

A prime example is the House Government Reform and Oversight Committee, the main House panel mounting the fundraising investigations. Chairman Dan Burton, R-Ind., like Thompson, had originally said his investigation would expose influence buying by the Chinese government in the Clinton administration. Burton suggested in interviews early last year that the White House may have traded national security secrets for campaign contributions.

"If the allegations and information we have so far are proven to be accurate," Burton told ABC News last summer, "this will be one of the biggest scandals in the history of the United States. It would dwarf almost anything — Teapot Dome, Watergate, anything."

But Republican predictions are much more subdued now. The four-month Thompson hearings failed to offer evidence of such a conspiracy, and Burton has dramatically narrowed his committee's mission.

Now, the focus is much closer to home. The panel is planning hearings looking at Democratic Party and White House officials who may have solicited donations from non-citizens. "It really gets down to what was being done domestically to seek and secure the funding," said committee spokesman Will Dreyer. "That's where there may have been dereliction of duty."

The Los Angeles Times in December published a front-page story that suggested that President Clinton at least looked the other way while longtime ap
CONGRESSIONAL RECORD

INSIDE CONGRESS

HOUSE INVESTIGATING COMMITTEES

Government Reform and Oversight Committee

Chairman: Dan Burton, R-Ind.
Ranking: Henry A. Waxman, D-Calif.
Mission: This is the main House committee looking into allegations of improper fundraising practices in the 1996 election, but its emphasis is almost exclusively on abuses by the White House and Democrats. Burton plans a series of hearings to examine the decision by Interior Secretary Bruce Babbitt to deny a gambling permit to an Indian tribe that was seeking to build a casino in Wisconsin. The casino would have been in competition with a nearby gambling operation run by a real tribe, which gave large campaign contributions to President Clinton's re-election campaign. Hearings are planned Jan. 21, 22, 28, and 29.

In February, the committee is tentatively scheduled to examine whether Democratic Party officials improperly solicited contributions from people who lacked U.S. citizenship or who were otherwise disqualified from making contributions.

Minority Viewpoint: Democrats say the hearings duplicate those conducted last year by the Senate Governmental Affairs Committee. They say the hearings will neither produce new information nor lead to an overhaul of campaign finance laws.

Level of Partisanship: Extremely high.

Career Fallout: With expectations low for the volatile Burton, he can succeed by simply keeping the committee from breaking down. But his leadership has been criticized even among Republicans as weak. And Waxman seems intent on capitalizing on that weakness, keeping up steady criticism of the panel's duplication of the Senate hearings.

Other Committees

Commerce Oversight and Investigations Subcommittees: Led by Joe L. Barton, R-Texas, this panel continues to look into allegations that Peter Knight, a lobbyist and close associate of the vice president, was able to win lucrative federal contracts for his clients by making campaign contributions. However, subcommittee investigators have yet to find evidence that Gore was involved.

Select Intelligence Committee: Led by Porter J. Goss, R-Fla., the committee plans to hold open hearings on security issues raised in the Senate hearings, including a review of the executive branch's handling of security information and the issuance of security clearances.

House Appropriations Subcommittee on Treasury, Postal Service and General Government: Led by Jim Kolbe, R-Ariz., this panel will be checking to make sure the Clinton administration complies with a subcommittee demand that all White House events be paid for in a timely way by sponsoring organizations. Last year, the subcommittee complained that the Democratic National Committee and other organizations

societies conducted flagrantly illegal fundraising. Clinton pledged to heed several warnings that large foreign contributions were skimming his campaign coffers, the article said.

Burton plans hearings on the solicitation issue in February or March.

Before that, though, he plans to open the year with four hearings beginning Jan. 21 devoted to another issue already explored by the Thompson committee: Whether Interior Secretary Bruce Babbitt improperly intervened in behalf of an Indian tribe that gave large contributions to the Democratic National Committee (DNC) to stop a rival tribe from building a casino in Wisconsin that would have competed with the favored tribe's gambling operations.

While the hearings will be duplicative of the Senate's work, the House GOP hopes to use them to keep pressure on Attorney General Janet Reno to recommend the appointment of an independent counsel in the Babbitt matter. The hearings on Babbitt and the casino issue, which many Republicans believe present the strongest case to date for the appointment of a special counsel, are timed to begin just end before...
Reno’s decision, expected in mid-February, would allow Büttner to testify on Jan. 30.

Teamster investigation

Although Büttner’s testimony will come in the wake of hearings, another controversy is generating more enthusiasm among Republicans. Rep. Peter Hoekstra, R-Mich., and his Education and the Workforce Oversight Subcommittee will continue hearings on the Teamsters union fundraising scandal. (Earlier Hoekstra hearings, 1997 Weekly Report, p. 1954.)

Hoekstra’s committee is piggybacking on a federal grand jury investigation of the Teamster’s, which has uncovered evidence that the DNC and other groups helped finance the campaign of union President Ron Carey in return for union contributions to Clinton’s re-election campaign and donations to the groups.

Three former Carey aides have pleaded guilty to fraud and conspiracy and have implicated finance officials in the Clinton-Gore campaign. The aide also said that union money was funneled to several liberal organizations in
exchange for donations from those groups to Carey, who was locked in a tight re-election contest in 1996 against challenger James P. Hoffa.

The investigation into the Teamsters holds many advantages for House Republicans. Where the issues raised in the broader investigations by Thompson and Burton have been difficult to prove, the contribution-swap scandal deals with a smaller universe of concrete allegations, many of which have been fleshed out in court documents.

"This isn't obscure legislative," Hoke said in a recent interview. "Some of these things are damning. Some of the legal documents read like a Tom Clancy novel, only much shorter. Anyone interested in good government can look at this stuff and see that it's clearly illegal."

The congressional probe also provides Republicans with a golden opportunity to build a case for some of their labor proposals, which the unions and Democrats unanimously oppose. For instance, the allegedly misspent Teamsters money came from union dues, which paves the way for a renewed debate on GOP legislation requiring unions to get express permission from the rank and file to use dues for political contributions. The vast majority of labor contributions go to Democratic candidates.

The hearings are set to resume in February, after an earlier round held by the subcommittee.

Several other House committees have investigations under way, looking at everything from alleged improper influence in the awarding of federal contracts to the way the White House should be limiting appearances by Vice President Al Gore.

The hearings will focus on whether contributions to the DNC from real estate developer Franklin L. Haeys and lobbyist Peter Knight influenced an administrative decision to move the Federal Reserve's 10-center expansion to new headquarters in the Portals office building in Washington. Haeys is a co-owner of the Ports and a friend of Vice President Al Gore. Knight is a former Gore chief of staff.

Not surprisingly, Democrats predict that the House hearings will produce little beyond what the Senate probe was able to produce.

Rep. Henry A. Waxman, D-Calif., the ranking member on the Government Reform committee and a leading critic of the Burton hearings, said: "They are willing to go from one thing to another just to see if they can hit some pay dirt. I try to approach these hearings with some sense that there may be something here worth paying attention to, but it's hard to see them seriously."

And criticism is beginning to emerge from less expected quarters. Some Republicans are worried that protracted hearings without substantive results will make them vulnerable to Democratic charges of using congressional oversight for partisan purposes.

"There are diminishing results with each passing day," said an aide to a prominent House conservative. "I don't know of anyone who wants to shut down the investigations yet, but there is a more feeling that it's time to put up or shut up."

Some Republican moderates are unhappy that the hearings seem destined to unfold without the leadership under-taking serious efforts to pass a campaign finance overhaul bill. Some, a co-sponsor of a leading campaign finance bill and a member of the Burton committee, said: "I think Dan Burton is conducting the hearings very fairly, but the bottom line is, he is not an advocate of campaign finance reform."

Embarrassing the White House

For the time being, the House leadership is committed to allowing the investigations to continue. Though the hearings may never fulfill the GOP's wilder dreams by finding Clinton or Gore's fingerprints on the scandal, at least they may serve the secondary political purposes of embarrassing the administration and cripplng the Democratic Party's fundraising efforts.

"It does have the effect of making it harder for us to raise money to take the House back," Klink said. "There is a fog of innuendo that hangs over the party, and that makes things very difficult."

There is also little chance that the House leadership will follow the Senate's lead by consolidating the investigations into one or two committees. Several circumstances unique to the House have convinced Speaker Newt Gingrich, R-Ga., that a Watergate Committee-style approach would not work, according to top aides.

Creating a central investigation would likely heighten media coverage but at the risk of the House suffering the same criticism that Thompson did in the Senate when his probe failed to meet original expectations.

Also, it is uncertain Gingrich could pull off a consolidation even if he wanted to. After a series of political setbacks weakened him in the 104th Congress, he opened this Congress promising the committees more autonomy.

"If more or less prized them in independence," said Steven E. Smith, a University of Minnesota political scientist, who has studied Congress, "then Congress becomes distant from congressional committees. If they can't at least conduct their own oversight functions independently, that's a pretty hollow promise."

Gingrich and other House leaders also believe that keeping multiple fronts open may increase the chances of coming up with substantive proof of wrongdoing. The reasoning: If Burton's committee fails to produce convincing evidence of White House malfeasance, why not let some of the other committees have a run at it?

The leadership argues that the investigations cannot be called a fishing expedition because most have been based on charges raised in the media or in the case of Housekeepers, the obvious failure of federal investigators to keep the Teamsters election free of corruption.

"If we were manufacturing investigations, that would be a different story," said a Gingrich aide, who spoke on condition of anonymity. "It's all reactive to questions being raised everywhere. It's regular order, more or less."

CORRECTION

Senate investigations. Weekly Report, p. 84. First column. Senate investiga-
tions have not cost nearly $150 million since Republicans took control of the chamber in 1995. The erroneous information was provided by The Associated Press, based on an analysis of the Senate's report for Sept. 28, 1997. According to the Office of the Secretary of the Senate, the figure cited actually reflected total committee expenses over the period, including such items as staff salaries and staff office expenses that were unrelated to investigations.

According to the secretary's office, the only Senate investigations for which there are separate accounting are those of alleged fundraising abuses and the Whitewater controversy. The Government Affairs Committee investigation into campaign fundraising cost $5,020,201. The Special Committee on Whitewater cost $1,325,901.
Burton team threatens contempt for witness

By Jack Friedly

House investigators are threatening criminal contempt of Congress charges against a reluctant witness in a dispute over the limits of the Fifth Amendment's protection against self-incrimination.

Lauded for his work, Miami's Charles Ferringo, had previously written for the New York Times and The Wall Street Journal. He is well-regarded in legal circles and has written extensively on constitutional law.

Witness to the hearing was Assistant General Counsel for the Republican National Committee, Richard Bennett, who argued that Ferringo should be held in contempt for refusing to answer questions. Bennett claimed that Ferringo's refusal to answer questions was violating his rights under the Fifth Amendment.

The Burton team, led by General Counsel Richard Bennett, is pushing for a contempt citation against Ferringo. Bennett told the committee that Ferringo had violated the constitutional protections granted to him by refusing to answer questions.

Burton team threatened with contempt for witness, the committee's general counsel, Richard Bennett, vowed to press for a contempt citation against Ferringo. Bennett stated that Ferringo's refusal to answer questions was a violation of his constitutional rights.

The committee ordered Ferringo to appear before the House Judiciary Committee on Tuesday to answer questions about the campaign finance scandal.

Ferringo was summoned to testify before the panel over the weekend, but he refused to testify without a written assurance that his answers would not be used against him in any criminal proceedings.

"The Fifth Amendment protects us from self-incrimination," said Ferringo. "I will not testify unless my rights are protected."
first handled the case over to the U.S. attorneys in Manhattan and Miami. In turn, they have given no sign that Imbus has committed any crime.

But aside from the subject of this letter, I might add that evidence of another campaign abuse I believe.

Plaskon did not wish to give away any secrets involving the Burton case, saying that the matter was confidential. But without discussing whether his client took the Fifth, he noted that it 

Plaskon elaborated on this idea in an article in 1992 for the New York Times. The article was headlined: "To determine whether a witness's testimony is 'inconsistent,' many prosecutors must explain to their clients that having 'nothing to hide' does not make testimony non-inconsistently, he wrote. ""Inconsistent people do hide the truth."

The very existence of the privilege is founded on the presumption of innocence.

Committee investigators believe that legislation has no right to plead the Fifth because it is an alleged crime occurred in 1992, and prosecution is therefore prohibited in the five-year statute of limitations. Thus, the committee argues, he could not possibly have committed himself. Furthermore, the committee attorney advised Plaskon that they would not accept any continuing guidance if he 

Last Wednesday, Plaskon wrote a three-page reply to Bennett, stating that to continue Friday's scheduled deposition he "could not be served at the Sixth, unforeseeable and unforeseeable.

In his letter, Plaskon wrote that "at least 10 other witnesses subpoenaed by the House and Senate in this investigation have invoked the Fifth and, as far as I am advised, the House has not required a single one of these witnesses to appear and answer questions by question.

Moreover, as a member of the H. R. Bar, you should be aware that the Fifth Amendment to the Constitution guarantees the right to be free from self-incrimination. Therefore, if a witness refuses to answer questions about a crime, they may be entitled to invoke the Fifth Amendment. However, the decision whether to invoke the Fifth Amendment is a delicate one, and it is up to the individual witness to make that decision.

The House of Representatives, in its deliberations, has been guided by the advice of its legal counsel. The Department of Justice has been asked to advise the committee on matters involving the Fifth Amendment. The committee has been guided by the advice of the Department of Justice, and has been careful to avoid any implication that it is acting in a way that is inconsistent with the advice of the Department of Justice.

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MOFA rebuked over handling of probe

BY ALAN SEARL
STAFF REPORTER

Lawmakers condemned recent actions of the Ministry of Foreign Affairs (MOFA) at a legislative hearing yesterday, and summoned an official to explain the government’s assistance to a visiting US team of congressional investigators.

The legislators told North American Affairs Director Shen Lushan that Taiwan’s international image had been damaged by news reports that 19 Taiwanese were being investigated by the five congressional aides pursuant to allegations of illegal Democratic Party campaign contributions.

Shen staged a spirited defense, blaming the media for misinterpreting the source of the allegations against Taiwan’s sovereignty or legal system.

"It is a mistake to think they came here to investigate anyone," said Shen. "They came here to clarify it. American citizens did anything inappropriate. We are not their target. It is a fact-finding mission." Shen pointed out that the legislation on the US House Government Reform and Oversight Committee had signed a set of ground rules upon arrival in Taiwan. Provisions included the banning of recordings of any interviews as well as respect for the privacy of the informants by not releasing their names or the contents of their discussion.

DPP and New Party lawmakers present at the hearing, however, criticized the perception that had been created by MOFA cooperation.

"It gave the public the impression our government acted as if to the US," said DPP Legislator Chang Chieh-hsiung. "It has damaged our country’s dignity. You must be in touch with voters. Tell them straight what the future of the US visitor’s mission is."
As He Wasted Away, the Prisoner Had but One Thing on His Mind

By GLADEN E. SIMPSON

The Wall Street Journal

March 19, 1998

Mr. Hubbell said, referring to a popular Washington eatery known for its lamb shank and other Middle Eastern fare.

"No, we're not going to do that," Mrs. Hubbell replied. "What should we cook?"

"The prisoner was momentarily stumped. "Course, see, I always look at my freezer and see what we have," he said plaintively. "But since I'm not there, I'm gonna assume that you have a nice uh, pork tenderloin."

"Hah," replied Mrs. Hubbell.

"Grilled veal," drawled the 6-foot-6-inch former football player. "As lemon butter. And then a light pasta to go with it."

"I think we're going to have pasta with grilled chicken and grilled vegetables," she said.

"That'd be good," Mr. Hubbell replied.

The conversation eventually took a more serious turn, with Mr. Hubbell accusing Mr. Starr of trying to "cripple the president."

But it came back to food.

Confessing that he was a little down,

Mr. Hubbell related the tale of a friendly fellow inmate who prepared the salad bar in the prison cafeteria. Shortly before he was to be paroled, the inmate got into a shouting match with a prison staffer over the freshness of the pasta salad. "Now he's in the hole," Mr. Hubbell lamented.
Visit by US aides sparks controversy

By Virginia Sheng
Staff Writer

The Ministry of Foreign Affairs said it allowed aides of a U.S. committee to make an information-gathering visit "at the request that the ROC's national dignity and judicial sovereignty would be fully respected."

MOFA's March 15 announcement came one day after local media reported that a U.S. delegation had arrived in Taipei to conduct "investigations" concerning allegations of illegal funds for U.S. President Bill Clinton's 1996 election campaign.

The media reports, confirmed by MOFA, revealed that a group of five U.S. congressional aides from the House Government Reform Committee arrived in Taipei on March 10. The delegation intends to interview eight high-ranking public officers and 12 business tycoons in Taiwan to clarify points connected with a U.S. case on illegal campaign funds.

"The ROC government has been clear and consistent in its stance on this political donations case. That is, the government does not have any connection with the case and therefore has nothing to hide," MOFA said.

According to the ministry, permission for the visit was granted on the basis of the long-standing friendship between the ROC and the United States and the ongoing bilateral effort to combat crime. MOFA stressed that it permitted entry by the congressional aides only so that they could not interview "Such an allowance cannot be viewed as equivalent to letting them conduct investigations in ROC territory," the ministry said.

In addition, the U.S. aides have promised to respect the ROC's dignity and sovereignty, the ministry noted.

Some speculation had informed Taipei of the planned trip and provided authorities with a list of the people the U.S. team wanted to meet. The ministry said it then notified each prospective interviewee in Taiwan.

"They can decide on their own whether to receive U.S. aides," MOFA said. "If conversations are held, they should be treated as a private exchange of ideas, rather than some kind of investigation and testimony."

The ministry said that, if requested to do so, it will send officials to accompany the interviewees during their communications with the U.S. aides.

Also, MOFA spelled out certain principles that the interviewees must follow. First, the U.S. group will not be allowed to use audio or visual recording devices during the conversations. Nor can photographs of the interviewees be taken. These measures aim to ensure confidentiality and keep any comments off the record.

Second, the aides are not permitted to send memos to the interviewees or ask them to sign any documents. Moreover, the aides cannot encourage the interviewees to provide information in exchange for exemption from prosecution.

Third, any information provided by the interviewees is to serve only as background and must be cited in U.S. congressional testimonies or legal procedures. Also, the aides cannot ask the interviewees to appear in U.S. court.

Another condition is that permission must be obtained before any information can be used publicly, and the names and titles of the interviewees cannot be divulged, the ministry said.

But according to a lawyer in Washington, D.C., these are empty principles. He insisted that anything the interviewees say can be used to incriminate them.

Even if MOFA officials were present during the conversations, the comments could still be used as evidence. Furthermore, any agreements reached by MOFA and the aides would not be legally binding, the lawyer said.

Legislators representing the opposition Democratic Progressive Party criticized MOFA's decision to permit the visits by the U.S. congressional aides. They claimed that the dignity and judicial sovereignty of the nation has been infringed upon because the so-called fact-finding interviews are actually investigations.

"If any crime has been committed, our own judicial agencies should handle it," the DPP lawmakers said.

They said the U.S. group should go to mainland China instead of Taiwan if it is looking for evidence of illegal political donations.

However, local analysts of the situation said the ROC's response to the U.S. request for interviews will most likely enhance the relations between the two countries.

Moreover, it would have been difficult to say no to the House of Representatives after MOFA had cooperated with the Senate last year, the analysts added.

A Senate panel has been investigating whether the U.S. Democratic Party violated the law when it raised funds for the 1996 presidential election. The Democratic National Committee returned US$3 million in funds because it could not verify that the money came from legal donations in America. Fund-raiser John Huang is said to have been responsible for a large portion of those funds.

The U.S. investigation is now trying to determine if Huang followed the actions of Clinton acolytes Harold Ickes and "Antonio" Pan in soliciting illegal donations. Pan and Ickes were charged in January with raising illegal donations in an effort to buy influence with high-ranking U.S. government officials.

Democratic fund-raiser Martin Hsu was charged in February with duping illegal campaign contributions from the California branch of a Taiwan Buddhist organization. The funds were poured into the campaigns of Clinton and other U.S. politicians between 1993 and 1996.

Nevertheless, a report issued on March 3 by the U.S. Senate Government Affairs Committee indicated that Taiwan was not involved in the DNC illegal donations case.

This conclusion was based on a visit by another U.S. delegation which last June looked into whether Liu Tai-yung, chairman of the ruling Kuomintang's Business Management Committee, might have made illegal political donations to Clinton.

The accusation was initially made by a news magazine, which reported that Liu had offered Democratic Party fund-raiser Mark Middleton a US$15 million donation.

The case was dropped after Liu filed suit against the periodical and an out-of-court settlement was reached. The magazine had already admitted that Liu made the offer of a donation. No evidence turned up to show that money was actually transferred.
Campaign Finance

Burton’s Request for Funds Stalls As Investigation Fatigue Hits GOP

Finance probe is pushed further into background by Clinton sex scandal; Gingrich, Hyde propose panel to make initial impeachment call

While the target is the White House, they love to hate, congressional Republicans are beginning to suffer from investigations fatigue.

A House probe into campaign finance abuses focusing on Democratic President Bill Clinton’s 1996 re-election campaign is stalling, in the view of many GOP lawmakers. And now Republicans are struggling with how best to approach possible impeachment proceedings against Clinton in the aftermath of a sex scandal that has swamped his presidency — a subject few lawmakers relish talking about.

Rep. Mark Souder, R-Ind., who serves on the committee looking into campaign finance abuses, said, "There is not a soul here who wouldn't rather have the debate about the things we're investigating and not Monica Lewinsky and the president's sex life."

But recent events have left Republicans bereft of an ideal set of choices.

Over the last few weeks, the focus has increasingly has shifted from the campaign finance scandal to the sex scandal, which makes even die-hard Clinton critics in the GOP uncomfortable.

With an independent counsel investigation of the president's alleged sexual encounter with women working in the White House ongoing, Speaker Newt Gingrich, R-Ga., and Judiciary Committee Chairman Henry J. Hyde, R-Ill., proposed on March 18 that a special House committee be set to review any material that counsel Kenneth Starr wants to refer to Congress. (Weekly Report, p. 569)

The delegation would make an initial judgment about whether impeachment proceedings are warranted. Although the makeup of the group and the timing have yet to be decided, the move hints of movement toward impeachment proceedings sparked a media frenzy and widespread discomfort among lawmakers.

By Jackie Kucinich
and Dan Carney

At the same time, a request by Chairman Dan Burton, R-Ind., for an additional $25 million to continue the Government Reform and Oversight Committee's probe of campaign finance irregularities stalled after fellow Republicans complained the probe is producing meager results.

Gingrich, who controls a special counsel investigation fund of $44 million, balked at giving Burton the money. The Speaker announced on March 19 that Hyde would get $1.3 million from the fund to probe a related issue: Attorney General Janet Reno's decision not to appoint a special counsel to investigate alleged abuse, including large illegal donations from foreigners to Clinton's campaign.

Burton's request was in limbo late in the week, and a Gingrich spokesman said only that a decision would come "soon."

Future of Probe in Doubt

Democrats have for months decried the House campaign finance probe as partisan, overly broad, unproductive and duplicative of one recently completed by the Senate Governmental Affairs Committee. (Weekly Report, p. 559)

Now that some Republicans have begun to share those views, the future of the House probe is in doubt.

"It's been very expensive, and it hasn't amounted to much," said a senior Republican leadership aide. Souder blamed the lack of progress on potential witnesses who have left the country or invoked their right against self-incrimination. "We see ourselves as deadlocked, and at some point, there has to be an evaluation whether this is worth the money," he said.

Sad Buron: "Everyone wants instant gratification in the television age. I think we will accomplish a lot, but it's not going to happen just like that."

The House investigation in a year's time has produced 13 hearings, many of them going over in finer detail issues already aired in last summer's Senate hearings. Although Burton vowed at the outset to focus on revealing the sources of foreign money that allegedly flowed from China, Taiwan and Indonesia to the Clinton campaign, little new information has been forthcoming.

Burton's investigation in fact has encountered the same difficulty producing concrete evidence of overseas connections as Senate Governmental Affairs Chairman Fred Thompson, R-Tenn., did — and then some.

According to Taiwanese press reports, five House investigators visiting Taiwan the week of March 16 sparked an uproar in the national legislature after a list of their interview targets was leaked to the country's press. On the list were several prominent Taiwanese politicians and business people. Several legislators said the foreign ministry for letting the U.S. delegation into the country and called the Americans a threat to Taiwan's judicial sovereignty.

To make matters worse, the House investigators were barred by the Chinese government from entering either Hong Kong or mainland China, confusing their quest to trace bank records there.
Burton's committee, which also held
hearings on the Indian casino issue, put
out a press release claiming credit for be-
ing included as a footnote in court docu-
ments filed by Reno requesting appoint-
ment of the independent counsel.

"This has been the most expensive
congressional investigation in history,
and we have so little to show for it," Wax-
man said.

Several Republicans said they ex-
pect Burton to get some additional
funding, though it may be reduced

with Clinton to ask for a paid position.

Hylde said that the main function of
the congressional delegations would be to
view Starr's material before it is turned
over to Congress.

The statute creating Starr's office (5,
103-217) offers few specifics about im-
peachment referrals. It says nothing
about how such a referral would be
made, what form it would take, and
whether it would include such things as
secret grand jury testimony.

If the House is to write a final report on
his findings, a three-judge panel would
decide what testimony could be made
public. But an impeachment referral could
be passed the judicial panel and would not
be subject to limitations on content. And if the
material went straight to the House,
Judiciary Committee, House rules say it must be given to all
members.

"I haven't the foggiest idea what [Starr] is going to do,"
Hylde said. "Give us transcripts of grand jury
testimony? . . . We have a con-
cern [some material] might not
be appropriate to release to the
general public."

The special panel would not
clearly replace the Judiciary
Committee, which would still
be the first committee that
could vote on proposed articles
of impeachment. But the panel
would take over control, at
least initially, of a decision not
to impeach. It would decide.

Hylde said whether "there is
merit to proceeding further."

Another leadership proposal — for a
select committee that would have
more thoroughly supplied the Judiciary
Committee — was rejected after it was
floated early in the year.

A principal motivation behind
the select committee, which aides said may
have spilled over to the idea of an inde-
pendent review panel, is that the Judiciary
Committee is ill-equipped to deal with a
political and public relations war with
the White House. The committee has 16
members, and is loaded with first- and
second-term members, mostly from the
far right and far left. Its staff of 65 is
small and more versed in such areas as
civil asset forfeiture and digital cop-
right law than in playing a high-stakes
political chess match.

Neither the members nor the staff
would be a match for Clinton's spin
docs and political operatives, aides said
out of GOP aide. "They would eat them alive."

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| Source: House Government Affairs Committee, Republican House Committee on Government Reform |

CQ on the Web: www.cq.com
Gingrich, Hyde Will Tap Clinton Scandal Database
But Key Chairmen Fight for Control of Probe Documents

By Jim VandeHei

House Speaker Newt Gingrich (R-Ga) and Judiciary Chairman Henry Hyde (R-III) plan to tap a mammoth computer database of documents compiled from a half-dozen Congressional investigations to expand any impeachment inquiry beyond the recent perjury and obstruction of justice allegations against President Clinton, according to GOP sources.

The sources said the $60,000 database, which is currently controlled by House Government Reform and Oversight Chairman Dan Burton (R-Ind), already contains 90,000 entries of data unearthed during Congressional investigations of scandals ranging from Fideli gate to Whitewater to campaign finance abuses in the 1996 election cycle.

GOP sources said the database, which cross-references the names of individuals and organizations that might be intertwined in various scandals, would be used by Gingrich and Hyde to help determine if there is enough evidence to launch a formal impeachment inquiry.

"[Hyde and Gingrich] are in agreement that any inquiry that may be done by the House will include information developed by numerous [committees]," according to a GOP official familiar with the leadership's plan.

Continued on page 30
Clinton Inquiry Could Cover Wide Array of Scandals

Continued from page 1

"Gingrich wants everyone to share it," added a second source.

Gingrich spokesman Christian Martin said: "There's a very serious need to better coordinate and share information because of the thousands of names in common between the committees." Martin said the "central data bank" would be compiled even if impeachment talks had not heated up.

Another GOP source added that any evidence eventually turned over to the House by independent counsel Kenneth Starr could be plugged into the database for further cross-referencing.

"When we get the information from Starr, we can input that into the database and make connections to other investigations," said the source.

Gingrich wants to coordinate information from several Congressional investigations before he meets with Starr to determine if Republicans should proceed with impeachment hearings, said GOP sources.

Gingrich's plan marks the first time that the Speaker and other GOP leaders have considered combining evidence from various House and Senate investigations with Starr's probe of perjury and obstruction of justice charges against the President. However, the sources stressed, Gingrich is uncertain how much of this information will be relevant to possible impeachment hearings until he reviews Starr's findings.

But in the signs of the behind-the-scenes struggle by several influential Republicans to get a piece of the potential impeachment pie, GOP sources said a turf war is shaping up over who will actually control the database.

While Burton created the system to assist with his sprawling campaign finance investigation, sources said House Oversight Chairman Bill Thomas (Calif.) wants control of the database because he believes his panel has jurisdiction over the overlapping House investigations.

"Thomas would like to have the database housed at Oversight," said one GOP source. "He would be the king." Thomas said in an interview that "from a jurisdictional standpoint, it would be logical" for House Oversight to control the database.

"But that's up to the Speaker," he added. Burton's panel, however, has spent almost $600,000 and thousands of work-hours building the vast database. And Burton spokesman Will Dwyer noted that based on the Government Reform panel's protocols, it cannot share the entire database with other committees because of confidentiality information in its files. Nevertheless, Dwyer said, "We cooperate routinely and positively with House Oversight" and he would expect that relationship to continue on this matter.

"We're ready, willing, and able to share any of our information (from the database) in terms of impeachment," said Dwyer.

Dwyer said the database is "one of the most important investigative tools this committee has." The system includes information on 3,500 separate individuals and entities. "It grows everyday," he said.

Dwyer noted that Burton created the database at the suggestion of his investigative coordinator, David Bocian, a controversial GOP operative. Because of Bocian's role in the previous Congress on the Senate Whitewater probe, the database includes documents from that investigation.

The database also includes documents from Burton's campaign finance investigations, the House ethics investigator currently underway, and Sen. Fred Thompson's (Tenn.) campaign finance investigation.

Several sources said Gingrich likely will give Thomas control over the database and has privately instructed several committee chairmen and House investigators to feed more information into the centralized database as the House moves forward on its investigation into the President's actions during the Whitewater affair.

"Obviously in today's computer world it makes sense to have a centralized database," said Thomas, who added that the project has been more "focused and intensified" as result of the impending impeachment review.

Gingrich's impeachment strategy talks have involved Hyde, Burton, Thomas, and, to a lesser extent, Rep. Peter King (Mich.), who is running the House's Whitewater investigation. Leadership sources said Majority Leader Dick Armey (Texas), Majority Whip Tom DeLay (Texas), and Conference Chairman John Boehner (Ohio) have not been directly involved in the talks. Gingrich, who one month ago said Hyde would take the lead in any impeachment talks, has been running the show in recent weeks, the sources said.

Much of the charge is that the Committee members who believe their committee should handle the impeachment probe, Gingrich is leaning toward creating a special task force or select committee of GOP-allies to review Starr's report (see related story).

While Gingrich and Hyde have focused on the GOP's procedural plans for handling an impeachment probe, Burton and Thomas have attended several closed-door meetings with the Speaker to discuss the most effective way to spend a multimillion-dollar budget reserve fund.

Thomas, in a meeting of House Oversight, most signified money to increase Burton's budget with the $3.2 million that remains in the reserve fund. Most of the reserve fund — created in 1997 to bankroll up to $8 million in unexpected committee expenses — has been siphoned to various investigations of Clinton and his allies.

Burton, who confirmed "there is a coordinated effort" to centralize the various House investigations, said Gingrich plans to give him more money, but so far he has balked at Burton's $2.5 million request. Thomas has objected to Burton's request as well, according to a source familiar with the discussions.

The database, developed by House with the help of Fairfax, Va.-based Intelligent Solution Inc., already contains a mind-boggling reservoir of documents, testimony, depositions, FEC records, and phone numbers compiled from the various investigations of Clinton dating back to the President's failed land deals in the 1970s. The system allows Republicans to cross-reference an unfathomable amount of information to draw connections between unrelated files.

House was quoted last year in Computer Reseller News, saying: "This database was created because it's impossible for the human mind to make all of the connections vital to an investigation of this magnitude."
Dems Blast GOP Over Expansion Of Clinton Probe

By Jim VandeHei

Charging that Congressional Republicans have already spent at least $11 million investigating President Clinton and his allies, House Democratic leaders are fuming over the GOP's plans to expand a possible impeachment probe beyond charges of perjury and obstruction of justice.

"I have never heard of this kind of coordinated campaign to undermine the President," said Rep. Steny Hoyer (D-Md), who reacted angrily to Roll Call's report that Republicans plan to add a database of evidence from at least seven Congressional investigations to their impeachment probe (Roll Call, March 23).

"This is the greatest assault ever on a President, even [Richard] Nixon," said Hoyer. "Republicans are trying to embarrass, investigate, and undermine [Clinton]...for totally partisan purposes."

Starting with a floor speech Tuesday night by Judiciary ranking member John Conyers (Mich), House

Continued on page 32
Democrats Start to Slam GOP Impeachment Talks

Continued from page 1

Democratic leaders launched a campaign this week to discredit what they call the GOP's "politically motivated" investigation into President Clinton, saying the scandal was "totally justified" and that Clinton's actions were "wrongful and shameful." Republican leaders have promised a "thorough" and "fair" investigation of the president's behavior, but Democrats say they believe the probe will be politically motivated.

Ace levine-aviles on DSK5TPTVN1PROD with HEARING

The Democrats' response was to release a new report, "Clinton: The Truth," which includes quotes from Clinton's past speeches and interviews with former aides. The report also includes a list of what Democrats say are "false" claims made by Republicans during the impeachment hearings.

But many Republicans are not convinced. "We need to get this right," said one Republican aide. "We need to make sure we have all the facts before we move forward."
But Gingrich believes several pieces of Burton's probe can be woven into an impeachment investigation, GOP sources said, and Burton most likely will get a spot on the Republican team that will review Starr's findings.

Burton, who asked Gingrich for $2.5 million a few months ago, wants to amalgamate his investigation of campaign finance law violations with the impeachment probe, the sources added.

Burton has argued privately that his investigators, led by David Bossie, could beef up their massive database of Clinton scandal items and step up their probe of Clinton's fundraising transgressions so the material could be used for an impeachment investigation, the sources added.

Democrats charge that the reserve fund — which was created in spring of 1997 by House Oversight to bankroll "unanticipated expenses of committees" — has been used by GOP leaders to finance partisan investigations from the get-go.

Rep. Peter Hoekstra (R-Mich), chairman of the Education subcommittee on oversight and investigations, was the first Republican to dip into the fund, netting $1.4 million last spring to ostensibly investigate labor laws and practices in the workplace.

At the time, however, several GOP leadership sources admitted that Hoekstra would use the investigation to examine ways to punish the AFL-CIO and other labor unions that teamed with Democrats in 1996 to beat up on GOP candidates.

Eventually, Hoekstra used some of that $1.4 million to hire staff for his Teamsters investigation.

"It's hard to know" what they are doing with that money, said one Democrat, because "it looks like they are commingling the funds" with other investigations on the committee. GOP sources confirmed that some of that money has been steered to Hoekstra's probe of the invalidated Teamsters election in 1996.
Burton's Campaign-Finance Probe Is Drawing Criticism for Mounting Costs and Slow Progress

BY JEANNE CONDON
Staff Report, The Spectator Journal

WASHINGTON — House GOP investigators are planning to skip to Taiwan two weeks ago for a discreet series of interviews with potential witnesses that would breathe new life into their probe of campaign-finance abuses.

Instead, their arrival was gleefully covered by Taiwanese radio talk-show hosts and local newspapers. The investigators left with a blank slate more than a long list of canceled meetings. "They should have spent more of the American taxpayer's money to fly around the world and visit innocent people like me," says an exasperated Lia Yang, a local legislator who refused to meet with the House team.

The noted investigative trio is the latest in a string of bad luck for the House Government and Oversight Committee, headed by Rep. Dan Burton of Indiana. During a first trip to Thailand, Indonesia, and Singapore, one GOP investigator contracted dysentery and spent several days in a hotel room. Even some fellow Republicans are groaning about travel bills and staff salaries for the panel, which has conducted just a handful of hearings that clinicians say may not add new evidence against the White House.

Mr. Burton, for his part, blames his committee's slow progress on the White House's failure to produce documents, background information, and the fact that 81 people have refused to testify or file sworn declarations. House Speaker Newt Gingrich, now facing several investigations of his own, himself demanded an accounting of the committee's work before approving a $118 million funding increase — about $11 million less than Mr. Burton wanted. Moreover, the huge staff in the political landscape produced by sexual misconduct allegations against Mr. Clinton has staved off Mr. Burton's committee away from the spotlight.

Hyde Moves to Center Stage

It's Judiciary Committee Chairman Bob Hyde of Illinois, not Mr. Burton, who will head up deliberations on the possibility of impeachment proceedings once independent Counsel Kenneth Starr sends the House the results of his wide-ranging investigation of Mr. Clinton. Mr. Gingrich this week approved another $11.3 million for Mr. Hyde, who yesterday hired David P. Schippers, a former Justice Department prosecutor to interview potential witnesses on his chief investigative counsel; Mr. Schippers might ultimately assist with impeachment hearings if they arise, though Mr. Hyde insists that's not why he was hired. Mr. Hyde plans to review Mr. Burton's findings and those of other House investigating committees in the context of any recommendations from Mr. Starr.

"Without question, Starr is the priority ... and Starr means the Judiciary Committee," says GOP Rep. Marge Roukema of New Jersey. And like some other GOP lawmakers, she is disappointed with Mr. Burton's performance. "I'm a fiscal conservative; I want a complete accounting of spending," she says.

"Everybody wants instant gratification in the television age," says Mr. Burton, shrugging off his critics. But recent incidents by the Justice Department of key players in the campaign-finance scandal have undercut GOP arguments that the committee's work is vital to discovering wrongdoing in the 1996 presidential campaign.

Democrats, meanwhile, are stepping up their own criticisms, hoping to capitalize on the widespread belief among voters that investigations of Clinton scandals are largely motivated by partisanship. After Mr. Burton's fliers were republished, Democratic Rep. Steny Hoyer of Maryland introduced legislation called the "Sham Fund Accountability Act," to force the GOP leadership to obtain House approval before disbanding out more money for "partisan witch hunts."

Rep. Burton's effort has been a lightning rod for months. Though a year ago, $3.5 million campaign-finance investigation by modern Republican Sen. Fred Thompson had limited impact, the GOP right hoped that Mr. Burton, a hardline conservative, would unearth more damaging information. The White House and congressional Democrats, meanwhile, tried to discredit the House effort from the start by portraying Mr. Burton as a clumsy and Clinton gadfly.

Businesses and Pay Raises

But Mr. Burton has managed to raise eyebrows among fellow Republicans as well. He gave lavish bonuses to his investigators, some amounting to $6,000. (The Democrat's top investigator got a $2,500 bonus.) Investigation coordinator, David Boies, received three pay raises through the year, seeing his salary jump from $7,000 to $10,000 for an annual increase of $23,000. Members of Congress earn $79,000.

In addition to two dozen employees working solely on the White House probe, Mr. Burton's committee has another dozen, including Mr. Boies, who are also assigned to the investigation. Mr. Burton has spent about $35,000 to bring in two internal Revenue Service investigators and is paying $5,000 a month to the Baltimore firm of Richard Benett, the probe's lead attorney. Democrats estimate that, overall, Mr. Burton has spent more than $5 million on the investigation; GOP staff, disputing that accounting, argue that the real cost is less than half that.

Kevin Binder, the committee's staff director, says the bonuses were appropriate because of the panel's difficult work and relatively lower wage scale. While 56% of the employees on the House Ways and Means Committee earn the top staff salary allowed by Congress, only 6% of Mr. Burton's staff earn the top rate. Mr. Binder says, "They deserved every penny they got," he adds.

In addition to salaries, Mr. Burton's committee has spent more than $61,000 on domestic travel last year, has authorized more than $56,000 already this year, and tapped into a State Department account to cover two trips abroad that highlight the difficulties facing the investigators. In fact, the sleuths may wish they never boarded the flight to Taiwan.

After allowing entry to the three Republicans and two Democrats, the foreign ministry immediately handcuffed them by holding a news conference to announce that they had no law-enforcement status and individuals could refuse to answer questions. Government officials then repeated those messages in private calls to the potential witnesses, sources familiar with events say.

"No every trip is going to be productive, but you don't know until you try," says Mr. Binder. "They were not fruitless trips," he says, and won't rule out others.

*Artie Chung, contributed to this article*
Angry House Democrats Derail GOP Donor Probe Tactic

FRIDAY, APRIL 24, 1998

WASHINGTON — Angered by the Republican chairman's characterization of President Clinton as a "perjurer," House Democrats Thursday to launch an immunity-for-witnesses strategy to block the inquiry into campaign-funding abuses.

Rep. Henry A. Waxman of Los Angeles, ranking Democrat on the House Oversight Committee, and Oversight Committee, said that the contempt charge, made by Chair- man Dan Burton (R-Ind.), was a "slip of the tongue." Waxman said that Burton's comments reflected a "perjurer" label that is "partisan" and "unprofessional.

After two hours of heated debate, the immunity request fell short.

White House Press Secretary Mike McCurry told reporters Thursday that Clinton "chooses to ignore" Burton's research. McCurry added that Clinton "chooses to ignore" Burton's research.

Burton said that Clinton was "partisan" and "unprofessional.

Justice Department officials believe that Clinton did not object to granting immunity in a case involving a Justice Department investigation.

Burton complained that his panel "has faced obstruction that is so deadly that it has been overcome by a Justice Department investigation."
Congress: GOP insults: Democratic rhetoric are low-tights of costly investigation that has spawned 650 subpoenas but led mostly to dead ends.

By Marc Lacey Times Staff Writer

WASHINGTON--The House probe of campaign fund-raising has also become the congressional equivalent of a remake of a classic television show. It's already running 20 episodes, and it's looking like a repeat of past disasters.

It's the Democrats' fault, Mr. Burton says. It's the Republicans' fault, too.

The multimillion-dollar investigation is distinguishing itself more for the intensity of its partisan clash than for its revelations, which have been frequent, if not as spectacular as some had expected.

Last week, Democrats on the House Government Reform and Oversight Committee exploded at Chairman Dan Burton (R-Ind.), who argued against granting immunity in four witnesses who wanted to testify before the panel.

The clash continued this week during testimony by a convicted bank president who was released from prison for the day so that he could explain his connection to $52,000 in illegally given Vietnamese contributions made in 1990.

Rep. Henry A. Waxman (D-Los Angeles), trying to keep the inquiry on track, fired back: "It's not the Republicans, it's the Democrats who have a right to know," he said.

"Raising some dramatic change, I think the Burton investigation is going to be remembered as a case study in how not to do a congressional investigation and as a prime example of investigation as farce," said Norman Ornstien, a congressional expert for the American Enterprise Institute, a conservative Washington think tank.

"The investigation has been a disaster," said Ornstien, who has written extensively about the House Banking Committee's efforts to investigate the Iran-contra affair.

"They're not even sure what they're looking for," he said.

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"They're not even sure what they're looking for," he said.
House Democrats and Republicans Set For Scandal-Driven, Contentious Week

By Jim Manzi and Julia Boorstin

Sen. John Kerry and House Speaker John Boehner are expected to take center stage this week as Democrats and Republicans spar over the campaign finance system and pose potential obstacles to the Obama administration's proposals for financial reform.

Minority Leader Dick Gephardt (D-Mo.) plans to return to the House floor this week to deliver his first big speech since the election. He is expected to focus on the need for transparency in government and proposals for financial reform.

On Thursday, Rep. Henry Waxman (D-Calif.) will lead a hearing of the Oversight and Government Reform Committee on the need for more transparency in government and the need for campaign finance reform.

Meanwhile, in the Senate, Democratic Sen. Tom Daschle is expected to introduce a major campaign finance reform bill that would limit the amount of money that can be spent by political action committees.

The House is expected to vote on legislation that would require candidates to disclose their financial interests.

Democrats and Republicans are expected to continue to fight over the issue of campaign finance reform, with some members of both parties pushing for a more transparent system.

Meanwhile, on the Senate floor, Sen. John McCain (R-Ariz.) is expected to introduce a bill that would overhaul the campaign finance system and limit the amount of money that can be spent by political action committees.

The House is expected to vote on legislation that would require candidates to disclose their financial interests.

Democrats and Republicans are expected to continue to fight over the issue of campaign finance reform, with some members of both parties pushing for a more transparent system.
Democrats
Hit Burton
Over Tapes
Of Hubbell

House Chairman
Accused of Doctoring
Phone Transcripts

by George Lauder Jr.
Washington Post Staff Writer

The White House joined House Democrats yesterday in a chorus of praise for former associate attorney general Webster H. Hubbell, whose phone calls to enucleate decisions of insurance about matters still under investigation.

Burton, the chairman of the House Government Reform and Oversight Committee, shrugged off the accusers, saying that "someone who's been investigated by the FBI is not a credible accuser." He said in a statement that he would begin today to re-examine the entire the 244 conversations that were excerpted, to show that there were no attempts to doctor or distort their content.

Burton and his staff last week released a 17-page document containing portions of phone conversations Hubbell had with his wife and others. But the excerpts left out a statement by Hubbell that first lady Hillary Rodham Clinton had "no idea" of such irregularities at the Little Rock law firm where they both worked. Also deleted was a statement by Hubbell that he was not being paid a salary to keep him from cooperating with independent counsel Kenneth W. Starr's Whitewater investigation.

In a letter to Burton yesterday, Rep. Henry A. Waxman (Calif.), the committee's ranking Democrat, complained that the excerpts Burton made public were released to the press before they were read to the committee. Waxman said the distortion Democrats discovered over the weekend were "unacceptable" and called [APERS, Prov 4]

 yielding an immediate committee
meeting to address the situation.

"You have unilaterally suppon-
ized these tapes, unilaterally re-
versing them, and apparently un-
laterally altered the content to
suit your purposes," Waxman
wrote. "You act, in effect, as if the
Committee were your private
playground."

President Clinton's senior poli-
icy adviser, Rahm Emanuel, stepped up the rhetoric on one of
yesterday's talk shows where par-
tially inverted arrows were in
both directions.

"I don't remember ever, in the
history of the Congress, of a chair-
man of a committee altering and
destroying selectively putting
out information that changes
both the meaning and context of
those tapes," Emanuel said on
CNN's "Late Edition." "And there
is no doubt that the leadership
of the Congress is now going to
have to figure out what to do with
the chairman and this commit-
tee."

Already under heavy attack
for having "hired Clinton's as an
advocate," Burton said on NBC's
"Meet the Press" that he released
the tapes because he wanted to
let the American people know
that Hubbell and his wife were
under pressure for him not to
tell certain things because she
might lose her job at the Interior
Department.

In one conversation, Burton
noted, Hubbell, in prison for em-
bezzlement of nearly $500,000
from his old law firm, tells his
wife, Suzanne, in response to her
fears of unemployment: "Well, I
guess I'll have to roll over one
more time."

"That one statement is pretty
telling," Burton said on NBC.

"We have 150 hours of tape. We
tried to condense it down (to
less than one hour of excerpts) so
that it would be easy understand-
able," Burton added. "But he said he was willing
to make all 150 hours public if
Hubbell and the White House
consulted.

Hubbell's lawyer, John W.
Nielsen, quickly rejected the idea
on another television show: "These are confidential, private,
protected-by-law conversations," he said on ABC's "This Week." "I
want none of it out there. I want
none of it talked about... This
stuff comes out and everybody in
the press starts hyperventilating...
It shouldn't be happening.
This is very, very wrong."

Nielsen also disputed Burton's
interpretation of a conversation
between Nielsen and Hubbell on

At one point, the attorney told
Hubbell that "there is some chance that the day after Election
Day they will make a move that
means everything. And I don't
want to discourage it.

Burton said on "Meet the Press" that this meant "you thought
the president might put in
Webb-Hubbell right after the
election and get him off the
hook. Well, the president didn't
do that, but the fact of the matter is
Mr. Hubbell was expecting that might happen."

Nielsen said the remarks had
"absolutely nothing to do with a
pardon" but dealt instead with
"immunity granted by the inde-
dependent counsel," which he
was hopeful would get right right
after the election and we did.

Telephonic conversations of
federal prison inmates are rou-
tinely taped to ensure that
no prisoners engage in illegal
activities, but they are rarely
made public—usually only in the
court of public opinion.

Witnesses of the hearing have
posted on prison phones and
some of the excerpts made public
by Burton show that Hubbell was
talking about the search.

Burton suggested that
Hubbell's statements suggesting his
own innocence and that of others
such as Hillary Clinton were self-
serving notions that deserved to be
discounted.

"If you listen to the tapes, and I
hope you will, you will see excerpts," Burton said. "I think he
thought that he would let his guard down and say things. And then, all
of a sudden, he would try to retract or
say something that put a different
spin on it. And I think that's one
of those cases."

Burton was addressing in par-
ticular a March 23, 1996, conver-
sation in which Hubbell and his
wife were discussing a coun-
terclaim he was considering
against his former law firm and
the possibility that it would open
up allegations against the first
lady.

Last week the Burton version
was these remarks by Hubbell:
"Hillary's not. Hillary's not. The
only thing is people say, why didn't
she know what was going on. And
I wish she's never paid any attention to what was going on at
the firm. That's the gospel truth.
She just had no idea what was going on. She didn't participate
in any of this."
Portions of Hubbell Prison Tapes Released

By MARC LACEY

WASHINGTON—He speaks in a drawn, drifting from the personal to the political, each conversation lasting no more than 15 minutes before the prison telephone clicks off and he must dial up—collect—again.

One minute, former Associate Atty. Gen. Webster L. Hubbell, is telling his wife, Suzy, of his new job as a prison cook. "It's hard work," he says. The next, he is discussing First Lady Hillary Rodham Clinton and other top White House officials.

"We're on a recorded phone. OK?" he tells his fearful wife at one point, reminding her that calls at the federal detention facility in Cumberland, Md., are commonly recorded by prison authorities. A sign over the pay phone reminds prisoners of the practice.

Rep. Dan Burton (R-Ind.), chairman of a House investigative committee, released audiotapes of 43 of Hubbell's telephone conversations Monday, attempting to fend off charges leveled by White House officials and congressional Democrats that he had made public misleading excerpts of the remarks.

Public release of such conversations is a rare official court proceeding—and was opposed by Hubbell attorney John W. Nieder, Jr.—but is within the purview of Congress, which is not subject to the federal Privacy Act.

"I believe this will once and for all put to lie any accusations of 'editing,' 'doctoring' or 'out of context' quotation," Burton said in a statement.

But the three hours of tapes, a small selection of the 506 hours of phone calls recorded by the Bureau of Prisons and subpoenaed by the House Government Reform and Oversight Committee, served only to escalate the furor political battle over who—the Clintons' critics or their defenders—has sunk to new depths.

The tapes released Monday—more accurately, taped through the air by a Burton aide to a horde of reporters in a House committee room—are only several months of conversations "innocent Hubbell," as prison officials called him, had with his wife, Suzy, attorneys and daughters in 1996.

The remarks are of interest to the political battle over who—the Clintons' critics or their defenders—has sunk to new depths over the Whitewater controversy. The remark raised the eyebrows of GOP investigators, who suspect that Clinton aides paid "hush money" to Hubbell to keep him from revealing damaging information in the Whitewater investigation.

But Rep. Henry A. Waxman (D-Los Angeles) focused on another passage soon afterward, which Burton aides had left off their written transcript.

In that exchange, Hubbell says of Mrs. Clinton's knowledge of billing irregularities at the law firm. "She just had no idea what was going on. She didn't participate in any of this."

Burton admitted that the remark should have been included in the transcript, his investigators prepared, but he said that other remarks casting the first lady in a positive light were included.

"So the argument that all exculpatory material about the first lady was selectively edited out, you don't stand up to the light of day," Burton said.

Burton began releasing the tapes last week after Hubbell was indicted on charges of evading taxes on hundreds of thousands of dollars in income, much of it arranged by presidential allies.

"Because Mr. Hubbell has asserted his 5th Amendment rights not to cooperate with this committee, we have been compelled to turn to other avenues to find the truth and report it to the American people," Burton said.

He said that he only released select portions of the tapes because he "wanted to bend over backwards to be fair to Mr. Hubbell.

But he held out the possibility of releasing more tapes if it continues to portray him as being unfair.

Waxman did just that in a letter to Burton Monday in which he accused him of acting irresponsibly by repeatedly twisting Hubbell's remarks in his transcripts and releasing tapes that touch on family medical ailments, problems affecting the Hubbell children and the attempted suicide of a family friend.

"These are private matters that have no conceivable relevance to any legitimate congressional investigation," Waxman wrote.

Webster L. Hubbell's prison conversations are drawing scrutiny, inside and outside the Beltway.
Bridling G.O.P. Leader Says

"Tapes Speak for Themselves"

Releases Jail-House Recordings, Unedited

By ALISON MITCHELL

WASHINGTON, June 10 -- In cont-...
**Excerpts From Prison Conversations With Hubbell**

By The New York Times

**WASHINGTON, May 4—** Following are excerpts from telephone conversations of Webster L. Hubbell with friends and family members when he was in Federal prison, as transcribed by the House Government Reform Committee. Additional material in bold type is taken from the tapes themselves, while material in the transcript but not on the tapes is in italic type. John Nielsen is a lawyer for Mr. Hubbell.

**March 25, 1996**

**MRS. HUBBELL** Charlie [Owen] says you ought to go out with everything up front or with everything except one which you can maybe throw in later, but a lot. Because he thinks the firm will back off.

**MRS. HUBBELL** Sure, I say this with love for my friend Bill Kennedy, and I do love him. He has been a good friend. He is one of the most vulnerable people in my acquaintance. OK?

**MRS. HUBBELL** Yeah.

**MRS. HUBBELL** Hillary's not — Hillary isn't. The only thing is, people say why didn't she know what was going on, and I wish she'd never paid any attention to what was going on at the firm.

**MRS. HUBBELL** That's the gospel truth: She just had no idea what was going on. She didn't participate in any of this.

**MRS. HUBBELL** And they wouldn't have let her if she tried.

**MRS. HUBBELL** Of course not.

**Sept. 9, 1996**

**MRS. HUBBELL** Now they are trying to make a big deal, that you, see, that somehow everybodys testimony is about people being bought off by you, you know promises of all kinds of things, so now, everybody has to be careful. You know it's not true. It's absolutely not true. There is no truth to it at all, but, you know, people look for the worst in things. I don't do that anymore.

**Oct. 21, 1996**

**MRS. HUBBELL** She was confiding in me some of her problems that she foresaw in confirmation. You know I'd gone through it, I knew they were going to come up, other Washington lawyers provide that counsel, it wasn't just get me appointed.

**MRS. HUBBELL** Did you intercede on her behalf?

**MRS. HUBBELL** I tried to find out what the problem was. She had been promised something and everybody acknowledged that she had been promised something. What was the hold-up or the problem?

**MRS. HUBBELL** Had she been nominated for anything.

**MRS. HUBBELL** She had not been nominated.
Burton Defends Hubbell Transcript Actions

Republican Releases Tapes, Says He Was 'Even-Handed,' as Political Feud Intensifies

By GEORGE LAKES JR. and JAMES B. KERRAN
Washington Post Staff Writers

The chairman of the House Government Reform and Oversight Committee told Democratic critics yesterday that their charges that he doctored transcripts of prison tapes of former associate attorney general Webster L. Hubbell were "rash" and ungrounded and the full record will show he was "very fair and even-handed,"

Rep. Dan Burton (R-Inid.) conceded that remarks portraying first lady Hillary Rodham Clinton as a tornado-lighted soul should have been included in partial transcripts he released last week, but he said other Hubbell remarks supporting her were made public. He said he also left out "a number of intimidating conversations" from the 27 pages of excerpts that have kicked up a storm. Burton yesterday released actual copies of those conversations as well as others taped by prison officials.

But even as Burton defended himself, his workmen on the committee, Rep. Henry A. Waxman (D-Calif.), fired back with a fresh list of "alterations and omissions" uncovered by his staff. He said the "additive editing is much greater than I had previously thought."

There was a systematic effort to mislead the public," Waxman charged in a letter to Burton.

"There are passages that appear to exist. Ms. Hubbell has not said that the original tapes are correct, but there are no indications that the original tapes are correct, and at least one passage, out of 10 pages, may be critical to the investigation."

The bitter dispute seems certain to add to Democratic concerns that the House investigation of campaign financing abuses in President Clinton's 1996 reelection effort may be taken out of the president's hands. "It's going to make a lot of Republicans uncomfortable to support this guy," said a Democratic leadership aide, who noted that Democrats may try to get the House to vote on the issue.

"Burton vowed not to quit: Asked about reports that the Republican leadership would force him to stay down, Burton told CNN last evening: 'I'm not going to change, and I'm not going to back down.'"

"When you hear the other side squawking like a bunch of pigs, you know you're doing the right thing." Burton added.

Waxman said Burton made "an enormous error in judgment" in releasing partial transcripts of 54 Hubbell conversations to the news media last week and that the distinction coming to light posed a situation "without precedent in the history of the U.S. House of Representatives."

Waxman's allegation that some tapes had been "made up" is not as damaging as one made in an Oct. 30, 1996, conversation between Hubbell and his lawyer, John W. Nields. Burton's staff evidently thought that Hubbell was making a reference to the White House, which Hubbell had served as counsel, according to transcripts.

Burton released a copy of the transcript and a 43 other conversations recorded while Hubbell was serving a federal prison sentence that he interpreted as evidence of Clinton's political levels.

"Burton made public a copy of this tape and 43 other conversations recorded while Hubbell was serving a federal prison sentence for embezzlement. In a letter to Waxman, Burton said he knew he was releasing the complete tapes of all 54 conversations in question (the final 11 will be made public today) "so that it will become apparent that you are making a moun-}

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See Burton, 47, Oct. 1
Dispute Over Rep. Burton’s Handling of Tapes Spreads to Senate

BURTON, From AS

or came in, the middle of an exchange about the tapes that Burton quoted. Last week the committees released the records, and on September 11, 1998, about Hill, Hubbell had said with his wife, “She’s got all the records, but she’s got all the words. We’ve seen it all.” Now, he added, “We’ve seen it all.”

In the actual conversation, Hubbell said, these two quoted sentences were assembled from five sentences that were left out. The excluded portions included the following comments by Hubbell: “I think the committee is a complete waste of time, but I haven’t seen anything yet.” But the chairman said Hubbell was quoted as saying on another day: “What I am now doing is trying to find out about the committee’s actions.”

Burton said he has not yet released several tapes because “I wanted to be fair to Mr. Hubbell.” He said they contain material that “helps Mr. Burton” and others in a negative light. If Burton persists “in making these claims and attacks,” he said, “I will continue to release the tapes.”

Waxman urged Burton not to take such a step, saying it would “only make matters worse if you release the tapes.” But Burton said he would “be forced to release these tapes.”

Lott (R-Miss.) defended Burton while Minority Leader Thomas D. D’Achille (D-Calif.) accused him of “hard” conduct.

“Mr. Burton always speaks with his mind,” D’Achille said. “When he speaks, he speaks to the truth.”

At a separate briefing, D’Achille said, “The House has been so politicized as to render virtually the entire investigation useless.” He said the tapes “prove there is a new pattern of destruction.”

Staff writers Helen Dewar and Swain Schmidt and special correspondent Amy Joyce contributed to this report.
Several Republican sources, speaking on condition of anonymity, said Tuesday there was grumbling at the weekly, closed-door leadership meeting over the controversy that has erupted over Burton’s release of taped jailhouse phone calls involving Whitewater figure Webster Hubbell.

These sources added that one participant at the meeting, Rep. Rick Lazio, R-N.Y., said Burton’s rhetoric and the furor over the Hubbell transcripts had been counterproductive for Republicans.

In addition, these sources said Burton had come under renewed pressure to jettison a key aide investigator David Bossie who has been a lightning rod for critics of the politically charged probe. Burton’s office did not return calls on the subject of Bossie’s fate.

The internal debate among Republicans came as Gingrich sought in his public statements to deflect criticisms from Burton and turn attention toward the White House, saying administration officials were trying to "spin away" from troublesome comments contained on the Hubbell tapes.

"The question is: Have crimes been committed? Has there been a systematic effort to cover up?" Gingrich said.

Democrats have complained that Burton released selectively edited transcripts last week that put Hubbell in the worst possible light.

Rep. Christopher Shays, R-Conn., a member of Burton’s committee, said the controversy "calls into question our investigation."

"It reduces credibility when these kinds of things happen," he added.

Privately, officials said Gingrich was unhappy that Burton had ignored his own weekend suggestion that an impartial third party be brought in to prepare the transcripts of Hubbell’s conversations with his wife, his lawyer and others.

And within the confines of the closed-door leadership meeting, sources said he urged critics to talk directly to Burton.
At the same time, they said no thought was being given to transferring the investigation to a separate panel or giving in to Democratic demands that Burton be removed as its chairman.

The controversy flared nearly a week ago, when Democrats on Burton's committee refused to join Republicans in voting to grant immunity to four witnesses in the campaign fund-raising probe.

Gingrich said he would give Democrats one more chance to vote for immunity, then transfer the issue to a different committee where Republicans command the two-thirds majority necessary to immunize witnesses.

Meanwhile, he insisted that whatever mistakes he may have made Burton had issued excerpts that 'were directly relevant to the question of whether or not, for example, Mrs. Hubbell thought she was 'being squeezed' by the White House, to use her words; whether or not Mr. Hubbell thought he was going to 'roll over one more time,' to use his words.'

LANGUAGE: ENGLISH

LOAD-DATE: May 06, 1998
GOP memo targets 3 N.E. congressmen to co-opt Democrats

By Chris Black, Globe Staff, 05/06/98

WASHINGTON - Three New England lawmakers are among those being targeted by Republicans on the House committee investigating campaign-finance violations to pressure the Democrats on the panel, according to a confidential GOP memorandum.

A "targeted press offensive list" was distributed late last week to press secretaries of Republicans on the House Government and Oversight Committee. Accompanying the list was a public statement made by committee chairman Dan Burton of Indiana criticizing the Democrats on the panel for blocking a vote to grant immunity so four witnesses could testify.

The list of 19 lawmakers includes Representatives John Tierney of Salem, Tom Allen of Maine, and Bernard Sanders, the Vermont independent who nearly always votes with the Democrats. The memo also identifies the leading newspapers and top radio talk show in each member's district, but does not spell out any course of action.

"Since the beginning of our campaign finance investigation, the White House and the Democrats on our committee have done everything possible to obstruct it," Burton said in the statement.

The six-page memo was obtained by a Democratic congressional office, and a copy was provided to the Globe yesterday.

"This is a partisan political operation being run on taxpayers' money," Allen said. "Not only is it using taxpayer dollars for partisan political purposes, but once again they are inept. They can't keep their private political memos from going to the minority."

Tierney was also critical of the memo. "They are out of control. This is proof that they are trying to politicize this investigation," he said.

"They were going to try and find sympathetic columnists and radio shows and spin them with doctored tapes and try to get them to say nasty things about the Democratic members," he said. "It is a pretty sad statement about what is going on in public life these days. These people are playing very crass games. Then you wonder why people don't run for
Sanders said, "It is really unfortunate and it only makes the most partisan committee that I have ever served on even more partisan. ... These guys continue to go over the line."

Ashley Williams, the deputy communications director for the committee, is listed as the author of the memo. She and her boss, communications director Will Dwyer, did not return telephone calls yesterday.

Another Republican press secretary who received the memorandum said it arrived last Friday without any notice or specific instructions on carrying out the "offensive."

"This is a big disaster," said the GOP press secretary, who asked not to be identified.

Last Thursday, Burton released portions of tape-recorded phone conversations of former associate attorney general Webster Hubbell while he was in prison. Democrats were angry that Burton released the tapes without a committee vote. Over the weekend, they discovered the tapes were selectively edited and excluded certain favorable statements.

This story ran on page A10 of the Boston Globe on 05/06/98.

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Gingrich Blasts Burton In Hubbell Tapes Furor
Bossie Ousted for Role in Releasing Transcripts

By Jim VandeHei and Amy Keller

Besides outing chief investigator David Bossie this job, the audiotape controversy swirling around Rep. Dan Burton (R-Ind.) will likely cost Burton control over most of his campaign finance probe in the coming week, according to several GOP sources.

At a stormy Republican Conference meeting yesterday, Speaker Newt Gingrich (R-Ga.) criticized Burton and his staff for "embarrassing" Republicans, according to sources inside the room. Gingrich then apologized to Republicans on Burton's behalf, but the fiery chairman interrupted the Speaker and objected to the apology.

A peeved Gingrich then barked that it was the Speaker's duty to apologize to Republicans on behalf of the chairman of the House Government Reform and Oversight Committee, the sources said. "Well, you should be embarrassed," Gingrich snapped at Burton, according to sources in the room.

Afterward, Gingrich downplayed his harsh comments and vowed that Burton will continue to run the campaign finance investigation. But privately, according to several leadership sources, Gingrich is tired of Burton's missteps over-shadowing evidence that the committee's investigators have unearthed and he plans to turn over most of the investigation to House Oversight Chairman Bill Thomas (R-Calif.).

Thomas, however, wants more control over the investigation than Gingrich and Burton are offering, so he has refused to sign off on the deal until details of the committee swap are put in writing, according to sources.

One top Republican leader told Roll Call that most GOP leaders want Burton ousted as head of the investigation, but Gingrich is reluctant to unilaterally remove him. Instead, Gingrich will likely hand Thomas "official" control of the investigation by allowing Burton's

Continued on page 34
Bossie Gets Fired — Will Chairman Burton Be Next?

Continued from page 1

investigations to continue their work — but will let Thomas run most, if not all, of the public hearings.

At Tuesday's leadership meeting, Gingrich was critical of Burton and his staff and encouraged Members to contact Burton directly to voice their concerns about how he handled the investigation. Later that day, he ordered Burton to fire Bossie, who supervised the editing and transcription of the audiotapes of Webster Hubbell's prison conversations.

Bossie officially resigned Tuesday night after an emotional "friend-to-friend" conversation with Burton, according to one source. "We're completely disappointed by the response of leadership to this and they should know this only plays into the White House's hands," said a Republican ally of Bossie.

While Bossie supervised the editing of the tapes, several sources said Burton asked Kevin Binger, Barbara Comstock and Dick Bennett to review transcripts of tapes.

Despite having the tapes for almost a year, Burton never listened to the tapes, read the initial 160-page transcript or reviewed details of the final transcript before it was publicly released.

"He acted unprofessionally," said one GOP leadership source. "If the buck stops anywhere, it's at his desk and he should take responsibility for this mess."

In addition, several GOP sources confirmed that Burton, at the behest of Bossie, refused to release the transcripts until the week Hubbell was indicted for tax evasion and fraud. A committee source said Bossie has several friends close to independent counsel Kenneth Starr and urged Burton to withdraw the tapes until last week.

While no one has officially alleged coordination with the Starr investigation, the timing of recent events has raised eyebrows on both sides of the aisle.

"Many of the Democratic Members thought it was odd that portions of the tapes were playing on morning news shows, eight hours before the Hubbell indictment was announced," noted Phil Schiller, spokesman for Government Reform and Oversight ranking member Henry Waxman (D-Calif.).

Democrats on the Government Reform and Oversight Committee, for their part, also were given copies of the Hubbell tapes in July but waited nine months before listening to them.

"We never listened to the tapes because we didn't think it was appropriate," Schiller said, explaining that the Democrats just tracked their copies away.

But others were listening to the tapes.

In March, Burton aides leaked some of the material to the Wall Street Journal, which ran a story about some of the phone conversations Hubbell had with his wife over such mundane topics as what she was making for dinner.

In April, the...
from selected tape material.

It was after those stories appeared — and
"only after a lot of reluctance," in Schiller's
words — that Democrats began to listen to the
stacks of cassettes.

After the embarrassing Wall Street Journal
story ran on March 19, Waxman wrote a let-
ter to Burton to complain about the public re-
lease of the tapes. Burton — who at the time
was trying with a complete release of all the
tapes — told Waxman that he had received
committee authorization to do so on Dec. 10.

Democratic aides checked the record and
found no such authorization. Moreover, Bur-
ton had failed to convene a meeting of the
"Document Protocol Working Group" to
make a decision on the release.

The bomb dropped last Thursday, when the
morning news shows began airing excerpts of
the Hubbell tapes. Hubbell was indicted for a
second time later that day.

By late Thursday afternoon, Burton's com-
mittee was releasing transcripts to select me-
dia outlets and more stories appeared on Fri-
day. But it wasn't until Friday evening that
Burton's committee handed the Democrats
the "Hubbell Master Tape Log," the tran-
scripts of supposedly verbatim portions of the
tapes.

Beginning Friday night, Democrats pored
over the tapes, comparing what they heard to
Burton's transcripts and highlighting discrep-
ancies. On Sunday, Waxman dispatched a let-
ter to Burton noting the gross "distortions and
omissions" in the release of information.

The media's portrayal of Burton and Bossie
documenting secret taped conversation for poli-
tical reasons prompted Gingrich to call for
Bossie's head. Gingrich on Wednesday told
reporters that Burton "tired the one person he
should have fired."

But based on interviews with several Gov-
ernment Reform and Oversight staffers, it is
unclear if Bossie deserves all of the blame.

While Bossie undoubtedly infuriated Re-
publicans and Democrats alike with his hard-
charging, anti-Clinton crusade throughout his
tenure, sources said Comstock and Binger
signed off on the final product. Low-level
staffers and outside lawyers transcribed the
tapes, and even Bossie only reviewed a small
portion of the taped conversations.

Sources said Bennett objected to the tapes
and insisted several times that "the tapes con-
tain no smoking guns," so Burton should be
careful about releasing the private conversa-
tions between Hubbell and his staff. But
Bossie and Comstock thought the tapes were
a silver bullet that could puncture President
Clinton's impenetrable armor, and Burton lis-
tened.

Sources said Comstock, Binger and Ben-
nett will not lose their jobs. In fact, Bennett
has had conversations with Thomas about as-
sisting on the House Oversight investigation.

Democrats, meanwhile, are not satisfied
with the firing of Bossie alone and plan to of-
fer a resolution today calling for Burton to be
removed as head of the investigation.

Anticipating that the resolution will fail but
put Republicans in a tough position, Demo-
crats plan to launch another grenade next
week. Democrats will refuse to grant Burton's
witnesses immunity, which Gingrich warned
will force him to switch the investigation to
the Thomas panel.
House Oversight Panel Investigator Fired in Tape Flap

By Carol D. molded (D-C.), and Jon Ward (R-Ohio)

The chairman of the House investigation into Clinton-Gore campaign financing charges apologized to House Republicans yesterday for the uproar over his release of tapes of Webster H. Hubbell's private conversations and removal of the chief investigator under pressure from House Speaker Newt Gingrich.

The news came as Gingrich sought to contain the damage, conceding "the帶來" that took place within the Republican Party's House Oversight and Records Committee and warning Gingrich at a closed Republican Conference meeting last week that he was embarrassed by the episode.

The incident also fueled Republicans to keep up the attack and concentrate their efforts on the White House. "The House has got to be on the crimes that are being committed at the White House," one lawmaker quoted Gingrich as saying. "I want you to forget the word 'investigations,' and start using the word 'crimes.'"

Speaking on the GOP discovery, President Clinton told reporters last week's release of selectively edited transcripts of the affair that were routinely recorded had "absolutely nothing to do with the investigations.""
Burton Apologizes to GOP, Fires Chief Investigator

BURTON, from p. 41

...impression of what the whole record indicated."

Minority Leader Robert A. Byrd (D-W.Va.) accused Gorchik of "trying to sweep away responsibility for the Burton tapes.

"A committee staff member said not to make the report for Chairman Burton's comments, reason and standards," Gorchik said. "After all, it wasn't a staff member who said he was 'out to get the president. It wasn't a staff member who made the decision to release the edited tapes. The buck should stop with Chairman Burton, not his aide.'

In a letter to Republican colleagues, Burton and his aides cited 190 hours of conversations down to "one piece of relevant material."

"Although the vast majority of the material was completely accurate, some phrases and omissions were made," Burton said. "I take responsibility for those mistakes."

His handwriting chief investigator, David Hume, submitted a letter of resignation Friday to the day, saying that he wanted to limit the "unjustified attacks" coming from House Democrats and the White House.

The editing and release of the Hubbell tapes, subpoenaed by the committee last year, was described by one insider as a "cover-up project," approved by the panel's chief counsel and other committee staff but ultimately approved by Burton.

In meetings this week, Gorchik and other aides have voiced their concerns over Burton's staff. White Burton defended his senior investigator publicly and said Hume's resignation was leaving him in his own hands. Gorchik told the conference yesterday that Burton, who had survived repeated previous attempts, has been fired.

The speaker also emphasized repeatedly in private conversations with his colleagues that the GOP must professionalize its investigations of the executive branch and turn public attention back on misleading the Clinton White House.

Gorchik personally reviewed the release of the tapes while Burton continued to defend his own conduct and that of his staff.

This week was evident during the GOP's closed conference meeting yesterday, when Gorchik apologized to his colleagues for how staff distributed the tapes on Friday. When Burton stood up that he was not embarrassed, according to members who attended the meeting, Gorchik responded, "Then I'm embarrassed for you. I'm embarrassed for you, I'm embarrassed for the whole record of the act that went on at the very minute."

The most embarrassing episode involved the deletion of a statement made by Hubbell that five in- to Hillary Rodham Clinton had "offered" of holding irregularities at the White House, where they both worked. Also deleted was an assertion by Hubbell that he was not being paid back money to keep him from cooperating with independent counsel Kenneth W. Starr's Whitewater investigation.

In his resignation letter, Hume said that "as on the staff over the weekend left something out." The transcription and editing process, other aides said, was in the end a crash project aimed to coincide with Bush's new indictment of Hubbell, his wife, his lawyer and hisecessors on tax evasion charges.

"There was plenty of material that we didn't put in the hearings," one committee source said. "And there was other tape with material that we didn't play on it.

One example was an Oct. 23, 1995, exchange between Hubbell and his accountant, Michael C. Schaddele, which might support Hubbell's charge that they were covering up, although they never got, a presidential pardon after Burton Doe "If Bill were..."

Schaddele told Hubbell, "and in some positive manner, he makes this go away—I'm not sure what will end on happening, and if that happens, then we can push through our best angle... which is to write a book about your experiences."

Gorchik also took issue from conservatives such as Floyd Brown, of Christian United, head of a radio talk show and a friend of Bush, who urged him to do something..."That's very easy," Brown said. "The guy has tried to micromanage the investigation every way of the way... I think he done himself tremendous harm with conservatives."

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Staff writer Lloyd Crowe contributed to this report.
Burton fires aide over tapes fiasco
Gingrich reprimands chairman in front of GOP colleagues

By Jerry Seigel and Mary Ann Akers

Rep. Dan Burton's chief investigator was fired yesterday over his role in the bungled release of edited tapes of Webster L. Hubbell's televised conversations, which President Clinton labeled a "viola-
tion" of Mr. Hubbell's privacy.

"I think it was a clear violation of privacy of Mr. and Mrs. Hubbell for the tapes to be released," Mr. Clinton said at a news conference with Italian Prime Minister Romano Prodi. "I think virtually everyone in America now recognizes it was wrong to release selected portions of the tape, apparently to create a false impression."

Mr. Burton said David Boosie had "chosen to resign," although House Speaker Newt Gingrich said Mr. Burton "fired the one person he should have fired." GOP sources said the speaker, angry about the House inquiry, ordered the firing during a closed-door meeting.

Aide discussed job for Hubbell

White House aide Marko Scott told Webster L. Hubbell he could get work at a Cleveland insurance company in the fraud department shortly after he tried to stop him from filing a lawsuit that might hurt Hillary Rodham Clinton, newly released tapes show.

In his resignation letter, Mr. Boosie wrote: "I hope that the Republican leadership will have the courage to stand up under the weight of the coordinated attacks by the White House and the Demo-
crat minority and support your efforts to uncover the truth."

The firing came at the direct request of GOP leaders, who, according to Republican sources, wanted to expel the chief investigator as long ago as September. But while the dismissal brought sighs of relief from Republicans,

Mr. Gingrich reprimanded Mr. Burton in front of the entire House Republican Conference yesterday morning.

The admonishment would not have been so harsh, perhaps, had Mr. Burton not spoken up to defend himself.

"I know Dan is embarrassed," Mr. Gingrich said, according to two sources at the meeting. "I'm not embarrassed," Mr. Burton said. "Well, you should be," Mr. Gingrich told him, adding, as he looked around the room, "Just ask your colleagues who are emba-

rassed for you."

In a letter of apology sent late Tuesday to GOP lawmakers, Mr. Burton claimed responsibility for the House Government Reform and Oversight Committee's mishandling of the tapes but said he was "sickened" anyone believed he would "release anything less than see BURTON, page A10..."
Mr. Burton, who has weathered criticism not just from Democrats, but from within his own party for missteps as chairman. For the time being, Mr. Burton will continue to control the campaign-finance investigation, but Republican leaders are growing concerned over the potential conflict of a sitting chairman over the issue. Mr. Burton, who chaired the subcommittee, is a California Republican.

Mr. Thomas, in an interview with reporters yesterday, declined to discuss his role, if any, in the venture but acknowledged he had talked with the speaker about assuming it. He said his committee always has had jurisdiction over the campaign-finance matter, but the question, he said, was whether he wanted to exercise it.

Mr. Gephardt also said the tapes showed that Samuel Ferrell, an Internet department employee, was encouraged by White House aide Morris Leacraft to take back money for his mother at the low rate offered by Mr. Burton's investment firm. Mr. Burton received more than $100,000 from the Lצאpps group. "Does anybody seriously believe this is not about a serious violation of the law? A serious effort to mislead and pay what it cost to a bribe?" he said. "Isn't it in fact a failure to confront a situation with integrity?"

Democrats, led by Rep. Henry A. Waxman of California, have been sharply critical of the tapes' release, accusing Mr. Burton of seeking to punish Mr. Burton in a hush-hush and condescending manner for his supposed mistake. Mr. Gephardt called on Mr. Burton to correct the record of Mr. Burton as chairman.

"I will bring up this issue on the floor of the House today, and I hope we will restore honesty and integrity to exercises Burton from the investigation," he said.

The handling of the release was widely viewed as a fiasco, and Mr. Burton has been under assault. In the House, Mr. Burton met the release of the tapes he edited as "surprising" and "unprecedented," but he declined to release the recordings. Mr. Burton's aide Mark Sandich said the tapes would be released, but not for several more days. The tapes are thought to contain thousands of words of information on the investigation.

That way, he said, the press would be divided between whether to go with material that might violate Mr. Bush's privacy. The tapes were edited to cut out conversations where the investigative panel was present, or had access to it, and to list material that might violate Mr. Bush's privacy.

Mr. Burton responded by saying he had offered to allow the White House to review the recordings. But Mr. Waxman said the offer was not in the spirit of the law, and he said that Mr. Waxman should be allowed to listen to the recordings. Mr. Waxman then said reported that the tapes would not be distributed but the members would be allowed to listen to them and make their own recordings.

That way, he said, the press would be divided between whether to go with material that might violate Mr. Bush's privacy.

Mr. Waxman said yesterday that the tapes included Mr. Burton for the notorious wiretapping, staged re-enactment of the death of White House Deputy Counsel Vincent W. Foster Jr. — which Mr. Burton tried to prove was a murder, not a suicide.

* Bill Sammon contributed to this story
Burton tape fiasco pitted panel’s pros vs. pols

By Jock Friedly

At its heart, the fiasco over the release of tapes of Webster Hubbell’s prison phone calls by Rep. Dan Burton’s (R-Ind.) campaign finance probe highlights the sharp divisions that have plagued the House inquiry from the outset.

On the one hand are the political operatives like Oversight Coordinator David Bossie — workaholic, Burton loyalist, saw media handler, anti-Clinton zealot and 25-year-old volunteer firefighter from Burtonsville, Md.

They have often found themselves at odds with the professional investigators and trained prosecutors on the staff of the Government Oversight Committee.

The dispute pitted those who favored building a strong case in the hearing room vs. those who tried their case in the media: those whose approach was methodical vs. those who wanted a more scathing probe; and those who sought a clear organizational structure vs. those who were more freewheeling.

Political handiwork, for example, had recommended releasing transcripts of all the tapes of convicted Justice Department official Webster Hubbell’s conversations, committee sources said. The professionals were dead set against a general release.

In the end, a compromise was reached in which part of the transcripts were released. Ironically, it was this compromise that gave Democrats a wedge to charge that the Republicans had doctored the tapes, leading to Bossie’s forced resignation last week.

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Burton tape fiasco pitted panel's pros vs. pols

Many expected to see Dick Bennett in charge

People close to Rowley described ex-Burton aids as "highly motivated" and "hardworking". Burton's name was mentioned in the context of the future of the committee. Rowley's name was also mentioned in this context.

"Dick Bennett is expected to see Dick Bennett in charge."

"Burton's name was mentioned in the context of the future of the committee. Rowley's name was also mentioned in this context."
Gingrich to Place Donor Inquiry in New Hands

By MARIE LACY

WASHINGTON—House Republicans decided Wednesday to shift some part of the party's investigation in to new hands, appointing Speaker Newt Gingrich to lead a special panel to examine the role of party donors in the controversial fundraising effort of GOP House candidate Tom Tancredo.

"We're trying to avoid having to shut this investigation," Gingrich said. "We'll do whatever we have to do to facilitate the internal review that might be necessary." Gingrich said the panel would look into practices that "might have somehow gone awry" in the fundraising efforts.

Gingrich and other Republicans have been criticized for their handling of the fundraising effort, which has been under scrutiny since the death of Mary Matalin, a former White House counselor and the wife of Vice President Dick Cheney.

"The investigation is moving forward," Gingrich said. "We're trying to get the facts." Gingrich said the panel would focus on the "internal review" of the fundraising efforts.

The move comes after a series of allegations and controversies surrounding the fundraising efforts, including allegations that the party may have been involved in "improper" fundraising activities.

"I don't think we're going to shut this investigation," Gingrich said. "We're not going to turn our backs on it."
Gingrich Discusses Burton Ouster With Gephardt

But Chairman Insists He Still Has Control

By Amy Keller and Jim VandeHei

House Speaker Newt Gingrich (R-Ga) last week floated the idea of creating a special committee to handle the campaign finance investigation in a meeting with Minority Leader Richard Gephardt (D-Mo).

Under one option, Rep. Christopher Cox (R-Calif) would chair the select committee, which would effectively take the probe away from Government Reform and Oversight Chairman Dan Burton (R-Ind).

The two leaders also discussed handing over the investigation to House Oversight Chairman Bill Thomas (R-Calif).

"I can't go into details of this meeting but the two leaders did meet briefly to discuss the options for working matters through," said Gingrich spokesman Christina Martin.

Two Democratic leadership sources said Gephardt is opposed to the idea of creating the select committee.

Earlier in the day, Burton insisted
Chairman Burton Says ‘Mistakes Have Been Made’

Continued from page 1

(Calif.) asked Burton to step down from leading the investigation.

Democratic sources said they will move their attacks on Burton to the House floor today. But instead of a motion to remove Bur- ton, they will simply offer a resolution con- demning his actions.

But Burton rejected the notion that he is los- ing his hold on the investigation, even after yesterday’s failed vote—which could mean that at least some of the investigation will be shifted to the House Oversight Committee.

Showing signs of slowing up, Burton re- vealed that his investigators are planning to write an interim report within days of an emergency vote before the November election, and that his committee would “continue to try to get more information and there is a complete list of the American people.”

Burton also revealed that within the next two or three weeks, his panel will hold a hearing on the fund-raising activities of Indonesian businessman Fred Soesky, who has contributed large sums of money to both parties and all- legedly has ties to the Chinese government.

But the House also showed some signs of con- cern by expressing its regret over the release of the Hubbell tapes late last week as well as the chairmen’s decision to “sack” the committee.

“Mistakes have been made,” Burton said, adding that if he could go back in time he “would have said it differently.”

Burton said he means to say that he did not believe the President’s “revoking authority for first mistake.”

As for the Hubbell controversy—which last week resulted in the firing of committee chief investigator David Harper—Burton said he was “very concerned that the committee’s loss in the face of this investigation was a significant and disturbing event in our democracy.”

Burton said the behavior of the committee was “saddening” and “disheartening.”

But at a meeting of the party leadership Wednesday, he announced that the committee would continue to investigate.

Butfinity Rep. Tom Lantos (D-Calif.) blasted Burton on that very issue.

“I’ve spent 20 years sitting next to [Harri- ton] on the Foreign Affairs Committee. I know Mr. Hamilton and he is a friend of mine, and you are no Lee Hamilton,” Lantos said to Burton. “We are ready to vote immu- nity, but we will not use it as we propose, as the committee’s text requires,” Burton said that he was “not satisfied with the committee’s handling of the investigation.”

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Democrats’ Report Doesn’t Add Up

Republican Numbers Aren’t Any More Precise

By Rashidah Goodwin
and Jim Vassallo

From the House floor to the Sunday TV talk shows, House Democrats are flogging Republicans for spending $17 million on more than 50 “politically motivated” investigations to undermine President Clinton and his allies.

But House Republicans charge that Minority Leader Richard Gephardt (D-Mo) purposely inflated the cost estimates by more than $10 million.

An analysis by Roll Call, however, found that both Democrats and Republicans are fudging the numbers to put their spin on the story.

The House Banking and Financial Services Committee’s Whitewater investigation is a perfect example.

The Democrats’ 51-page report states that Republicans spent $1.6 million probing Clinton’s failed land deal. But David Runkel, spokesman for Republicans on the Banking Committee, insists the probe cost taxpayers less than $200,000.

The actual cost, according to Roll Call

Continued from page 1

Call’s estimate is somewhere in the middle. Democrats erroneously added hundreds of thousands of dollars in staff costs that were never used in 1994, before the GOP took control of Congress. And Republicans failed to factor in the cost of six staffs who worked extensively on the investigation in 1995.

The missing has grown so comical that House Chairman Gerald Solomon (R-N.Y.) may now call for a new investigation of the Democrats’ investigation of the GOP investigations.

A Rules spokesman said that Solomon is so unhappy with the misleading figures that he plans to ask the panel’s ranking member, Rep. Joseph Moakley (D-Mass.), to document how much money was spent preparing the report on GOP probes.

Gephardt’s June 18 report — titled “Politically-Motivated Investigations by House Committees, 1995-present” — contends that “as of today, House Republicans have spent more than $17 million in taxpayers dollars” probing Clinton and his friends.

But the Democratic price tag ignores committee funds allocated to Democrats (typically one-quarter to one-third of each panel’s budget), some GOP staffs are spending 100 percent of their time working on investigations, and it’s unclear how much of the taxpayers’ dollars will go toward the cost of fighting their continued election.

When the report was written, Gephardt’s staff was unaware if taxpayers would be forced to pick up the bill for the contested election, but Speaker Newt Gingrich (R-Ga.) recently decided to make Dornan and Sanchez pay.

Democrats claim the Dornan-Sanchez case cost taxpayers $1.5 million, but Re-
Clinton Investigations’ Totals Are Hard to Figure

Cost Estimates for Congressional Investigations
By House Committees of President Clinton and His Allies

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<td><strong>Total</strong></td>
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* Committee did not supply spending estimate. Received no additional appropriations and hired no additional staff.

** Does not include staff compensation. Only includes expenses incurred by GOP.

** Very rough estimate of how much of $1.3 million reserve fund has been spent to date. Does not include staff compensation for Waco investigation.

Rough estimate provided by Republican staff.

Democrats insisted the final tally was less than $300,000. The actual figure is much closer to the GOP’s number, as a result of GINGRICH’s decision. Nichols insisted that Republicans still will force taxpayers to pick up the tab.

The Roll Call’s analysis shows that the GOP has also played fast and loose with numbers as well.

Government Reform and Oversight Chairman Dan Burton’s (R Ind.) staff provided numbers that do not accurately reflect the actual cost of his investigation into fund-raising abuses in the 1996 elections.

Advisers to the Democrats’ claim that Burton has spent $4 million on his investigations is false. Burton admits Republicans have spent $3.3 million to date and plan to spend another $500,000 before year’s end on the probe. Twenty-five percent of that money will be spent by Democrats, Burton says.

“They are just factually wrong on the money,” said Burton spokesman Will Dwyer. But Burton’s $3.3 million figure reflects only the money specifically allocated for lead-up to the campaign finance investigation. Burton does not include the salaries and expenses for investigators like Barbers Comstock and ex-staffer David Boss, who spent virtually all of their time on the investigation but were paid with money from the committee’s general budget.

If one includes the salaries of staff members who work on the campaign finance probe and expenses covered by the committee’s annual, overall budget, Wexman contends the price tag nearly doubles to $6 million.

But Dwyer argued that Wexman’s $5 million figure is misleading, too. Wexman failed to factor in the amount of time Comstock and other staff members worked on issues unrelated to the probe and unfairly attributed their entire salary to the overall cost, Dwyer said.

“We think their numbers are inflated and unfair,” he said.

The Roll Call analysis found that the actual number is much closer to the Democrats’ figure. (The two sides cannot agree on how many investigations Burton conducted.)

In the Gephardt report, Democrats sliced the Burton probe into more than a dozen individual investigations to bump the total number from about 35 to more than 30 investigations.

Phil Schlein, the Democrats’ top staff on the committee, conceded that many of theinvestigated investigations fall under the campaign finance umbrella, but he argued that Burton has shifted off so many directions that the overall probe is tough to follow.

George Crawford, who as Muskie’s staff director on the Rules panel played a leading role in compiling the numbers, defended the report, saying the underlying premise that Republicans are wasting money on political witch hunts is accurate.

“We could have probably put a phone in that says ‘going to spend’ or ‘will be spent,’ but I think the thrust of the conclusion that they have $17 million budgeted for [investigations], does not detract from the main point of the report,” said Crawford.

In addition to inflating the numbers, Gephardt and his staff also included at least one expensive probe that even some Democrats concede is far from politically motivated.

“The investigations are aimed exclusively at the individual and organizations perceived by the Republican leadership as their political enemies,” the report says of the GOP probes.

But the report includes the $3.5 million allocated for Rep. Chris Cox’s (R Calif.) China probe—which even many Democrats concede is far from politically motivated.

Rep. Norman Dicks (D Wash), the ranking member on Cox’s select committee, does not believe the China investigation should be lumped in with examples of politically motivated investigations.

“At the moment, the membership of the committee decides that... it will be a moderate and bipartisan investigation,” said Dicks spokesman George Bevans, who added that Dicks does not view Cox’s probe as politically motivated.

Republicans have spent only a small fraction of the China probe’s $3.5 million, which accounts for about 20 percent of the $17 million total to Gephardt’s report.

Nicholas said Gephardt believes the Cox panel is politically motivated because the GOP has four additional committees looking at the same information.
And This Little Piggy Had Déjà Vu

The Supreme Court may have driven a stake through the heart of the line-item veto, but the House Budget Committee Chairman, R. JamesRK-Ohio—is calling the troops to approve a similar way to “take the big to the little ones”—a payroll perk.

Kasten, in a “Dear Colleague” letter, tells the bureau that the president may ask Congress to extend or cut back on individual programs that have just passed, but Congress isn’t required to consider the request. “My bill would require Congress to act on these requests within 10 days of receiving them, forcing us to agree or disagree with him,” Kasten said.

This is constitutional, he said, because the cuts would be the result of an optional veto legislation “cancelling appropriations and directed tax benefits provided in the original bill.”

Kasten said “an identical version of this bill passed the House” in 1994. Kasten voted for it—but later voted against having it included in the last-line-item veto legislation.

And when Kasten said “identical,” he means “identical.” He cited the 1994 bill so much—almost to the point of redundancy—that he doesn’t credit the authors—Rep. John W. Sprengler Jr. (D.S.C.) and Charles W. Stenholm (D-Tex.)—but he is clearly not familiar with the bill. The letter from Stenholm’s office says the president may “include with this special message.”

Peta’s Capital Idea

Maxwell F. Poll, former secretary of transportation and most recently former secretary of energy, has joined Venar Capital Partners, a New York-based investment firm, as a senior adviser.

The former mayor of Denver is returning to work out of the firm’s Denver office. He will be looking at investment opportunities in companies involved with energy, transportation and publicly communications issues. Peta may also work on international matters, but he isn’t running for anything.

Two Stars Per Me Through Harvard

It’s been much noted that the cost to taxpayers of the Whitewater investigation—first by independent counsel Robert Fiske and now by Kenneth W. Starr—has been about $40 million.

Now, a new survey estimates the costs in legal fees for those involved—including someone who conceivably may not have committed a crime—is more than $32 million and counting. And a substantial chunk of that may eventually be reimbursed to the unfunded from public funds.

The liberal daily The Nation says in this week’s issue that figure is still about equally between Oklahoma and Arkansas. Legal bills for White House staff for the various Whitewater-related inquiries came to nearly $3 million.
WASHINGTON -- The chairman of the Democratic National Committee yesterday accused the House's No. 3 Republican of making "grotesque and offensive" remarks about people with foreign-sounding names during a House debate on campaign finance.

During a late-night speech Tuesday, House Majority Whip Tom DeLay of Texas mocked the Democratic Party for accepting contributions from Pauline Kanchanarak, Charlie Yah Lin Trie, Johnny Chung, and others. Chung has pleaded guilty to charges he made illegal contributions; Kanchanarak and Trie have been charged with illegally funneling foreign money to Democrats.

Standing next to an enlarged photograph of Vice President Al Gore at a Buddhist temple fund-raiser, DeLay said: "If you have a friend by the name of Arlof and Soraya, and I cannot even pronounce the last name -- Kiriadindita, something like that -- who donated $450,000 to the DNC and was friends with a guy named Johnny Huang, and later returned it because Kiriadindita could not explain where it came from, then probably there is a high probability that it's money from foreign nationals."

"I could go on with John Lee and Cheong Am, Yogesh Gandhi, Ng Lap Seng, Supreme Master Sama Ching Hai, and George Psaltis," said DeLay, citing names of contributors that surfaced during the Democratic campaign finance controversy.

In a statement yesterday, the DNC's co-chairmen, Colorado Governor Roy Romer and Steve Grossman, expressed outrage at DeLay's comments.

"It is ludicrous for Congressman DeLay to assume that because he is incapable of pronouncing somebody's name, they must be from another country and not an American," Grossman said, calling the comments "grotesque and offensive."

Said Romer: "It is outrageous that a US representative would deliver such intolerable and hateful comments."

The morning after the debate, DeLay apologized for his comments.

"I feel terrible about the possibility that my remarks would be misinterpreted," DeLay said in a statement. "In no way did I mean to suggest that Asian-Americans should not participate in our democracy."

DeLay spokesman John Feehery said yesterday, "It is ironic that the DNC is particularly sensitive to this, given that they are the ones that broke the law."
Tobacco's Influence Takes Flight in GOP

Hill Report Examines Subsidized Trips

BY SADIE JONES
Washington Post Staff Writer

The nation's leading tobacco companies made their corporate jets available to Republican lawmakers and GOP committees for dozens of flights in the past year, according to a report being released today by congressional Democrats.

The tobacco industry provided far more subsidized travel than any other industry, according to an examination of Democratic and Republican campaign finance reports by Democrats on the House Government Reform and Oversight Committee. The planes took Republican leaders, sometimes in the company of tobacco executives, to destinations as close as New York City and as far away as San Diego. Investigators said they found no reports of Democrats traveling on tobacco planes between January 1997 and the end of May, the period covered by their study.

Much of the travel occurred as the tobacco companies were trying at first to get Congress to approve legislation to give them some protection from mounting lawsuits, and later as the companies successfully bribed Republican senators to kill that legislation after the lawsuit protection was removed.

While lawmakers and campaign committees must pay the companies the equivalent of first-class airline tickets to the same destination, private jet travel offers added convenience and luxury. In the case of a destination not served by commercial airlines, travelers pay the "charter rate."

The companies pick up the remaining costs of the flights, which can be tens of thousands of dollars above the price of a first-class ticket, according to the report released by Rep. Henry Waxman (D-Calif.), one of Congress's leading tobacco foes. Waxman is the chair of the Government Reform and Oversight panel's senior Democrat.

Rep. John Linder (R-Ga.), chair of the House Republican majority's campaign committee, said the report's findings were "inaccurate and unfair."

See TOBACCO. 44. G4.1
Tobacco Flights
‘Another Big Perk,’ GOP Leader Says

According to the report, investigators were seeking to determine the extent of campaign travel by members and committees subsidized by the tobacco industry. They looked at FEC filings for political action committees controlled by 11 top Democratic and GOP congressional leaders.

The system allows corporations to make "stealth contributions" because they provide a "direct benefit" for in excess of what is publicly reported, Waxman said. Instead of having to "shove around to airports and wait for schedules," he said, a lawmaker can take a corporate jet "whenever he wants . . . at a fraction of the cost of what the trip is really worth."

A great deal about this subsidized travel remains a mystery.

The Democratic staff found that tobacco companies provided planes to Republican entities on 32 dates between Jan. 1, 1997 and May 31 of this year for as many as 64 flights.

Under federal election laws, committees must report only the amount they paid, the date and to whom, but no farther details, making it impossible to know who traveled or the number of flights.

The tobacco companies, the NRCC and several Republican leaders declined last week to provide that information to a reporter. According to the report, the companies also refused Waxman’s request for details.

According to the report, Republican flew on planes supplied by the Tobacco Institute, the industry’s lobbying arm, GST; and three cigarette makers, Philip Morris Companies Inc., R.J. Reynolds Tobacco Co. and Brown & Williamson Tobacco Corp.

The tobacco companies in recent years also have been major contributors to the Republicans. Between 1995 and 1997, the industry contributed $13 million to Republican Party committees and about $3 million to Democratic committees, according to a recent study by PublicCitizen.

Tobacco company spokesmen said the use of the planes is legal. "We comply with the law and do what we have to do," said John Atwood of GST, which the report said provided the most subsidized travel of any corporation.

"As to who has been flown, where and when, the schedules of public officials are theirs to disclose, not Phillip Morris," said Darlene Dennis, a company spokeswoman.

Todd Harris, a spokesman for the NRCC, called Waxman’s report misleading and deceptive because it is based on payments or "disbursements" for travel by the committees, which may overstate the number of flights. Per instance, Harris said, the list shows four separate NRCC disbursements to R.J. Reynolds last Jan. 23 when Harris said was for a Super Bowl trip to San Diego.

"That was one trip," he said, which may have been paid for with four checks because "some fly one way, some fly one way, some get on at different places."

But Harris declined to say how many people flew and whether they flew one way or round trip.

"What on earth is Henry Waxman doing, investigating the NRCC with taxpayer money?" Harris asked. "This is pure politics."

Philip M. Schiller, a Waxman spokesman, said it is "entirely appropriate to investigate the methods the tobacco companies use to influence Congress and the Republican Party," adding that the study sheds light on a "loophole" in the campaign finance laws that is "extraordinarily exploited."
BURTON'S BLUNDER

In one of the oddest turns in the ongoing Lewinsky drama, rabid Republican congressman Dan Burton—best known for calling Bill Clinton a "scumbag"—recently had the Government Reform and Oversight Committee, which he chairs, subpoena Washington supersleuth and Clinton private investigator Terry Lenzner for any detective work he had performed for members of Congress. Burton assumed he would be handed a treasure trove of documents that would embarrass the Democrats. But when Lenzner and his lawyers searched their files, they made a startling discovery: The investigator known for digging dirt for Clinton had actually done more snooping for Republicans than for Democrats. When Lenzner's lawyers made that fact known to Burton's staff, the request was quickly withdrawn.
Democrats Say Burton Made Threat Against Reno
Chairman Presses for Outside Finance Probe

By ROBERTO SERIO
Washington Post Staff Writer

Democrats yesterday accused Rep. Don Burton (R-Calif.), chairman of the House Government Reform and Oversight Committee, of threatening Attorney General Janet Reno with contempt of Congress if she does not seek an independent counsel in the campaign finance investigation.

Defying a committee subpoena, Reno has refused to turn over documents related to the investigation. At a meeting with the attorney general yesterday, Burton said he planned to seek a contempt citation against her from the House when it reconvenes after summer recess in September, according to congressional aides of both parties.

However, Burton said he would drop the whole matter if Reno would agree to seek an independent counsel before then, the aides said.

In a letter sent last night to Reno, Rep. Henry A. Waxman (D-Calif.), who attended the meeting, said: "It is obviously inappropriate—and at a minimum a clear violation of the House ethics rules—for a member of Congress to seek to coerce an executive branch official to reach a predetermined conclusion on a discretionary matter. That is exactly what happened today."

A senior Justice Department official depicted Burton's statements as "an unprecedented display of political tampering with law enforcement."

Defying that Burton was threatening the attorney general, Will Dwyer, the committee spokesman, said: "Congressman Burton is not trying to dictate a decision by the attorney general. He is just trying to get her to produce subpoenaed documents according to lawful procedures."

Dwyer said "the only one real objective here is getting an independent counsel, as these documents advise her to do. ... If she follows that advice, there will be no need for the documents."

Burton's committee has subpoenaed two internal Justice Department documents recommending that Reno seek an independent counsel. But Reno and FBI Director Louis J. Freeh, who also attended the meeting, have repeatedly insisted that turning over the memos would damage the ongoing investigation into fund-raising by the 1996 Clinton-Gore campaign.

The subpoenaed documents are a memo from Freeh to Reno last November and another delivered to her two weeks ago by the outgoing chief prosecutor of the Justice Department's campaign finance task force, Charles G. La Bella. Both documents advise Reno that there is sufficient evidence of illegal fund-raising in the 1996 Clinton-Gore re-election effort that the law requires her to seek an independent counsel, according to officials familiar with the memos.

Reno rejected Freeh's suggestion last December, and she told Burton yesterday that she is still reviewing La Bella's recommendations.

Although he has previously threatened Reno with contempt over the subpoenaed documents, Burton for the first time yesterday explicitly linked the threat to Reno's pending decision on the independent counsel matter, congressional and administration officials said.

"As far as I am concerned, this discussion constitutes an effort to exert a specific decision from the attorney general that is absolutely wrong and an abuse of power," Waxman said in an interview.

At yesterday's meeting, Burton told Reno and Freeh that he had the support of the Republican leadership to seek contempt against her, according to participants. However, leadership aides said that while he has backing for his efforts to subpoena the documents, the GOP leadership is far from concluding that it is willing to seek a contempt citation against Reno.

Officials said Burton rejected a proposal by Reno and Freeh to conduct closed briefings on the contents of the memos to Burton and members of the committee.

Sen. Don Nickles (R-Okla.), the majority whip, said in a speech on the Senate floor yesterday: "If Attorney General Reno does not appoint a special counsel under the independent counsel statute to investigate campaign abuses by this administration, I think she should resign."

Responding to Nickles's remarks, Justice Department spokesman Myron Marlin said, "It has long been a bipartisan principle that political pressure has no place in law enforcement decisions."

Staff writer JULIET EILPERIN contributed to this report.
Bank data link Trie, Democrats, foreign $50,000

BY TERRY LEMONS

WASHINGTON — Former Little Rock restaurateur Charlie Trie and a foreign businessman associated funneled $50,000 to Democratic Party through family and friends, House campaign-finance investigators said Tuesday.

Bank records obtained by the House Government Reform and Oversight Committee show that Trie and Antonio Pan, a former executive with Indonesia's Lippis Group, helped steer the illegal contributions in and out of banks on the way to the Democratic Treasury in early 1996.

“We have identified a previously unknown source of foreign funds,” said committee Chairman Dan Burton, R-Ind.

The contributions came from a mysterious bundle of 300 sequentially numbered $1,000 traveler's checks that House investigators believe Pan brought into the country days before President Clinton held a major fundraiser in Washington. Many of the checks flowed through bank accounts in Washington and Little Rock controlled by Trie.

Investigators said two of the checks wound up with Ernest Green, the Little Rock civil rights pioneer and longtime Clinton friend.

Defying Burton's threat, Reno hangs on to fund-raising memos

BY TERRY LEMONS

WASHINGTON — A defiant Attorney General Janet Reno refused Tuesday to hand over two campaign fund-raising memos to House Republicans despite a threat from Rep. Dan Burton to hold her in contempt of Congress.

“The buck stops with me,” Reno said.

Reno vowed not to hand over the secret memos written by two top deputies urging her to appoint an independent counsel. She said that releasing the documents would jeopardize the Justice Department's criminal investigation into fund-raising mischief during the 1996 campaign.

Burton, the Indiana Republican who heads the House Government Reform and Oversight Committee, said:

“The new twist in the long-running investigation led to sharp exchanges during Tuesday's committee meeting, dominated by questions over whether Attorney General Janet Reno should seek an independent counsel in the campaign-finance case.

Democrats angrily objected to Burton's attempts to release details about the checks, noting Justice Department fears that the records could interfere with its criminal investigation. "We may be jeopardizing prosecution," said Rep. Henry Waxman, D-Calif.

Burton saw no harm in releasing the records. In a voice vote, the Republican-controlled committee concurred. "The American public has been in the dark too long," Burton said. "The American people have a right to know."

Burton's committee has spent more than a year exploring the See TUESDAY PAGE 11A
Trie

\* Continued from Page 1A

business dealings of Trie, who left the Chinese restaurant business in Little Rock to become an international businessman and Democratic money-raiser. Trie’s friendship with Clinton goes back to the 1980s, when the governor was a frequent visitor to the old Fu Lin restaurant Trie ran near the state Capitol.

In January, Trie was charged with illegally funneling campaign contributions to Democrats. Trie, 48, pleaded innocent on the 15 counts, many involving the same areas pinpointed by House and Senate investigators.

Trie, who has returned to Little Rock after a lengthy stay in China, goes on trial Oct. 7 in Washington, and his Washington attorney, couldn’t be reached for comment on the documents discovered by Burton’s committee.

Previously, congressional investigators have linked Trie to illegal campaign contributions originating in places such as Hong Kong and Macau. This is the first time Burton’s committee has tied Trie to money coming from Indonesia, a central focus of the fund-raising case.

Congressional investigators believe Pan, a Trie business associate from Indonesia or Taiwan, picked up the traveler’s checks in early 1996 from the Bank of Central Asia in Jakarta. The purchaser’s handwriting on the checks is indecipherable, and investigators are trying to determine who actually paid for the checks in Jakarta.

House investigators sketch this time-line:

On Feb. 17, 1996, within days of receiving the checks, Pan arrived in New York. Two days later, he and Trie attended the Clinton fund-raiser at Washington’s swank Hay-Adams Hotel.

A few days after that, the checks began flowing in and out of bank accounts.

Sixty-two traveler’s checks were deposited in New York and Washington on Feb. 22, with many of the transactions being handled by friends and acquaintances of Trie and Pan.

One of them was Jack Ho, president of a Flushig, N.Y. travel agency. Ho told investigators that one of his clients asked him to handle $35,000 in traveler’s checks for Pan, which he did during a series of complex transactions.

Ho told investigators that he gave the remaining $10,000 in cash back to Pan. He kept $25,000 and,

This is the first time Burton’s committee has tied Trie to money emerging from Indonesia, a central focus of the fund-raising case.

at Pan’s request, used it the next day to make a $25,000 contribution to the Democratic National Committee. Trie received credit for soliciting the contribution.

Also on Feb. 22, at neighboring banks in flushing, someone cashed $15,000 in traveler’s checks. In less than two hours, House investigators believe Pan used that $15,000, along with the $10,000 from Ho — to open a savings account in flushing and then withdrew $25,000 and split it into five $5,000 traveler’s checks.

Pan sent the $25,000 to Trie’s sister, Manlin Fong, and her boyfriend, Joseph Landon, in California. The two have previously told Burton’s committee that they subsequently made a $25,000 contribution to the Democrats as a favor to Trie. Federal law prohibits contributions through “straw donors” or from foreign sources.

Whether more of the $200,000 in Indonesian traveler’s checks reached the Democratic Party is unclear.

But House investigators said $64,000 was deposited in accounts controlled by Trie and Pan, which Senate documents have shown were used for other questionable campaign contributions. Six of those checks went to a First Commercial Bank account in Little Rock controlled by Trie and his wife, Wang Mei Trie.

Some of the checks went to other sources, including the Democratic National Committee’s Mercer. He deposited five $1,000 checks at the White House federal credit union, and the backs of the checks bear the stamp “White House FCU” and the date March 18, 1994. A Democratic National Committee aide said he didn’t know what Mercer did with the money, but it was not used for a campaign contribution. Mercer, who is no longer with the Democratic committee, could not be reached for comment.

Two of the checks went to Green, one of the Little Rock Nine, who integrated Central High School 40 years ago. Green, a friend to Clinton and Trie, works in Washington as managing director of Lehman Brothers, an investment-banking firm with international interests. Green was traveling Tuesday and could not be reached.

A major point of interest for House investigators is the traveler’s checks’ origin in Indonesia.

The traveler’s checks were purchased from the Bank of Central Asia in Jakarta, where the Lippo Group, a financial conglomerate run by Mohtch Riedy and his son, James, is headquartered.

Seidono Salim, head of Lippo; Sia’s richest family, and Mohtch Riedy were partners in the bank. Salim was the majority partner.

James Riedy and John Heng, another Democratic fund-raiser who worked for Lippo before joining the Clinton administration, got a taste for politics back in Arkansas during the mid-1990s.

The two lived in Little Rock after Lippo bought a share in the old Worthen Bank group, with the Arkansas financial giant, Salim’s son, Andrei Hakim, at one point had a 10 percent stake in Worthen.

In Little Rock, Riedy and Huang became friends with Clinton, who was then Arkansas’ governor. In Washington, they had frequent access to Clinton and others in the White House.

Since late 1996, congressional investigators have been searching for foreign connections to campaign contributions involving Trie, Riedy and Huang.

The Democratic National Committee and the president’s first legal defense fund have said they would return about $12.5 million collected by Trie because of questions about the money’s origin. Trie’s family and businesses chipped in $220,000 of that between 1994 and 1996.
Texas donor: GOP evaded law

House leader among those said to have advised exceeding limits

By Jack Nolan

As court records tell it, the illegal scheme by Peter Galvan Jr. was a simple matter. He pleaded guilty to paying a local businessman to funnel $37,000 to a local congressional candidate.

But Texas, business was no new matter for Congress. In interviews with The Hill, he told us he had made a contribution of $100,000 to a local congressional candidate, and he had been convicted of mail fraud.

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Several of those implicated by Galvan, including Delays, did not return phone calls.

But spokespersons and lawyers for others involved disputed Galvan's claims. One Delays aide said, "There's absolutely, positively nothing to this whatsoever." He has publicly declared that Galvan is "a liar, a cheat and a fraud" before admitting that he had not been paid. He later threatened not to speak to The Hill again if Delays's name appeared in connection with the matter.

Those who know Galvan have told us he was a well-intentioned man, someone who "wanted to change America," at one campaign fund-raiser. Now, Delays's defense team has been publicly releasing evidence to the contrary.

Galvan has been finding it difficult to be convicted of the charges. "I can assure you I never told him to do anything that was illegal," he said. "We complied with all FEC regulations. We followed all the rules."
Texas donor says GOP evaded campaign law

The Hill **Wednesday, August 5, 1998**

Texas businessman Determined that the Republican National Committee (RNC) evaded campaign laws by using a subsidiary to conceal money donations

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In Texas, a political campaign finance watchdog said the Republican National Committee (RNC) evaded campaign laws by using a subsidiary to conceal money donations.

The Texas Republican Party, which is controlled by the RNC, has been accused of violating federal campaign finance laws. The watchdog, Brian Clay, said the RNC used a subsidiary, the Texas Republican State Committee, to conceal donations.

Clay said the RNC used the subsidiary to make donations to state Republican parties in Texas, California, and Arizona. The donations were made to the Texas Republican State Committee, which then distributed the money to the state parties.

The RNC has denied the allegations, saying the donations were made in compliance with federal campaign finance laws.

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**The Funding Trail**

**The Hill**

The Hill is a political news website that covers national and international politics. It is a source of news and analysis for the political community.

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GOP charged with evading campaign limits

CONTINUED FROM PAGE 12

campaigns.

After hearing nothing more directly from Trial, he considered the company's interest before. But then he said he heard from Whittick that he was talking to Trial's Molokai. "I think she indicated she would be getting, active in our campaign," Erskin said. "I think it surprised me at the time.

Whatever the level of contact with Trial, Coherent alleges in its complaint that two other "other" sources were found for his money after Delays visit.

First, he said Bablin personally solicited a contribution to the Citizens United Victory Fund, a Virginia-based PAC, which he understood had some relationship with Trial.

Citizens United received a $5,000 Coherent donation on Oct. 14. Ten days later, the fund sent $5,000 to Bablin's campaign.

Senate investigators interviewed the close ties between the minor PACs, and cited it as evidence that Trial may have arranged the illegal PAC contributions. Citizens United president Floyd Brown, did not return multiple phone calls seeking comment. Coherent, however, confirmed that investigators were called.

He said that Bablin assured him that the money would be passed through to the Rabon campaign. Experts agree that such a pass-through, if it occurred, is blatantly illegal.

In response, Bablin said that, not only did he not approve Coherent to the Rabon campaign, he does not solicit any contributions in any other political

campaign but his own. He said he has never been in contact with the group. "I'm not sure whose group that is," he said.

Trial claims to be a for-profit company that advises paying clients on how to maximize their fundraising in federal election campaigns. "I would describe it as a marketing effort that had as its purpose helping coordination under-informed, high-quality contributions," said Indiana businessman and 1996 Trial client Floyd Brown.

Senate investigators asked the company to be "not a business in the conventional sense" because it charges so fees, and earned no profit. Instead, they say, its "sole purpose is to influence the election of conservative Republican candidates," thereby requiring registration as a PAC.

Bradley, Trial's attorney, represented Democratic claims against Bradley. He said Republican investigators had totally exonerated Trial.

If anything, Coherent failed to support claims by Trial. Coherent's president, Floyd Brown, did not return multiple phone calls seeking comment. Coherent, however, confirmed that investigators were called.

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Reno Defies GOP Pressure on Donor Probe

By MARC LACY and RONALD L. OSTROW

WASHINGTON—Attorney General Janet Reno refused Tuesday to give congressional investigators two memorandums from top law enforcement officials that recommend the naming of an independent counsel to look into campaign-fundraising abuses—even as GOP lawmakers turned up the heat by threatening to cite her with contempt of Congress.

Called before a House oversight committee Tuesday, FBI Director Louis J. Freeh, Assistant U.S. Attorney Charles G. La Bella and FBI Special Agent James V. DeSarno confirmed that they had urged Reno in the memos to call for an outside prosecutor to look into the vast array of fund-raising irregularities stemming from the 1996 presidential election.

But the three men also told the committee they agree with Reno’s contention that the internal documents are packed with details of the ongoing investigation and, if released, would provide a road map.

Please see MEMOS, A8

MEMOS

Continued from A1 to the “thinking, theories and strategies” of the prosecution, which is being handled by the Justice Department.

Reno, defending her decision at a hastily called news conference as the House panel grilled her aides, said: “To give in to the committee’s demands creates a precedent for Congress demanding the prosecution’s most sensitive strategy memos and making them public to everyone, including the defendant’s legal team.

The standoff over the memos escalated the fierce head-butting that has lasted more than a year between Reno and congressional Republicans who want her to invoke the independent counsel law in the campaign-fundraising inquiry, which focuses largely on actions by the Democratic Party and President Clinton’s reelection team.

The post-Watergate law is designed to avoid conflicts of interest that could arise in sensitive investigations involving top government officials. The GOP congressional leaders have said such conflicts exist in the campaign financing investigation. But Reno has steadfastly refused to agree.

“He has steadfastly refused to agree. She recommends an independent counsel,” saying that she has yet to be convinced that the evidence warrants it.

With a contempt vote against Reno looming Thursday in the House Government Reform and Oversight Committee—and a full floor vote on the issue possibly coming next month—the attorney general acknowledged that such severe action would force her to refuse herself from continuing to evaluate whether an independent counsel should be named and turn the matter over to Deputy Attorney General Eric H. Holder Jr.

As it is, Reno insisted that she still has an “open mind” on the issue and is actively reviewing the recommendations of her aides.

Seeking to defuse tensions over the memos, Reno had telephoned committee Chairman Dan Burton (R-Ind.) just before the panel’s meeting Tuesday morning in hopes of taking the witnesses table in place of her three aides—as she had done numerous times previously on both sides of the Capitol.

But Burton declined the invitation, prompting Reno to speak to reporters instead. Burton had also rejected Reno’s request that she be permitted to brief him on the contents of the memos later this month.

In their testimony, the law enforcement officials declined to detail the contents of the written reports that Burton and other GOP lawmakers are pressuring the Justice Department to release.

But Freeh and La Bella acknowledged that, in their view, an independent counsel ought to review the fund-raising abuses and that they viewed the allegations as reaching the White House itself.

“The subject matter of our investigation involves covered persons, including as I mentioned, the president and the vice president,” Freeh said.

Freeh wrote his 27-page memo in December and Burton had threatened Reno with contempt then after she had refused to release it. But a deal was struck that permitted a closed-door
broaching on the memo’s contents for lawmakers.

The new controversy stems from another, similar memo this time from LaBella, who until recently had headed the Justice Department’s campaign fund-raising task force, and Desarno, the task force’s chief investigator. They delivered their recommendations to Reno last month in a weighty 190-page document packed with exhibits.

Being held in contempt of Congress could carry a jail sentence, but no one believes Reno would receive such a penalty. The move, instead, would be aimed at intensifying pressure on her to agree that an independent counsel would be named.

LaBella, who had left the fund-raising task force in June to become interim U.S. attorney in San Diego, has found himself at the center of another controversy in recent days after Sen. Barbara Boxer (D-Calif.) chose not to recommend him to President Clinton for permanent appointment to the San Diego job.

Sen. Arlen Specter (R-Pa.), a member of the Senate Judiciary Committee and a vehement advocate of an independent counsel in the fund-raising inquiry, called Tuesday for congressional hearings in the fall to discuss “retribution” against LaBella, prompted by his public disagreement with Reno, caused Boxer to recommend Gregory Vega, president of the Hispanic National Bar Assn.

Boxer spokesman David Sandretti denied the charge and said Vega had been nominated by Boxer based on his qualifications for the U.S. attorney’s job after a 12-member search committee headed by a retired federal judge evaluated various applicants.

“It would be regrettable to inject politics into a procedure that was solely based on merit, experience and performance evaluations,” Sandretti said.

At Tuesday’s committee hearing, GOP lawmakers attempted to pit Freh, LaBella and Desarno against Reno over the independent counsel issue. But none of the law enforcement officials would go along with the contention that Reno’s motive is to protect the president.

“We view the law differently,” said Freh, indicating that such disagreements are commonplace in law enforcement. “I come out one way and she comes out another way, but it’s her way that counts.”

Reno, at her news conference, bristled at what she described as Burton’s suggestion in a closed meeting last week that he would not pursue contempt proceedings against her if she named an independent counsel.

“If I give in to that suggestion, then I risk Congress turning all decisions to prosecute into a political football,” Reno said. “That is simply wrong and I will not willingly allow that to happen. Politics does not belong in prosecution.”

But Burton has argued that Reno is bending over backward not to name an independent counsel. Thus, he said, it is within the committee’s rights to seek the memos to determine whether Reno is shifting the responsibilities of her office.

“It would be inconsistent with Congress’ core oversight responsibilities to simply accept your assurances that you have adequately considered the recommendations of your advisers without looking beneath the surface of those assurances,” Burton said in a letter to Reno released Monday.

Burton also encouraged the committee to release, amid objections by the Justice Department, new information on foreign funds that apparently found their way into Democratic National Committee accounts.

GOP investigators said they discovered 200 travelers checks—each for $1,000—that originated in Jakarta, Indonesia, some of which were used by fund-raisers Yah Lin “Charlie” Tri and Yuan Pei “Antonio” Pan to funnel money to the Democratic U.S. election law prohibits contributions from foreign sources.

Both Tri, a longtime Clinton friend, and Pan, a Tri business associate, have been charged with election-law violations as part of the Justice Department investigation.

A Democratic spokesman said officials would review the contribution based on the subpoenaed information.

Clashing with Burton at Tuesday’s hearing was Rep. Henry A. Waxman of Los Angeles, the ranking Democrat on the committee, who said the chairman’s planned contempt citation indicated once again that the committee is “out of control and careening recklessly into an unnecessary confrontation with the attorney general.”

Waxman, who has blasted Burton for being unduly partisan, cited numerous instances in which past White House has resisted providing information on active criminal investigations in Congress.

“We are a nation of laws, not bullies,” he said to Burton, seated just a few feet to his left. “We govern through the law, not intimidation.”
HOUSE COMMITTEE
THREATENS RENO

Showdown Near on Refusal to
Name a Special Prosecutor

By DAVID E. ROSENBAUM

WASHINGTON, Aug. 4 — Attorney
General Janet Reno and a House
investigating committee approached
a showdown today over whether she
should ask for an independent coun-
sel to prosecute campaign finance
abuses.

Ms. Reno has adamantly declined
to take such a step. The committee,
the House Committee on Govern-
ment Reform and Oversight, plans to
vote on Thursday to cite her for
contempt of Congress for refusing to
turn over memorandums from her
top investigators recommending an
outside prosecutor.

"It looks to me like the Attorney
General is trying to protect the Pres-
ident," declared the committee
chairman, Representative Dan Bur-
ton, Republican of Indiana.

Denied an opportunity to appear
today before the committee, Ms.
Reno called a news conference in-
stead and accused the lawmakers of
tampering politically with a criminal
investigation.

But she left open the possibility
that she might change her mind
about seeking a special prosecutor.
She said: "I may trigger the Inde-
pendent Counsel Act. I may not. I
don't know."

The Justice Department investiga-
tors who did testify — Louis J. Freeh,
Director of the Federal Bureau of
Investigation, and Charles G. La Bel-
a, who resigned last month as chief
of the Justice Department task force
investigating campaign finance prac-
tices — acknowledged that they
had written memorandums to the
Attorney General advocating the
naming of an independent counsel.

But they urged the committee to

Continued on Page A19
House Committee Threatens Reno on Campaign Investigation

Continued From Page A1

..."Because the August recusal is approaching and because the sessions will wind down very quickly when we return to Capitol Hill, I wanted to let the committee know that this matter is of great importance," he said.

Mr. Burton and Mr. Reno both said they did not seek
confidential evidence. "We don't want grand jury information," he said. "All we want are the reasons Director Fresh and Mr. La Bella told Attorney General Reno she should appoint an independent counsel."

The law requires the Attorney General to ask a panel of Federal judges to pick an independent counsel if the Attorney General believes there is enough specific evidence to justify an outside investigation of high-level officials. Mr. Reno has the discretion to seek an independent counsel if she believes a matter cannot be objectively investigated by the Justice Department because of conflicts of interest.

In the past, Mr. Reno has suggested that she could not appoint an independent counsel in this case. She has always said that new evidence could lead her to change her mind.

Mr. Fresh and Mr. La Bella suggested today that they believed the mandatory and discretionary provisions of the law applied in this case.

It was unclear whether the committee would be asked to release any of the information they have on the matter.

The chairman of the Senate Judiciary Committee, Senator Orrin G. Hatch of Utah, said he was continuing to review the documents and would be ready to fill in the gaps in the hearings.

Mr. Burton asked whether the Justice Department was investigating "a core group of individuals who may be involved in illegal activity."

Mr. Burton said he did not say whether he was asking for specific evidence. Mr. Reno told him that Mr. Burton's request was inappropriate.

Staff members of Mr. Burson's committee said that the chairman was unsure of where his side was in the political struggle against Mr. Reno. The chairman's support for Ms. Reno was weakening.

Some Republicans who have been following the case said they were not on the committee and they decided that Mr. Burton would bring the matter to a vote on Thursday.

The committee today also released new evidence of illegal foreign contributions to the Democratic Party in the 1980's. The Attorney General's office has found $300,000 in foreign checking accounts in both the United States and in Switzerland, most of which was either donated or deposited in the United States for because of criminal activity.
GOP probers report $50,000 in illegal donations via Trie

By Mary Ann Alcoff  
THE WASHINGTON TIMES

House GOP investigators say they have uncovered new evidence that Charles Yeh Lin Trie, already under federal indictment, funnelled $50,000 in illegal checks to the Democratic National Committee from Indonesia, half of which was never returned by the DNC.

Investigators said the money originated in Jakarta, Indonesia, home of the Kady family, which has close ties to President and Mrs. Clinton, and was then dispersed throughout U.S. bank accounts and ultimately to the DNC in the form of conduit donations and foreign contributions — both of which are illegal.

"This is the first time that this committee has traced funds used for conduit contributions directly back to Indonesia," said Rep. Dan Burton, chairman of the House Government Reform and Oversight Committee.

Although the Justice Department objected to Mr. Burton's investigators releasing the new information for fear it would jeopardize the department's ongoing criminal probe, Mr. Burton insisted.

The $50,000 in question can be traced to Mr. Trie and his business associate, Antonio Y.P. Pan, who also has been indicted in the federal campaign finance probe.

Half of the money, $25,000, was funnelled through Trie's business associate Jack Ho, who served as a "straw" donor, one who gives political contributions with another's money, which is illegal.

Mr. Ho, owner of Flushing, N.Y., travel agency J&M International, deposited $25,000 worth of Bank Central Asia traveler's checks given to him by Mr. Pan into his New York bank account on Feb. 22, 1996, and then gave a corporate contribution of $25,000 to the DNC the next day, evidence shows.

DNC spokesman Rick Hess said the contribution from Mr. Ho's company was perfectly legal.

"We would have returned it if we had any hint that they were foreign sources or if the company had insufficient funds. Every indication was that it was legal and proper," Mr. Hess said.

But GOP investigators said the donation was clearly illegal since Mr. Ho used Mr. Pan's money and, therefore, was a straw donor.

The other half of the $50,000 investigators have uncovered was both an illegal foreign contribution and a conduit donation, a "double whammy," as one investigator put it.

Mr. Pan, they said, deposited $25,000 worth of Bank Central Asia traveler's checks into his account in Flushing, then withdrew it and purchased five $5,000 cashiers checks and sent the money to Mr. Trie's sister Manlin Pong and her boyfriend Joseph Landon in California.

The money then went to the DNC, all of which the party acknowledged was illegal and returned.

"The money we got from Manlin Pong and her boyfriend Joseph Landon was returned," Mr. Hess said. "All of Mr. Burton's information comes from confidential bank records, which are not and were not available to the DNC when we conducted our review" last year.

Investigators also said that $5,000 of the total $200,000 in traveler's checks that Mr. Trie funneled from Indonesia into U.S. bank accounts — only $50,000 of which went to the DNC — made its way into the personal bank account of former DNC Deputy Finance Director David L. Mercer.

Their evidence shows that Mr. Mercer either cashed or deposited five $1,000 Bank Central Asia traveler's checks at the White House Federal Credit Union on March 18, 1996.
Campaign Finance’s Parallel Probes
Following Money Trails, Investigators Sometime Cross Paths

By George Lardner Jr.
Washington Post Staff Writer

Last Thursday morning, House committee lawyer Tim Griffin called
the head of a travel agency in Plush
ing, N.Y., to review some statements
he had made on July 15 about a
questionable $28,000 contribution to
the Democratic National Committee.

According to Griffin, travel agency
executive Jack Ho said that following
their July 15 interview the Justice
Department had paid him a visit. It
too wanted to know about the 1995
contribution and $1,000 travelers
checks from Indonesia that Ho had
deposited in his bank account a day
early. Now, Ho told Griffin, he
didn’t want to talk about it any more.

"In the words of Ho," Griffin wrote
in a report of the conversation, "the
FBI told me that I don’t have to talk
to you."

The episode is a striking illustration
of the backstage competition
between Justice Department and
congressional investigators in parallel
inquiries into campaign financing
abuses. To staff aides for the House
Government Reform and Oversight
Committee, it also suggests that
officials at the department may not
be giving the issue the attention it
deserves unless they realize someone
is about to beat them to the punch.

"We consider this to be very seri
ous," the committee’s chief of
staff, Kevin Singer, said of $280,000
in travelers checks that Charlie Trie
and associates laundered into U.S.
bank accounts from Indonesia be
tween February and May of 1995.

"This is the first time we’ve seen
money connected to Charlie Trie
coming from Indonesia. This raises
a lot of questions about the extent of
cooperation between Trie and people
at the Lippo Group," another key
focus of the campaign finance investiga

tions.

Of the $200,000 in travelers
checks, issued by Bank Central Asia
in Jakarta, $200,000 wound up at the
DNC in illegal conduit contributions,
according to House investigators.

They added $28,000 came on Feb.
23, 1996, from the S & M Internation
al travel agency under the signature
of the president, Jack Ho.

DNC records listed the salarier of
the donation as Charlie Trie, now
under federal indictment for other
offenses, and attributed the contribu
tion to a Feb. 19, 1996, DNC fund
raiser at the Hay-Adams Hotel.

According to Griffin, the Justice
Department “had these [travelers]
checks for several months,” but the
committee got to Ho first, interview
ning him at a hotel in Plushing on July
15, and finding him quite reticent.

He recalled contributing $28,000
to the DNC, at the request of a
“friend” of Trie, but according to the
committee’s interview report, did not
recall who gave travelers checks to
him. When asked about the timing of
his deposit of the travelers checks and
the contribution, he “related further
cooperation."

On July 21, Griffin told a commit
tee staff member for the Democratic
minority that the panel’s Republicans
wanted to make the checks public
and that they had tried to talk to Ho.
A Democratic aide said their side
then called the Justice Department to
tell officials of the meeting and see if
they had any objection to release of
the checks.

The next day, July 22, it appears,
an FBI agent, a Justice Department
lawyer and a travel agent turned up in
Plushing to talk to Ho. When Griffin
called Ho on July 30, he said he
managed to get “the full story” from
Ho only after telling him the altern
ative was a subpoena for a deposition in
Washington.

Finally, Griffin said, he told him
he received the travelers checks from
Antonio Pan, an associate of Trie and
former Lippo Group executive, and
made the contribution to the DNC
for Pan because Pan was not a U.S.
citizen.

He did not return a phone call
seeking comment.

FBI spokesman John Collinsworth
said: “From time to time, the cam
paign finance task force investigation
and the committee investigation
cross paths. It is unavoidable. The
task force attorneys and investigators
follow our standard practice. We
simply never tell witnesses whether
or not they should speak with con
gressional investigators. It must be
the witness’s decision and there was
no deviation from that policy in this
instance.”
Phone tapes implicate candidate, FEC witness says

By Alan Weisman and Patrick Wintour

Teapot Dome constructions on

made yesterday by the FEC staff

of the investigation. The federal

agency has been investigating the

activities of the campaign for the

last three months. According to the

staff, the campaign has been

violating federal campaign

finance laws.

In addition, the FEC has said

the campaign has been

inappropriately using campaign

funds to pay for personal

expenses. The FEC has

required the campaign to

return the money.

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Dems call for probe of charge that GOP laundered funds

By Jock Friedly

A Texas Republican donor's allegations of GOP money-laundering has led to Democratic calls for investigation by Congress and the Justice Department's special campaign finance task force.

On Tuesday, Sen. Carl Levin (D-Mich.) wrote to Attorney General Janet Reno, calling for her to probe the allegations. Last week, Democrats on the House Government Reform and Oversight Committee demanded that the committee investigate as well.

The allegations, detailed last week in a complaint with the Federal Election Commission (FEC), came from Peter Cloeren Jr. The founder of an Orange, Texas, plastics manufacturing company, Cloeren said that in 1996, Majority Whip Tom DeLay (R-Texas) helped arrange a series of contributions by Cloeren that were intended to skirt contribution limits to a local congressional candidate, Brian Babin.

Babin, DeLay and others said to be involved have all emphatically denied any involvement.

Cloeren pleaded guilty in June to two misdemeanor charges of reimbursing employees for $37,000 in contributions they made to Babin's campaign.

Levin's letter to Reno makes note of

CONTINUED ON PAGE 5
Dems call for probe of GOP funding practices

Meanwhile, several alleged participants in the money-laundering scheme have spoken up since last week in an effort to distance themselves from Clooren.

"I don't know this man from Adam," DeLay said on CNN's "Lewis, Novak, Hunt & Shields." "I saw at lunch, and he now has admitted that he had spoken to me for about three minutes. And in that three minutes, he concocts this story. It's absolutely outrageous. It has no meaning whatsoever."

Clooren does acknowledge that the conversation with DeLay about fundraising for Babin was a brief one. However, Clooren's FEC complaint alleges that DeLay said an aide would later be in touch to arrange "vehicles" for Clooren to fund Babin's campaign. An aide later followed up with phone calls, according to Clooren.

Furthermore, Clooren and another lunch participant suggested that DeLay's claim not to "know this man from Adam" may have been too strong. They said that DeLay sat next to Clooren for the entire lunch and they spoke together throughout.

DeLay also took a tour of the plastic manufacturer's plant, with Clooren leading the tour.

Later, Clooren said, DeLay thanked him at the airport for providing the chartered plane. DeLay and his campaign manager exchanged business cards with Clooren, who still has their cards.

Clooren's company was not reimbursed in advance by DeLay or Babin for the $1,500 flight as the law requires. Last week, after questions arose, Clooren received a reimbursement check from Babin's personal account.

Another alleged participant in the money-laundering scheme described by Clooren's complaint also denied his claims that he advised him to send $20,000 to a Triad affiliate called Citizens for Reform. Carolyn Malenick, the executive director of Triad Management Services Inc., was quoted in the Beaumont Enterprise last week as saying that "I have never spoken to Peter Clooren. My office has never spoken to Peter Clooren. Peter Clooren was referred to us, we do not know by whom."

Peter Flaherty, president of Citizens for Reform, had a different recollection. "Carolyn had a relationship with him, not me," he told The Hill. "Carolyn brought in this donor and this money."

If investigators decide to investigate Triad further, they may find little corroborative documentation. A subpoena of Triad by the Senate Governmental Affairs Committee turned up relatively few records. On Febr. 21, 1997, Malenick wrote in a memo to her staff that company policy was to save only "documents that are necessary and may be needed in the future." She said, "When a document is edited, the document should be overridden (sic) and not recreated." Copies of letters were to be kept in their files "and not necessarily left on the computer."
Lawmaker Seeks Vote on Contempt Resolution Against Reno

By DANYEL JOHNSTON, WASHINGTON — Oct. 12 — The House Judiciary Committee today acted to impeach Attorney General Janet Reno, enacting a motion calling for her removal from office, in a move that is expected to allow the full House to consider the impeachment. 

In a 25-17 vote today, the committee, led by Rep. John Conyers, D-Mich., adopted a resolution that would allow the House to consider the impeachment of Reno for her handling of the Whitewater affair, the savings and loans scandal, and the domestic spying scandal. 

The vote came after a week of hearings in which witnesses testified about Reno's actions in the Whitewater affair, the savings and loans scandal, and the domestic spying scandal. 

The impeachment process, which began in the House Judiciary Committee last week, is expected to take several more weeks before the full House votes on whether to impeach Reno. 

The House committee was divided today on whether to impeach Reno, with 25 members voting in favor and 17 voting against. 

The resolution, adopted on a party-line vote, was greeted with enthusiasm by the committee's Democrats, who have been trying for months to bring Reno to the floor of the House for an impeachment vote. 

The resolution also calls for an investigation of Reno's handling of the Whitewater affair, the savings and loans scandal, and the domestic spying scandal. 

In a statement, Rep. Conyers said, "We have heard enough. It is time for Janet Reno to step down and face justice." 

The resolution now goes to the full House, where it is expected to be debated and voted on next week. 

The process of impeachment is a long and complex one, and it is not clear how long it will take for the House to vote on the resolution. 

The committee's action today is a significant step in the process, and it is expected to set the stage for a full House vote on the impeachment resolution. 

The impeachment of Reno, if approved by the House, would be the first such action against an Attorney General in the history of the United States.
Burton Wants House to Find Reno in Contempt

By George Laker Jr.
Washington Post Staff Writer

The chairman of the House Government Reform and Oversight Committee said yesterday he will ask the full House to find Attorney General Janet Reno in contempt for refusing to produce a subpoenaed Justice Department memo urging appointment of an independent counsel to investigate 1996 presidential campaign financing abuses.

Rep. Dan Burton (R-Ind.) said he was taking the step because Reno refused yesterday morning to let a small House delegation review a heavily censored version of the memo unless the subpoena and contempt citation his committee had approved Aug. 6 were withdrawn.

Reno said in a statement that it was Burton who rejected her offer to permit the review "in order to satisfy the subpoena" and end the dispute. She said he would "continue to work toward a solution that satisfies Congress's historic oversight needs and protects the integrity of the government's prosecutions and decision-making process."

At a news conference yesterday, Burton said the review had been endorsed by House Speaker Newt Gingrich (R-Ga.) in light of Reno's claims that disclosure of the internal memo would provide a damaging "road map" to the investigation that Justice has been conducting.

Burton, who saw the heavily redacted memo Sept. 2 with other House and Senate leaders, said this was "simply not true." Instead, he charged in a floor speech Tuesday night, the memo shows that "Reno is clearly applying a different standard of law enforcement when it comes to the president and the vice president than she does to any other American citizen."

Burton said that he was willing to have other members of his committee, including three former prosecutors, check his conclusions, but that Reno set unacceptable conditions.

The Indiana Republican said he would file a contempt resolution with the full House later in the day. He said Gingrich was "aware of what we are doing" but Burton gave no indication of when or whether the matter might be set for a floor vote.

Gingrich's office did not respond to calls seeking comment.

The House oversight panel last pressed for a floor vote on a contempt citation in May 1986 against then-White House counsel Jack Quinn after Clinton invoked executive privilege for subpoenaed White House documents concerning fired travel office employees. Hours before the vote, the White House produced the records, some of which reflected the improper acquisition of FBI files on White House employees.

The 94-page memo urging an independent counsel was submitted to Reno July 10 by Charles G. LaBella, former head of Justice's campaign finance task force. Reno permitted Burton and several other lawmakers and staffers to review a censored version Sept. 2 in the offices of Senate Judiciary Committee Chairman Orrin G. Hatch (R-Utah).

One who saw it said it was reduced to less than 40 pages.

LaBella was present at the meeting, but Burton protested, Reno would not let LaBella respond to questions.

Reno took the position that the review in Hatch's office still amounted to one of "the most extraordinary accommodations in American law enforcement history."
Justice Department probes DeLay

By Jack Fruendl

The Justice Department on Monday began an investigation to determine whether Majority Whip Tom DeLay (R-Texas) conspired to launder campaign money to a Texas candidate for the House.

DeLay is the subject of the investigation, which was prompted by an August 29, 1994 letter from Sen. Carl Levin (D-Mich.), asking Attorney General Janet Reno to launch an investigation of Triad.

The investigation is the latest in a string of investigations that has led to the resignation of Rep. Joe Walden (R-Texas), the former chairman of the Republican National Committee, and the indictment of Rep. Dan Burton (R-Ind.), who chairs the House panel investigating campaign finance violations.

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Waxman, House Democrats Attack GOP Partisanship

By Amy Keller
Special House Democrats lost on the right to offer competing, attacking the merits of the bill.

"The Republican leadership has set a new standard for partisan, open-ended Congressional investigations," Rep. Henry Waxman, D-Calif., wrote in a letter to the House of Representatives. "The leadership's actions are a threat to the integrity of this institution and to the future of its members."

Waxman and other House Democrats have been at odds with the Republican leadership over the investigation of former Sen. John Ensign, R-Nev., and other GOP

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House fund-raising probe ends with a whimper

By Patricia Wilson

WASHINGTON. Oct 8 (Reuters) - A highly touted, two-year U.S. House of Representatives investigation of President Bill Clinton's campaign fund-raising ended with a whimper on Thursday.

Republicans issued a report that contained no explosive new revelations, and instead just one fresh allegation promptly dismissed by Democrats.

In fact, Democrats on the Government Reform and Oversight Committee denounced the overall probe as a "Keystone Cops" effort plagued by blunders and mistakes.

"I'm glad it's over," sighed Democratic Rep. Henry Waxman of California.

At the start of the inquiry, the panel's chairman, Rep. Dan Burton, an Indiana Republican, predicted this could end up being bigger than Watergate.

Though Burton fell far short of that lofty mark, he refused to concede defeat on Thursday and vowed to try to resurrect the investigation in the new Congress next year.

"They (the White House) have tried to run out the clock on us. It isn't going to work. This investigation will continue the American people have a right to know," he said.

Burton, who issued the panel's interim report along with a scathing 130-page rebuttal from Democrats, acknowledged that most of the facts unearthed by his committee had already been revealed in Senate hearings and the media.

But he pointed to one new allegation -- that Democrats had failed to return $1.8 million in illegal and suspect funds connected to James Readi, Charlie Trie, John Huang, Ted Sieng and other now-familiar figures in the fund-raising scandal.

Democrats contested that claim, rejected the interim report and ridiculed Burton's investigation.

"Here we are, after $7 million and two years of work and there's no evidence of conspiracy within the
White House to solicit illegal campaign contributions," said Waxman. There is no evidence the president was compromising our national security in exchange for contributions and, of course, there is no evidence of the massive Chinese conspiracy that you promised to uncover.

Democrats, in their rebuttal, called Burton's probe "the most partisan, inept, abusive and wasteful since the McCarthy hearings in 1954."

"These fellows make Inspector Clouseau look like Sherlock Holmes," it said, quoting from a newspaper editorial.

Democrats cited such blunders as issuing subpoenas to the wrong individuals, staking out the wrong house after mixing up the owners' names, inadvertently releasing the president's private tax number by briefly posting it on the Internet, and causing an international incident in Taiwan by sending five investigators to interrogate high-level Taiwanese officials and businessmen about campaign contributions.

"There is no more time and there should not be another dollar spent on this," Waxman declared. With a sweep of his arm, he noted the irony of the less than half-full hearing room and the presence of only nine of the 44 panel members.

"When we began this, every seat was taken, people queued outside, every member was present," Waxman said.

Burton defended the inquiry, its length, its cost and his interim report.

"These investigations would only cost a fraction of what they have if we had an administration that cooperated instead of stonewalling... they have stalled and delayed and dragged their feet, and then they've tried to blame us," he said.

In any case, Burton added, the report made clear that the campaign finance investigation demanded the appointment of an independent counsel, a move long resisted by Attorney General Janet Reno.

"Her refusal to do so is a dereliction of duty," he charged.
Exhibit 6
AFFIDAVIT OF PETER F. CLOEREN

1. PETER F. CLOEREN, being duly sworn, affirm and say:

1. I am 40 years old, and have lived in Orange County, Texas for over 18 years. I am the Chief Executive Officer of and own the controlling interest in Cloeren Incorporated ("Cloeren Inc.") a corporation which is duly incorporated in the state of Texas. Cloeren Inc. is a global plastics machine company with approximately $40 million in annual worldwide sales.

2. I am a political conservative. Until 1995, I had never actively participated in a political campaign, and had never made a contribution to any candidate for federal or state elective office. Likewise, prior to 1995, my company, Cloeren Inc., had never made a corporate or in-kind contribution to a political candidate. Prior to August 29, 1996, neither my company nor I had ever paid to charter an airplane so that a politician or a political candidate could travel somewhere.

3. Before 1996, I was unfamiliar with the Federal Election Commission ("FEC") regulations governing political contributions or political campaigns, and I did not know what federal laws might apply to the giving and receiving of political contributions. I did not know whether corporations could donate monies to political candidates; I had never heard the term "in-kind" contribution as it relates to campaign contributions.

Mr. Babin Suggests that I Work with "Loyal Employees" to Gather Campaign Contribution Checks

4. In late 1995, one of my employees introduced me to Brian Babin, a Republican candidate for Congress in the Second District of Texas. Mr. Babin was running for the seat being vacated by Congressman Charles Wilson, who was retiring in 1996. After meeting Mr. Babin, I discovered that I liked him personally and that he and I had similar political views.
5. In late 1995, at a meeting in the parking lot of Cloeren Inc., Mr. Babin advised me that he needed to raise $50,000 to help finance his primary campaign. I told Mr. Babin that it would be hard to raise that amount of money in Orange County, since the county was a rural area, and consisted primarily of blue-collar workers and Democratic party voters. I also told Mr. Babin on that and many other occasions that I did not want to play a formal role as a fund raiser or otherwise for his campaign. However, I told him that I would be willing to contribute to his campaign myself.

6. I told Mr. Babin that I could write him a $20,000 or $25,000 check from the corporate bank account maintained by Cloeren Inc. Mr. Babin replied that his campaign could not accept a corporate check, nor more than $2,000 per household. I told Mr. Babin that, for the reasons described in paragraph 5 above, it would be too difficult to raise $50,000 from individuals in Orange County, Texas. Mr. Babin responded that as long as the checks came from individuals, he was not concerned about where the money came from. Mr. Babin then suggested that I “work with loyal employees” at my company, Cloeren Inc., and have them write out checks to Mr. Babin’s campaign. I now know that Mr. Babin was describing to me an illegal scheme concerning conduit contributions in order to disguise the fact that Cloeren Inc. was the true source of the contributions to his campaign.

7. In December 1995, Mr. Babin personally came to Cloeren Inc. to pick up the first series of checks for his campaign. These checks which I handed to Babin included checks in the amount of $2,000, representing the $2,000 per household limit that he had previously described to me. Mr. Babin told me that he could not accept more than $1,000 from any individual, and asked me if the households could write out two separate checks for $1,000 in place of a single $2,000 check. I sent some of my employees home on their lunch break to write out two separate $1,000 checks to Mr.
Babin’s campaign. Since I had never raised funds for a political candidate before, I didn’t know whether it was unusual for the candidate to pick up campaign checks in person.

Mr. Babin Seeks More Conduit Contributions

8. Mr. Babin asked me to raise more money for him in the early spring of 1996 because he was in a two-person run-off for the Republican nomination. Mr. Babin asked me to see if I could find any other “loyal employees” who would be willing to write checks to Mr. Babin’s campaign in order, he said, to “keep within the limits.” Since I had already told him I was not engaged in any fund raising activity myself, it was evident that Mr. Babin knew that the funds were being raised through illegal reimbursements, and he was encouraging me to continue this illegal process of raising money for him.

9. Shortly thereafter, Mr. Babin put me in contact with Walter Whetsell, who Mr. Babin introduced to me as a Babin campaign consultant. I discussed with Mr. Whetsell generally how Cloeren Inc. was reimbursing the employees who made donations to the Babin campaign by paying them bonuses to cover their contribution checks. Mr. Whetsell did not inform me that there was anything improper with this reimbursement arrangement.

10. After my discussions with Mr. Babin and Mr. Whetsell, I agreed to find more employees to make contributions to Mr. Babin’s campaign and to reimburse them with bonuses for their contributions to the Babin campaign. As before, Mr. Babin personally came by my office to pick up these additional checks.

11. Mr. Babin won the run-off election and became the Republican Party’s candidate for Congress in the Second District. On or about May 28, 1996, Mr. Babin sent me a handwritten letter on his campaign letterhead asking me to help his campaign “raise another $50,000.” A true and
correct copy of that letter is attached to this affidavit as Exhibit A.

12. I agreed to help Mr. Babin raise more money for his race against the Democratic candidate, Jim Turner. During the late summer of 1996, I recall meeting with Mr. Babin in the parking lot of Cloeren Inc. Among the things we discussed was the topic of the propriety of the reimbursement scheme. Mr. Babin specifically assured me that this was the way "everyone" raised money for their campaigns and that we would not "get caught."

13. On or about August 5, 1996, Mr. Babin wrote me another handwritten letter on his campaign stationery. Mr. Babin asked for my help to "get the 'money machine' going again so we can win this election. The deciding factor will be dollars for television ads." A true and correct copy of this letter is attached as Exhibit B. Based on the conversations I had with both Mr. Babin and Mr. Whetsell, I understood that Mr. Babin was asking me to continue to find persons at my company who would be willing to contribute to the Babin campaign if my company reimbursed them for the full amount of their contribution.

Paying for Congressman DeLay's Travel to Help Babin

14. In August 1996, Mr. Babin also asked me to have my company pay for the charter of an airplane. Mr. Babin told me that he wanted Congressman Tom DeLay to come to an August 29, 1996 event for Mr. Babin's campaign to be held at the Ramada Inn. Mr. Babin asked me to cover the cost of the chartered plane to fly Representative DeLay in from Sugar Land, Texas to Orange, Texas and back again. With the help of my secretary, I made these arrangements for a plane, and my company paid the $1,320 charge for the air charter. A true and correct copy of the bill my company received from the air charter company and check for payment is attached to this affidavit as Exhibit C. I did not know at the time that, under federal election law, if my company paid for the
air transportation costs of campaign related travel, my company would be considered to have made
an in-kind contribution to Mr. Babin's campaign. Neither Mr. Babin, Congressman DeLay, nor
anyone from their staffs told me that either Mr. Babin's campaign or Congressman DeLay's office
should have paid for the cost of the air charter.

15. On or about July 31, 1998, Mr. Babin’s campaign wrote me to say that it “has come to
[my campaign’s] attention” that I had paid for the air charter for Congressman DeLay. Mr. Babin
sent me a check drawn on his personal account in the amount of $1,320. A true and correct copy of
the July 31, 1998 letter and the $1,320 check are attached to this affidavit as Exhibit D.

Congressman DeLay and his Staff Tell Me how to Get More Money to Babin’s Campaign

16. I attended the August 29, 1996 campaign event at the Ramada Inn, described in
paragraph 14 above. Following the event, Mr. Babin invited me to a private lunch at the Sunset
Grove Country Club with him, Congressman DeLay, and Robert Mills. Mr. Mills was introduced
to me as Congressman DeLay's campaign manager. Also present at this lunch were some of my
employees, and some members of Mr. Babin’s campaign staff.

17. During the lunch described in paragraph 16 above, Congressman DeLay turned to me
and told me that Mr. Babin’s campaign needed more money because Mr. Babin was being out-spent
by his Democratic opponent. Congressman DeLay told me that the Democratic candidate was
receiving a lot of money from liberal interest groups like labor unions and trial lawyers. I told
Congressman DeLay that I could not help Mr. Babin raise more money because I had run out of
“vehicles.” Congressman DeLay specifically told me that it would not be a problem for him to find,
in his words, “additional vehicles”, since he knew some organizations and campaigns which could
serve as these “vehicles.” Mr. DeLay turned to his aide, Mr. Mills, and stated that money could be
funneled to the Babin campaign through both Triad and other Congressional campaigns. Congressman DeLay then specifically told me that Mr. Mills would follow-up with me on the details of how to funnel additional monies to Mr. Babin’s campaign. In addition to Congressman DeLay, Mr. Mills, and me, there were others present at the Sunset Grove Country Club lunch who appeared to be listening to our conversation, including, but not limited to Mr. Babin.

18. Following the lunch, Congressman DeLay and Mr. Babin conducted a press conference at Cloeren Inc. After the press conference, Congressman DeLay and Mr. Babin left for the airport in one car, and Mr. Mills and I rode together in a separate car. During the ride, Mr. Mills said that he and Congressman DeLay believed that Mr. Babin had a real chance of winning his race if he had enough money to spend. Mr. Mills encouraged me to do everything I could to help Mr. Babin get the money his campaign needed to win.

19. At the time of the above-described lunch at the Sunset Grove Country Club, I did not know who or what “Triad” was. I have subsequently learned that Representative DeLay was referring to an organization known as Triad Management, Incorporated. I did not know at the time of the lunch that Congressman DeLay was making an improper suggestion to me. I assumed that if a senior member of Congress said to do something that it would be legal, proper, and ethical to do it.

20. On or about August 30, 1996 -- the day after the above-described lunch with Congressman DeLay, Mr. Babin, Mr. Mills, and others -- Mr. Mills called me on the phone to follow-up on the suggestions that Congressman DeLay had made. Mr. Mills told me that, as I had discussed the previous day with Congressman DeLay, I could help get money to Mr. Babin’s campaign in two ways. First, Mr. Mills told me that if I contributed money to the campaigns of
Senator Strom Thurmond and Stephen Gill. arrangements could be made for contributors to those campaigns to make matching contributions to Mr. Babin’s campaign. Mr. Mills gave me the names of the campaign committees for Senator Thurmond and Mr. Gill, their addresses, to whose attention I should send the check, and what I should write on the check legend. I had never given money to Senator Thurmond before, and I had never even heard of Stephen Gill until Mr. Mills mentioned his name. I learned that Mr. Gill was running for Congress in Tennessee.

21. Mr. Mills then told me that the second way I could get money to Mr. Babin’s campaign was to give money to certain groups who would then turn around and give the same amount of money to Mr. Babin’s campaign. Mr. Mills specifically told me that he knew of certain organizations which would agree to take any contribution I made to them and earmark it for Mr. Babin’s campaign. Mr. Mills explained to me that while a PAC could not earmark monies for a particular campaign, these organizations could -- and would -- earmark monies for Mr. Babin’s campaign.

**Mr. Babin and Others Make Follow-Up Calls**

22. Following the above-described conversation with Mr. Mills about my giving additional money to Mr. Babin’s campaign through these other campaigns and organizations, I received several follow-up calls to pressure me to make these additional contributions, at various times, from Mr. Babin, Mr. Whetsell, and a woman who identified herself as Carolyn Malenick. I did not know Ms. Malenick, but she identified herself to me as the head of Triad. I believed that this was the same “Triad” that Congressman DeLay had mentioned at the August 29, 1996 lunch.

23. I specifically remember one phone call where Mr. Whetsell told me that an organization known as Citizens for Reform and the campaigns of Senator Thurmond and Mr. Gill had already
made their "pre-arranged contributions" to Mr. Babin's campaign. Based on these phone calls, on November 1, 1996, I donated $10,000 to Citizens for Reform, and asked my wife to donate $10,000 in her name to Citizens for Reform. Prior to these phone calls, I had never heard of Citizens for Reform and had no idea who or what this group was. The only reason I made the contributions was to benefit the Babin campaign. Mr. Babin, Mr. Whetsell, and Ms. Malenick each told me that this $20,000 contribution to Citizens for Reform would all go to help the Babin campaign. Ms. Malenick specifically told me that my contribution to Citizens for Reform would be used exclusively to produce campaign commercials to help Mr. Babin's campaign, and that Mr. Babin's campaign knew that the monies I donated to Citizens for Reform would be used for this purpose. A true and correct copy of the checks used to make this $20,000 contribution to Citizens for Reform are attached to this affidavit as Exhibit E.

24. Mr. Babin personally solicited from me a $5,000 contribution to a PAC called Citizens United Political Victory Fund ("Citizens United"). Mr. Babin told me that if I contributed $5,000 to Citizens United, it would send $5,000 to Mr. Babin's campaign. On or about October 14, 1996, I made the $5,000 contribution to Citizens United that Mr. Babin had solicited. Before having this conversation I had never heard of the organization "Citizens United", and had no idea who or what it was. The only reason I made the contribution was because Mr. Babin asked me to in order to benefit his campaign for Congress. I did not know at the time, but I have subsequently become aware, that Citizens United made a $5,000 contribution to Mr. Babin's campaign on or about that same day.

25. Mr. Babin, Mr. Whetsell, and Ms. Malenick consistently referred to "Triad" when discussing Citizens for Reform, Citizens United, and Triad. They used the names of these
organizations interchangeably, and led me to believe that Triad might be composed of all these different groups. Mr. Babin told me that Citizens for Reform was the same as Triad and that the various non-campaign organizations he had discussed with me "all ran together."

**Mr. Babin Seeks to Reduce the Appearance of Cloeren Inc. in his Campaign Report**

26. At some point in 1996, Mr. Babin called me to get some information about the persons who wrote the checks to his campaign. Specifically, Mr. Babin told me that he needed to know some employment information about the check-writers to put on the contributor disclosure reports that he had to file. Mr. Babin made clear to me that it would "look better", as he said, for the reports he had to file if he could minimize the number of contributors who worked at Cloeren Inc. Mr. Babin explained to me that the campaign reimbursement scheme would be less likely to be discovered if he did not have to list Cloeren Inc. so many times on his contributor disclosure reports. I remember that each time that Mr. Babin could reduce the number of Cloeren Inc. donors his campaign had to report, he was pretty happy.

**Federal Investigation of Babin Campaign Contributions**

27. In early 1998, I became aware of a federal investigation of campaign contributions made to Mr. Babin's campaign that was being conducted by the Federal Bureau of Investigation ("FBI") and the United States Attorney's Office for the Eastern District of Texas. I agreed to speak with FBI agents about my participation in the conduit contribution scheme to benefit Mr. Babin's campaign, and continue to cooperate fully with the federal investigation.

28. As part of my cooperation with the federal investigation, the FBI directed me to record a telephone call with Mr. Babin. In this telephone call, Mr. Babin and I discussed the status of the federal investigation. Mr. Babin told me that he believed that a "disgruntled employee" of Cloeren
Inc. must have talked to law enforcement officials. Mr. Babin also reaffirmed the fact that either he or his son had personally picked up the checks written by the Cloeren Inc. employees. Mr. Babin stated words to the effect that it was a good thing for him that the conduit checks had not been mailed to his campaign since if the checks had been mailed, the government "would have him" on mail fraud charges in addition to any other possible charges the government could bring. Mr. Babin told me that he had learned about his possible exposure for mail fraud in a telephone conversation that Mr. Babin had conducted with Ben Ginsberg, who Mr. Babin stated had formerly worked as a lawyer at the Republican National Committee ("RNC").

29. At the FBI's directions, I also tape recorded a telephone conversation with Mr. Whetsell. Mr. Whetsell confirmed that Mr. Babin knew that his campaign had received conduit contributions from the Cloeren Inc. employees. Mr. Whetsell mentioned the Sunset Grove Country Club lunch conversation I had had with Congressman DeLay and Mr. Mills. Although Mr. Whetsell was not present for that lunch, Mr. Whetsell told me that Mr. Mills spoke to him about following-up on the DeLay lunch conversation regarding Triad which has been described above. Mr. Whetsell confirmed that Mr. Babin knew that his campaign would and did receive illegally earmarked money from Triad and its related organizations. Mr. Whetsell stated that Mr. Babin knew that his campaign was getting money from Citizens for Reform that had been earmarked by donors to Citizens for Reform to be used to pay for commercials for the Babin campaign. Mr. Whetsell stated that Mr. Babin knew in advance that any contribution I made to the Citizens United PAC would be sent to the Babin campaign. Mr. Whetsell further commented that it was a good thing that Mr. Babin had picked up the Cloeren Inc. checks in person so that the government could not charge Mr. Babin with mail fraud. Mr. Whetsell also told me in this telephone conversation that he had spoken on the telephone...
with Ben Ginsberg, a former attorney with the RNC, about possible legal liability.

My Plea in the Investigation in the United States District Court for the Eastern District of Texas

30. On June 24, 1998, I pled guilty to misdemeanor violations of federal election laws. I was fined $200,000 and received a sentence of two years probation and 100 hours of community service.

On June 24, 1998, my company, Cloeren Inc., also pled guilty to misdemeanor violations of the federal elections law, and received a fine of $200,000.

31. I would not have participated in the conduit contributions scheme if Mr. Babin had not suggested it to me. I would not have given any of my money to the Triad entity Citizens for Reform, Citizens United, or to the campaigns of Senator Thurmond and Mr. Gill if I had not been told that these groups would effectively use every dollar I gave them for the Babin campaign.

32. I presently have no business or personal relationship with Representative DeLay, Mr. Babin, Mr. Whetseil, or Mr. Mills.

33. I executed this affidavit in the presence of Congressional investigators who identified themselves to me as staff of the House of Representatives Committee on Government Reform and Oversight.

34. These statements are made to the best of my knowledge and belief.

FURTHER, AFFIANT SAYETH NOT.

Peter F. Cloeren

-11-
State of Texas  
) ss:  
County of Harris  

Subscribed and sworn to before me this 6th day of August, 1998.

[Signature]

Notary Public—State of Texas

Printed Name: Janice B. Berry

My Commission Number is: 07/24/99

(SEAL)
Dear Paul,

Enclosed is our latest media packet dated May 2.

We spent much of the last in Washington where Grover, Tucker, Amy, Phyllis, and the National Republican Party promised help. Most of their financial support will come later however - September or thereafter.

I hope you are still willing to help me be successful is our primary election. Your support, and your friend and colleagues have invested in me, thus far, to make me a nationally targeted race. Please help carry us through this critical period. Working so we can begin writing to and implementing the agenda of less government, lower taxes.

Can you help raise us another $50,000? We could use it and to my opponent has raised by news from organized labor and Trial Lawyers.

We have a financial report coming due July 1.

Brian Babin
Republican for Congress
MAY 31, 1996

1303 West upside 2 way, Tex 75579 3 phone (408) 282-271 8 Fox (408) 382-8448
and although I had an expensive run-off and he didn’t we don’t want to be too far behind our opponent as it will create the wrong perception among contributors.

Hope the family is well and look forward to seeing you soon.

[Signature]

P.S. The contribution list of my opponent does not include individual contributions from lawyers.
Dear Pete,

I am out-raising my opponent in funds from East Texas. The difference is in lawyer and union money out of district. Turner will be a representative of union bosses and trial lawyers.

We need your help Pete. Please get this "money machine" going again so we can win this election. The deciding factor will be dollars for television ads.

Sincerely,

[Signature]

P.S. We can't let lawyers and unions buy this congressional seat.
<table>
<thead>
<tr>
<th>Quantity</th>
<th>Item</th>
<th>Description</th>
<th>Unit Price</th>
<th>Extension</th>
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<tr>
<td></td>
<td>1</td>
<td>Mill Salt Sugar</td>
<td>850.00</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Land/Orange/Sugar Land on 8/19/96 with Tom Delay and Bob Mills</td>
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<td></td>
<td></td>
<td>Federal Excise Tax</td>
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</table>

**Subtotal**: 1,320.00

**Sales Tax**: 0.00

**Total Invoice Amount**: 1,320.00

**Payment Received**: 1,320.00

**TOTAL**: 1,320.00
July 31, 1998

Mr. Peter Cloeren, Jr.
P.O Box 2129
Orange, Texas 77631

Dear Mr. Cloeren,

As you recall, in the fall of 1996 Congressman Tom DeLay came in to support the Babin Campaign and tour your facility in Orange. It has come to our attention that you paid for the aircraft that brought the Congressman into Orange.

The responsibility to pay for the cost of this expense should not have been yours. Enclosed you will find a reimbursement check.

Thank you.

Sincerely,

Jon-Marc McDonald
Brian Babin for Congress
Exhibit 7
July 23, 1997

Via Telecopy and Mail

The Honorable Dan Burton, Chairman
Committee on Government Reform
and Oversight
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

Re: Subpoena to the Democratic National Committee

Dear Chairman Burton:

The Democratic National Committee has asked me to respond to your letter of July 16, 1997, requesting explanations of the procedures the DNC has followed to produce documents to the Committee, and of why the DNC has not been in a position to provide the Committee a detailed production log identifying the sources of all of the documents produced. The DNC has provided the Committee an interim production log with respect to the first 66 boxes of documents.

It may be helpful to begin by reviewing the background of this document production. Although you indicate that the Committee has been seeking documents from the DNC for six months, in fact the Committee's subpoena was not served on the Committee until March 4, 1997. The Committee issued two information requests to the DNC in January 1997, but then withdrew those requests and advised the DNC to await a forthcoming subpoena. The DNC was not advised what requests would be included in that subpoena before it actually was served.

Prior to the DNC's receipt of the Committee's subpoena, the DNC had begun collecting and producing documents relating to John Huang in response to a much more limited request from the Subcommittee on Civil Service. The DNC also had received a number of very extensive grand jury subpoenas, which necessitated exhaustive searches of
literally thousands of boxes of documents. Those searches were ongoing -- and consuming enormous numbers of man-hours -- when the Committee served its subpoena on the DNC.

The subpoena ultimately served on the DNC by the Committee is among the broadest we have ever seen, and quite frankly included many requests that were unclear or ambiguous. As we advised the Committee's staff at that time, the DNC was concerned that for these reasons, it could take well over a year to fully comply with it. We consequently spent a considerable amount of time with the Committee's staff attempting to clarify the scope of the subpoena and, we hoped, at least to some extent, to thereby expedite the document production. We also advised the Committee's staff repeatedly at that time that the DNC could not task all of the numerous personnel who would be involved in this process to begin an exhaustive search until we had a clear understanding of precisely what documents they should be collecting. Although we reached tentative understandings with the Committee's staff as to what the Committee wanted in response to certain requests, the staff took other issues under advisement. While the Committee's staff considered these issues, the DNC began producing to the Committee additional documents relating to John Huang, as well as documents relating to certain contributors, based on the staff's request that the DNC prioritize those materials.

In late April, the Senate Committee on Governmental Affairs (the "Senate Committee") also served a subpoena on the DNC. We reached understandings with the Senate Committee's staff on the scope of that subpoena, and tasked personnel to begin searching for those materials. On May 12, 1997, we provided the Committee's staff a detailed list of those requests. We also further discussed that list in a meeting that day with Mr. Rowley, Ms. Comstock, and other members of the Majority and Minority staffs. We advised the staff at that time that the DNC had expanded its ongoing searches to include the documents detailed in that list, and proposed to produce those same documents to your Committee in response to its subpoena, without prejudice to the Committee's right to request additional documents once production under that agreed scope is completed. The Committee's staff advised us at the May 12 meeting that this would be acceptable, and the DNC has been proceeding on that basis since that point.

Although the Committee's cooperation in this regard has helped to rationalize the document production process, the magnitude and demands of the ongoing document
productions may well be unprecedented. In addition to your Committee's subpoena, the Civil Service Subcommittee's request, requests from another subcommittee, and the Senate Committee's subpoena, the DNC has also received and been responding to 12 separate federal grand jury subpoenas, as well as document requests from the Federal Election Commission. All of these subpoenas are different in scope. As a result, the DNC has still been required to respond to approximately 15 different and in some instances overlapping sets of document requests, all requiring responses during this same time period. The DNC has also been asked to keep the substance of most of these document requests confidential, to avoid any obstruction of the ongoing criminal investigations.

The Committee's subpoena and the other outstanding document requests typically are not so focused or discrete that complying with them is as simple as going to a single person or department to find the responsive documents. To the contrary, these requests typically are written in so all-encompassing a fashion that they require top-to-bottom searches for the proverbial needles in a haystack. Responding to these disparate requests requires the DNC to search, repeatedly, a number of different sources of documents and records, including:

- Millions of pages of archived DNC records in paper form, which typically are not indexed in any way that would facilitate responding to the outstanding document requests;

- the active files in the custody of the DNC's current employees and divisions, which the DNC estimates total more than a million pages;

- the records stored on the DNC's central computer network and electronic mail, which the DNC estimates total several million pages, and which are not all readily accessible, due to computer storage techniques or encryption;

- hundreds of individual computer workstations and laptop computers used by present and former employees;

- accounting records kept in paper form, which are estimated to total hundreds of thousands of pages; and

- accounting records kept in electronic form, and maintained on several different systems, which the DNC estimates total several million pages.
Honorable Dan Burton

July 23, 1997

The DNC estimates that the total number of pages that must be searched for materials responsive to these requests amounts to about 9 million pages, in paper or electronic form. Although the DNC has the capability to search some computer records on-line, the documents collected in this way must then be physically reviewed to determine whether they are in fact responsive to the outstanding requests (and not simply retrieved in error). Human beings must also physically turn the pages, and read through the documents stored in paper form (including, for example, correspondence and memos), to determine whether they contain any information responsive to any of the hundreds of separate outstanding requests (down to the level of a single name). Moreover, the DNC has had to review repeatedly some hundreds of boxes of these documents, as the result of having reviewed those boxes for some requests before receiving other, different requests, from your Committee and other investigative bodies.

The DNC's efforts to comply with your Committee's subpoena and these other requests have included:

- hiring 17 new DNC employees, including eight attorneys, solely to search for and prepare documents for production;
- tasking all DNC employees to assist in the document search;
- computer scanning and searching more than two million pages of documents from the DNC's archives;
- laborious and time-consuming searches of the DNC's computer network and hundreds of individual computer workstations;
- expensive technical work to preserve, access and search records on the computer network, including e-mail; and
- continuing efforts to manually review millions of pages of documents for any additional responsive materials.

The DNC has attempted to conduct this process in an orderly way, prioritizing those sources of documents most likely to yield responsive materials. However, the DNC has also been required to respond to shifting priorities. For example, the Civil Service Subcommittee, your full Committee, and Senate Committee first prioritized documents
relating to John Huang. Next, the Senate Committee staff asked the DNC to prioritize documents relating to all of the witnesses whom they were about to depose. The DNC was asked to "prioritize" documents relating to one witness over the next, and then repeatedly asked to shift priorities as the deposition schedule changed. Although this resulted in the early production of documents relating to a number of witnesses of interest to both Committees, it was also enormously labor intensive, because it necessitated locating and compiling documents in a way that typically would be done by committee investigators rather than by the party producing the documents.

The burdens this document production process already has imposed on the DNC have been enormous. Leaving aside the disruption of the DNC's operations, I am advised that these document production efforts alone -- copying, numbering, labeling confidential documents in accordance with the Committee's security protocols, computer scanning and searching, technical work, new computer equipment and services, and other related expenses -- already have cost the DNC in excess of $3.5 million, exclusive of legal fees and the cost of additional staff associated solely with document production.

We believe the scope and schedule of the DNC's document production, and its cost, may be unprecedented in a Congressional investigation. Indeed, we believe the ultimate production to your Committee and the Senate Committee, and its cost, will rival or exceed the costs associated with the largest civil cases in U.S. history, cases brought against huge corporations with thousands of employees and resources vastly exceeding the limited funds of the DNC. Moreover, although it is generally recognized in such cases that a document search and production of this magnitude could take years to complete, the DNC has consistently been asked to respond on a compressed timetable. Despite these obstacles, the DNC has been making every reasonable effort to comply with these document requests.

I am advised that to date, for example, the DNC has produced more than 250,000 pages of responsive documents to your Committee -- 137 boxes of documents. I understand that these include, among other things, all of John Huang's files, all of his e-mail, the results of an exhaustive search of the DNC's computer network for documents relating to Mr. Huang and certain others, and virtually all of the DNC's work product from the review of contributions
conducted by the DNC with the assistance of Ernst & Young and this law firm. The DNC has also produced documents collected through repeated searches of employee files, archives, and other sources, in an effort to give the Committee the full benefit of the document search work that the DNC has done to date. As a result, the DNC believes that it also already has produced to the Committee virtually all of the documents in its files relating to Charlie Trie, Johnny Chung, Pauline Kanchanalak, and several other donors who have been of principal interest.

The DNC is continuing to search the various sources of documents outlined above for any additional documents for production to the Committee. In many instances, this necessitates continued re-screening boxes of documents and computer records previously searched for earlier and more limited document requests. (As noted above, the DNC already has produced responsive documents collected through those earlier document search efforts -- which were ongoing when the Committee served its subpoena.) Given the scope and complexity of this process, including the prior document requests outstanding, we are confident you can understand why it would be literally impossible for the DNC to complete the production of all documents requested by your Committee by July 25, the day after tomorrow. I am advised that the DNC cannot presently predict with confidence when this process will have been completed. I can assure you, however, that the DNC wishes to do so as soon as humanly possible. To that end, the DNC has now undertaken to hire additional personnel to be devoted solely to document production, in an effort to further expedite this process.

In response to your request for production logs, the DNC has looked into what can be done with the resources available, without seriously affecting the pace of the document production. The DNC will undertake to create additional production logs for the Committee identifying the sources of the documents that are produced to the Committee to the extent practicable. The DNC has advised me that although it would be both difficult and time consuming to prepare production logs with respect to certain of the boxes already produced to the Committee, it should be possible to assist the Committee with respect to those materials in other ways.

Specifically, the DNC has advised me that Boxes 67 through 121 (which already have been produced to the Committee) contain documents collected in response to grand
jury subpoenas, and may contain documents from as many as 15-20 different sources per box. These materials were collected pursuant to subpoenas that did not include any requirement of the creation of production logs -- which is not customary, or legally required, in that context. The effort required for the DNC to research and prepare a production log with respect to those boxes, retrospectively, would result in the diversion of needed manpower from the DNC's ongoing document production efforts. Moreover, I am advised that these boxes contain many copies of identical telephone lists, newspaper clippings, and similar materials that although technically responsive to the subpoena, presumably are of little interest to the Committee. For both of these reasons, it would be far more efficient for the DNC to undertake to research the sources of any particular documents from those boxes that might be of interest to the Committee. We believe this would both meet your legitimate needs, and avoid any unnecessary and unproductive burden on the DNC.

We hope this information is helpful. The DNC is endeavoring to meet the needs of the Committee under these difficult circumstances, and as noted above has undertaken to increase even further the resources devoted exclusively to this process.

Sincerely,

Judah Best

cc: The Honorable Henry A. Waxman
June 6, 1997

VIA FAX (202) 225-9920

Mr. Mike Grebe
General Counsel
Republican National Committee
310 First Street, S.E.
Washington, D.C. 20003

Re: Allegations of Foreign Contributions

Dear Mr. Grebe:

The Committee on Government Reform and Oversight is conducting an investigation pursuant to its authority under Rules X and XI of the House of Representatives. As part of its investigation, the Committee hereby requests that you produce certain records.

Definitions and Instructions

1. For the purposes of this request, the word 'record' or 'records' shall include, but shall not be limited to, any and all originals and identical copies of any item whether written, typed, printed, recorded, redacted or unredacted, transcribed, punched, taped, filmed, graphically portrayed, video or audio taped, however produced or reproduced, and includes, but is not limited to, any writing, reproduction, transcription, photograph, or video or audio recording, produced or stored in any fashion, including any and all activity reports, agendas, analyses, announcements, appointment books, briefing materials, bulletins, cables, calendars, card files, computer disks, computer disks, cover sheets or routing cover sheets, drawings, computer entries, computer printouts, computer tapes, external and internal correspondence, diagrams, diaries, documents, electronic mail (e-mail), faxes, facsimiles, journal entries, letters, manuals, memoranda, messages, minutes, notes, notices, opinions, statements or charts of organization, plans, press releases, recordings, reports, Rolodexes, statements of procedure and policy, studies, summaries, talking points, tapes, telephone bills, telephone logs, telephone message slips, records or evidence of incoming and outgoing telephone calls, telegrams, telegraphs, transcripts, or any other machine readable material of any sort whether prepared by current or former employees, agents, consultants or by any non-employee without limitation. 'Record' or 'records' shall also include all other records, documents, data and information of a like and similar nature not listed above.
2. For purposes of this request, the terms "refer" or "relate" and "concerning" as to any given subject means anything that constitutes, contains, embodies, identifies, mentions, deals with, or is in any manner whatsoever pertinent to that subject, including, but not limited to, records concerning the preparation of other records.

3. This request calls for the production of records, documents and compilations of data and information that are currently in your possession, care, custody or control, including, but not limited to, all records which you have in your physical possession as well as any records to which you have access, any records which were formerly in your possession, or which you have put in storage or anyone has put in storage on your behalf. Unless a time period is specifically identified, the request includes all documents to the present.

4. The conjunctions "or" and "and" are to be read interchangeably in the manner that gives this request the broadest reading.

5. No records, documents, data or information called for by this request shall be destroyed, modified, redacted, removed or otherwise made inaccessible to the Committee.

6. If you have knowledge that any requested record, document, data or information has been destroyed, discarded or lost, identify the requested records, documents data or information and provide an explanation of the destruction, discarding, loss, deposit or disposal.

7. When invoking a privilege as to any responsive record, document, data or information as a ground for withholding such record, document, data or information, list each record, document, compilation of data or information by date, type, addressee, author (and if different, the preparer and signatory), general subject matter, and indicated or known circulation. Also, indicate the privilege asserted with respect to each record, document, compilation of data or information in sufficient detail to ascertain the validity of the claim of privilege.

8. This request is continuing in nature. Any record, document, compilation of data or information, not produced because it has not been located or discovered by the return date shall be produced immediately upon location or discovery subsequent thereto.

9. Please provide a printed and, where possible, an electronic version of records. Electronic information may be stored on 3 ½ inch diskettes in ASCII format. In addition, please provide an additional copy of all records produced for the Committee's Minority Staff.

10. For purposes of this request "Young Brothers Development Company" refers to any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants, whether paid or unpaid, of the Young Brothers Development Company, Limited and/or Young Brothers Development (USA), Inc; incorporated including, but not limited to, Jen Yang, Robert Y.H. Ni, Annie Hsiao Lin Ko, Lorin Cho Ran Young, Steven Hao Ran Young, and/or Alan Chung Ran Young.
11. For purposes of this request “National Policy Forum” and/or “NPF” refers to any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants, whether paid or unpaid, of the National Policy Forum.

Requested Items

Please provide the Committee with the following records for the period January 1991 to the present unless otherwise indicated:

1. All records relating to the Young Brothers Development Company, including, but not limited to, contributions and/or loans made by the Young Brothers Development Company to the RNC, the 1994 Republican Senate-House Dinner Committee and/or the National Policy Forum.

2. All records relating to Ambrous Tung Young (a.k.a. Ambrous Yang).

3. All records relating to the People’s Republic of China, including, but not limited to, Qian Qichen and/or any official of the Chinese government.

4. All records relating to any loan from Signet Bank to the National Policy Forum in 1994, any collateral for the loan, the use of the loan proceeds, any repayments made on the loan, and/or any default in 1996 on a Signet loan held by the National Policy Forum.

5. All records relating to foreign-source contributions returned by the Republican National Committee.

6. A copy of the Republican National Committee’s fund-raising guidelines, regulations and/or rules.

7. For the period January 1993 to the present, all records relating to any funds transfer between the Republican National Committee and the National Policy Forum.

8. All records relating to Fred Volcansek.

9. All records relating to travel to and from Hong Kong and/or the People’s Republic of China by the Republican National Committee.
Please produce the requested items to the Committee by Monday, June 23, 1997. Also, please provide document logs which indicate each document’s Bates number, author, description, and source file. If you have any questions, please contact the Committee’s Chief Counsel, John P. Rowley, III, or Senior Investigative Counsel Tim Griffin at (202) 225-5074.

Sincerely,

Dan Burton
Chairman

cc: The Honorable Henry Waxman
Exhibit 8
FOR IMMEDIATE RELEASE
JUNE 27, 1997

CONTACT: STEVE LANGDON
(202) 863-8116

DNC REFUNDS CONTRIBUTIONS

Washington, D.C. — On February 28, 1997 the Democratic National Committee, after an exhaustive review, provided detailed information about contributions it planned to return. Today, the DNC is meeting its deadline of June 30 and keeping its commitment by returning $1,353,800.

Today's returns, combined with the $1,471,800 returned earlier (detailed in earlier announcements) bring the total of returned contributions from the 1994-96 period to $2,825,600 - or 1.2 percent of the total dollars raised in that cycle. Three people - John Huang, Johnny Chung, and Charlie Yeh Lin Trie - solicited 79 percent of that total. Also, of the 2,715,104 contributions received by the DNC in the 1994-1996 period, only 172 - six-thousandths of one percent - were returned.

As noted in February's materials, a small portion - $256,100 or 19 percent - of today's returns are being made because of legal questions. That is about one tenth of the $2.1 million in illegal foreign contributions received and concealed by the RNC in the form of a loan to the RNC's National Policy Forum project. The RNC, even as of today, has not returned the $500,000 in illegal foreign money received from Ambros Young, has not revealed any of the other donors to NPF and has not conducted any review of its own contributions.

Background: In November 1996, the DNC announced that it had retained the law firm of Debevoise and Plimpton to advise it in connection with questions that had arisen about a number of contributions to the DNC. Debevoise & Plimpton in turn retained the national accounting firm of Ernst & Young LLP to conduct the basic research for this project.

The DNC announced the results of that review in February. The money being returned today is for the contributions detailed in February, with some revisions noted below. Additional information - such as updated spreadsheets detailing the contributions being returned - is available at the DNC.

(more)
In accordance with FEC guidelines, in those cases in which a donor specifically indicated that he or she did not make the contribution, but the real source of the contribution is not known to the DNC, the contribution has been refunded to the U.S. Treasury. The DNC is returning ($25,000) to the U.S. Treasury.

**Additions and Revisions:** On February 28, the DNC also announced that it would internally review, in addition to those reviewed by Ernst & Young, 171 contributions solicited by John Huang which were under $2500. The DNC is today returning 11 of those contributions, totaling $8,100. Contributors who were not known to DNC officials were checked through various databases. In cases where database searches did not produce sufficient information, a written questionnaire was sent to the donor. A decision was made to retain the contribution in any case where the address and citizenship status of the contributor could be confirmed through database research, or where the address and citizenship status were confirmed in writing by the donor.

The DNC is also returning a contribution of $10,000 made by Yuri and Fritz Mevs of Miami Beach, Florida. Information came to the DNC’s attention subsequent to the February 28 announcement, confirming that the Mevs were foreign nationals at the time their contributions were made.

As indicated in the February 28 report, the DNC had determined to return contributions made by Mr. Farhad Azima and his company, ALG Inc. t/a Aviation Leasing Group. The DNC was prepared to refund these contributions. Mr. Azima’s counsel, however, made a detailed submission to the DNC, including extensive documentation and, on behalf of Mr. Azima, specifically indicated that there was no basis for the DNC to return the contributions. The submission demonstrates that Mr. Azima is a U.S. citizen of significant financial worth, with a positive reputation in his industry, and that the various allegations appearing in the press about Mr. Azima have essentially no basis in fact. The DNC greatly values and appreciates those who, like Mr. Azima, donate their time and resources to make possible the critically important work of building the Party, expanding support for the President’s programs and agenda, and electing Democrats at all levels. We regret any inconvenience and difficulties that may have resulted from our initial decision.

The amount being refunded to Daihatsu International has been reduced by $5,000 because a contribution shown in the February 28 report was not in fact received by the DNC.

Another contribution shown on the February 28 chart, in the amount of $7,500, from Ming Chen, has not been separately refunded because it represents the same contribution that was shown as coming from Yue F. Chu in that amount. Only one check, totaling $7,500, was received from Mr. Chen and Ms. Chu, on Feb. 19, 1996.
### SUMMARY AND ANALYSIS OF REFUNDS

June 27, 1997

#### I. Overview

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<th>Previous</th>
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<td>Dollars</td>
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<th>Total</th>
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<td>2,715,104</td>
<td>172</td>
<td>6 thousandths of 1 percent</td>
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<tr>
<td>Dollars Received</td>
<td>$227,131,420</td>
<td>$2,825,600</td>
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#### III. By Reason for Return

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<td>Deemed Inappropriate</td>
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<tr>
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<td>19 %</td>
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IV. By Year of Receipt

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<tr>
<td>1994</td>
<td>11</td>
<td>$243,500</td>
<td>18 %</td>
</tr>
<tr>
<td>1995</td>
<td>13</td>
<td>$406,800</td>
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</tr>
<tr>
<td>1996</td>
<td>99</td>
<td>$691,000</td>
<td>52 %</td>
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V. Contributions Raised by John Huang

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<tr>
<th></th>
<th>Total Raised by Huang</th>
<th>To be returned now</th>
<th>Previously returned</th>
<th>Total that will have been returned</th>
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<tr>
<td>Number of contributions</td>
<td>424</td>
<td>70</td>
<td>28</td>
<td>98</td>
</tr>
<tr>
<td>Dollars</td>
<td>$3,422,850</td>
<td>$325,150</td>
<td>$1,298,800</td>
<td>$1,623,950</td>
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Proportion of the contributions that are now being returned which were raised by Mr. Huang = 24%

Percentage of total dollars that will have been returned (now and previous) accounted for by contributions raised by Mr. Huang = 57%

Percentage of total dollars that Mr. Huang raised that will have been returned = 47%
VI. Contributions Solicited by Yeh Lin (Charlie) Trie

<table>
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<th>Number of contributions</th>
<th>To be returned now</th>
<th>Previously returned</th>
<th>Total that will have been returned</th>
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<td></td>
<td>21</td>
<td>1</td>
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<tr>
<td>Dollars</td>
<td>$315,000</td>
<td>$325,000</td>
<td>640,000</td>
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</table>

Note: A number of Trie contributions/solicitations were credited to Mr. Huang. Trie contributions not credited to Huang = $237,500

VII. Contributions Made by Johnny Chung and His Company

Number of contributions: 12

Total dollars: $366,000

All to be returned now.

VIII. Huang, Trie and Chung

Total now being returned accounted for contributions made/solicited by Messrs. Huang, Trie and Chung: $1,006,150

Percentage of dollars now being returned accounted for by contributions made/solicited by Messrs. Huang, Trie and Chung: 36 %

Total contributions that will have been returned (now plus previous) accounted for contributions solicited or made by Messrs. Huang, Trie and Chung = $2,227,450

Percentage of total dollars that will have been returned, including previous returns, accounted for by contributions solicited or made by Messrs. Huang, Trie and Chung: 79 %
### IX. Hsi Lai Temple Event

<table>
<thead>
<tr>
<th></th>
<th>Total raised in connection with event</th>
<th>To be returned now</th>
<th>Previously returned</th>
<th>Total that will have been returned</th>
<th>Returns as percentage of total raised</th>
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<td><strong>Number of contributions</strong></td>
<td><strong>46</strong></td>
<td><strong>17</strong></td>
<td><strong>2</strong></td>
<td><strong>19</strong></td>
<td><strong>41 %</strong></td>
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<td><strong>Dollars</strong></td>
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<td><strong>$66,550</strong></td>
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<td><strong>$76,550</strong></td>
<td><strong>46 %</strong></td>
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Note: Includes February contributions attributed to the event and all other contributions attributed to the event regardless of whether the donor attended.
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<thead>
<tr>
<th>NAME OF CONTRIBUTOR</th>
<th>DATE</th>
<th>AMOUNT</th>
<th>REASON</th>
<th>RETURNED TO</th>
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<td>REASON</td>
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Democratic National Committee

Steve Grossman, National Chair – Governor Roy Romer, General Chair

DNC IN-DEPTH CONTRIBUTION REVIEW

In November 1996, the Democratic National Committee announced that it had retained the law firm of Debevoise & Plimpton to advise it in connection with questions that had arisen about a number of contributions to the DNC. Debevoise & Plimpton in turn retained the national accounting firm of Ernst & Young LLP to conduct the basic research for this project.

As a result of this review, the DNC has determined to return $1,492,051 in contributions from 77 contributors. A list of the contributors, the amounts being returned and the reason for return in each case is attached. This amounts to a small percentage, 6 one-thousandths of one percent, of the number of contributions received, and only 1.3% of the total dollars raised, by the DNC in the 1994-96 period.

Although Ernst & Young and Debevoise & Plimpton supplied the DNC with the basic research, the final decision on which contributions should be returned was solely that of the DNC. Debevoise & Plimpton made recommendations with respect to the disposition of contributions, however, and in no instance did the DNC take any action inconsistent with counsel’s recommendations.

The DNC’s criteria in this process are described in more detail below. Briefly, the DNC is returning any contribution that, in its judgment, (a) may not satisfy applicable legal and regulatory requirements, (b) may be inappropriate for the DNC to accept under the circumstances as the DNC understands them, or (c) for which the DNC has been unable to obtain sufficient information to verify its legality or appropriateness.

The DNC wishes to emphasize that its actions are based solely on its own judgment and the information or lack of information it has been able to collect. The DNC’s actions are not intended to reflect in any way on the character, or motivation of the people who made these contributions.

Contributions That Were Reviewed

Approximately 1,200 contributions were reviewed:

1. Contributions from any contributor who contributed $10,000 or more in any of the years 1994, 1995 or 1996.
2

2. Contributions in 1996 for which 430 S. Capitol Street had been listed as an address.

3. Contributions solicited by Mr. John Huang where the donor contributed a total of $2,500 or more in the aggregate where the donor was not well known to the DNC.


5. Contributions made or solicited by Mr. Charles Trie, his wife or his company, Daihatsu International.

6. Contributions by Mr. Johnny Chung or his company, Automated Intelligence Systems.

7. Contributions above $5,000 made in connection with any DNC fundraising event targeting the Asian Pacific American community.

The Review Itself

The contributions in categories 3-7 were given to Debevoise & Plimpton, which utilized the services of Ernst & Young ("EY").

EY prepared two questionnaires (one for individuals and one for corporate donors) that it used in telephone interviews. Individual donors were asked to confirm the donor's citizenship, permanent residence status, social security number, the source of the donation and other relevant information. Corporate donors were asked about any possible foreign ownership, the source of the funds (from a domestic U.S. company or from abroad) and other relevant information.

Searches of standard databases containing publicly available information were also conducted to verify additional information about the donor. Where the donor requested it, EY sent a written questionnaire. A more detailed description of EY's work is attached.

Where EY was not able to contact the donor or to obtain sufficient information, further research was conducted under the supervision of Debevoise & Plimpton.

For donors in category 1, the DNC reviewed standard public databases to verify basic information (corporate status, address, etc.).
Where this review did not provide sufficient information, the DNC conducted additional public database searches to obtain additional information. Where this was still insufficient, the donors were contacted individually. Additional public databases were reviewed where persons or entities had contributed over $50,000.

If this review still revealed insufficient information further review was done to verify the residence, business, state of incorporation, nature of the business and/or real property of the donor, as well as the length of time he or she had lived there or the company had been in business, and any relationship with foreign businesses or entities.

How Decisions Were Made

Applicable legal requirements.

Where the review indicated that the contribution did not or probably did not comply with applicable legal requirements, the DNC determined to return it.

Appropriateness.

Where the review raised a substantial question about the appropriateness of the contribution, a committee (consisting of the DNC's Executive Director, General Counsel, Press Spokesperson, Compliance Director, and Research Director) made the final determination of whether to return it.

Insufficient information.

In a number of instances, the review did not provide sufficient information upon which to make an informed determination. In general, for an individual who had not been interviewed, the minimum test was a social security number, the length of time since it had been issued (which would be indicative of whether the person was a citizen or permanent resident), his or her ownership or possession of a residence or other property and other indicia that he or she had the wherewithal to make the contribution in question. For corporations, the minimum generally consisted of a confirmation of the company's corporate existence and standing, its revenue from U.S. operations, whether the individuals who participated in the decision to make the contributions possessed social security numbers and for how long, or other information establishing their status as U.S. citizens or permanent residents.
OPINION

This case is before the Court on defendant's Motion 1A (to Dismiss Count 1 for Failure to State an Offense Under 18 U.S.C. § 371 and Violation of Due Process), Motion 1B (to Dismiss Count 1 Based on Improper Grand Jury Instructions or to Compel Disclosure of Grand Jury Instructions), and Motion 2 (to Dismiss Counts 9-11 for Failure to State an Offense under 18 U.S.C. § 1001). The Court heard argument on these and numerous other pretrial motions on July 1, 1998 and disposed of all the other motions by Opinion of July 17, 1998. The Court reserved ruling on these three motions pending argument and decision on the pretrial motions in United States v. Hsia, Criminal No. 98-0057, because Ms. Hsia raised issues in her motions that were similar to those raised here. The Court ruled on the motions in the Hsia case on September 10, 1998. See United States v. Hsia, Criminal No. 98-0057, 1998 WL 635848 (D.D.C. Sept. 10, 1998). For the reasons stated below, the Court will dismiss Counts 9-11 and deny the defendant's other motions.
I. BACKGROUND

Yah Lin "Charlie" Trie has been indicted in fourteen counts: one count of conspiracy to defraud the United States by impairing and impeding the Federal Election Commission ("FEC") and conspiracy to use the mails and wires to defraud the Democratic National Committee ("DNC"), in violation of 18 U.S.C. § 371; seven counts of using the mail and/or wires to defraud the DNC and/or aiding and abetting, in violation of 18 U.S.C. §§ 1341, 1343 and 2; three counts of causing others to file false statements with the FEC, in violation of 18 U.S.C. §§ 1001 and 2(b); one count of conspiracy to obstruct justice, in violation of 18 U.S.C. § 371; and two counts of tampering with witnesses or aiding and abetting the tampering with witnesses, in violation of 18 U.S.C. §§ 1505 and 2. The first eleven counts generally arise out of conduct allegedly taken by Mr. Trie to obtain certain benefits by circumventing provisions of the Federal Election Campaign Act ("FECA"), 2 U.S.C. §§ 431, et. seq. The remaining three counts relate to actions allegedly taken by Mr. Trie to interfere with ongoing investigations.

FECA provides a detailed and comprehensive scheme to regulate the financing of federal elections by, among other things, limiting contributions to electoral campaigns and requiring candidates to report receipts and expenditures. Of specific relevance to this case, FECA provides that "[n]o person shall make contributions" that exceed certain limits set forth in the statute, 2 U.S.C. § 441a; that it is unlawful for any foreign national to make any contribution in connection with an election to any political office, 2 U.S.C. § 441e; and that "[n]o person shall

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1 Count 14 of the indictment alleged that Mr. Trie obstructed a congressional investigation, in violation of 18 U.S.C. § 1505. That count has been dismissed for improper venue. See Opinion of July 17, 1998 at 15-16.
make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution." 2 U.S.C. § 441f.

A "contribution" is defined, in relevant part, as "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." See 2 U.S.C. § 431(8)(A) (emphasis added). Because most of FECA's restrictions apply only to funds contributed "for the purpose of influencing any election for Federal office," many political committees have set up separate accounts for money that has been donated: money that has been contributed subject to the proscriptions of FECA ("hard money") is deposited into a "federal" account and is used to finance federal election campaigns, while all other money that is donated ("soft money") is deposited into a "non-federal" account and is used for, among other things, state and local campaigns or issue advertising.

FECA requires "political committees," including national political parties, to exert "best efforts" to identify each person who made "contribution(s)" in the aggregate annual amount of $200 or more and to report that information to the Federal Election Commission. 2 U.S.C. §§ 432(i), 434. FEC regulations require national political party committees to report any receipt of funds over $200, regardless of whether the funds are deemed "hard" or "soft" money. 11 C.F.R. § 104.8(a), (e). The statute charges the FEC with the administration of FECA and grants the FEC exclusive jurisdiction over civil enforcement. 2 U.S.C. § 437c. It provides for both civil and criminal enforcement, and specifies criminal penalties for certain violations, up to a maximum

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2 "Contribution" is separately and more broadly defined for purposes of 2 U.S.C. § 441b. 2 U.S.C. § 441b(b)(2). The separate definition, however, is irrelevant to this case.
of one year imprisonment and/or a fine. 2 U.S.C. § 437g(d). The Department of Justice
prosecutes criminal violations of the statute. 2 U.S.C. § 437g(a)(5)(C). Mr. Trie has not been
charged with any criminal violations of FECA.

II. MOTION TO DISMISS COUNT 1 (CONSPIRACY)

Count 1 charges that Mr. Trie conspired in violation of 18 U.S.C. § 371 to
(1) impair and impede the lawful functions of the FEC, and (2) use the mails and wires in violation
of 18 U.S.C. §§ 1341 and 1343 to defraud the DNC. With respect to the FEC object of the
conspiracy, the indictment alleges, inter alia, a scheme to impair and impede the FEC’s
enforcement obligations under FECA.1 According to the indictment, Mr. Trie allegedly (1) made
a number of contributions from his own personal account for which he was reimbursed from
foreign sources, (2) set up “straw” donors or “conduits” to make contributions and then used
money from foreign sources to reimburse those conduits, (3) made contributions through one or
more companies, and (4) entered into an agreement with his co-conspirators to conceal the true
foreign source of contributions by setting up a conduit contributor scheme. Indictment at 8-17.

The mail and wire fraud object of the conspiracy is premised on the asserted “policy of the DNC
not to accept contributions made by foreign nationals . . . and/or in the name of another person.”
Indictment at 5. It alleges that Mr. Trie and his co-conspirators used the mails and wires in
furtherance of a scheme to make conduit contributions from foreign sources in order to obtain
benefits from the DNC that they would not have been able to obtain if the DNC had been aware
of the true source of the funds.

1 The indictment does not charge a conspiracy to violate any provision of FECA; any such conspiracy would be a misdemeanor.
Mr. Trie first contends that Count 1 must be dismissed because the indictment never specifically alleges violations with respect to "hard money" contributions and because some of the alleged overt acts relate to soft money donations. He argues that since the requirements of FECA apply only to hard money contributions, the failure of the indictment to specifically allege acts with respect to hard money contributions means that the alleged acts could not have obstructed any function of the FEC. In the alternative, he argues that because the indictment does not specifically allege "hard money" contributions, the grand jury may not have been properly instructed concerning the distinction between hard and soft money and that this count of the indictment therefore must be dismissed or he should at least have access to transcripts of the grand jury instructions in order to pursue this argument further. While Mr. Trie is correct that the relevant provisions of FECA do not apply to soft money donations, the Court concludes that the indictment adequately alleges violations with respect to hard money contributions. Mr. Trie therefore is not entitled to dismissal of this count or to access to the grand jury instructions.

A. Sufficiency Of The Indictment

The essential elements of a conspiracy charge are (1) an agreement among two or more persons, (2) either to commit an offense against the United States or to defraud the United States, (3) with knowledge of the conspiracy and with actual participation in it, where (4) one or more of the co-conspirators takes any overt act in furtherance of the conspiracy. 18 U.S.C. § 371; see Braverman v. United States, 317 U.S. 49, 53 (1942). The agreement is the essence of the conspiracy and, provided that there is only one agreement, the government may allege one conspiracy with multiple illegal objects. Braverman v. United States, 317 U.S. at 53; see United
States v. Treadwell, 760 F.2d 327, 334 (D.C. Cir. 1985) (“Because it is the conspiratorial agreement that the statute punishes, a single agreement may have multiple objects”); May v. United States, 175 F.2d 994, 1002 (D.C. Cir. 1949) (“neither a multiplicity of objects nor a multiplicity of means converts a single conspiracy into more than one offense. . . . The conspiracy is the crime, and that is one, however, diverse its objects’’’) (quoting Frohwerk v. United States, 249 U.S. 204, 210 (1919)).

Mr. Trie’s primary argument is that the conspiracy count must be dismissed because any actions he took that related to soft money donations could not have impaired or impeded the FEC. As an initial matter, even if Mr. Trie were correct that his conduct could not have impaired or impeded the FEC, he still would not be entitled to dismissal of this count. It is settled law that the government is only required to prove any one of the illegal objects alleged in the indictment, so long as that object was contemplated in the conspiratorial agreement; it is not necessary for it to establish all illegal objects of the conspiracy. Griffin v. United States, 502 U.S. 46, 57-60 (1991); United States v. Wynn, 61 F.3d 921, 928 (D.C. Cir.), cert. denied, 516 U.S. 1015 (1995); United States v. Treadwell, 760 F.2d at 337. The indictment permissibly alleges two illegal objects: to violate 18 U.S.C. §§ 1341 and 1343 by using the mails and wires to defraud

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4 To the extent that Mr. Trie is arguing that it is impossible for any person to take an action with respect to soft money that impairs or impedes the FEC, he clearly is incorrect. While FECA itself proscribes only conduct that relates to “hard money” contributions, FEC regulations require political committees to report both hard money contributions and soft money donations. See 11 C.F.R. § 104.8(a), (e). Certainly the FEC has a right to ask political committees for information about soft money donations if such reporting is necessary for the FEC to perform its statutory function of enforcing expenditure or contribution limits. Thus, for example, if the Treasurer of the Republican or Democratic National Committee conspired with another to purposefully misreport or misidentify receipts of soft money donations, the government could seek an indictment for conspiracy to impair and impede the FEC in violation of 18 U.S.C. § 371, even though the conduct related only to soft money donations.
the Democratic National Committee and to defraud the United States by impairing and impeding the Federal Election Commission. See United States v. Treadwell, 760 F.2d at 337 ("[A] single conspiracy may contemplate the violation of one or more federal statutes in addition to defrauding the United States"). Thus, even if Mr. Trie prevailed on his argument that one of those objects has not been sufficiently alleged, that would at most would result in the Court striking that object of the conspiracy.

To the extent that (1) the DNC object of the conspiracy is premised on the notion that the DNC had a policy of not accepting hard money contributions from foreign sources or in the name of another and (2) the FEC object of the conspiracy relies on a theory that the conspirators impaired and impeded the FEC by obstructing its enforcement of FECA, it is important to make clear before this case proceeds to trial what FECA does and does not prohibit. The government concedes that the statutory prohibition of making contributions in the name of another under 2 U.S.C. § 441e applies only to hard money contributions. It contends, however, that FECA's prohibition of contributions by foreign nationals under 2 U.S.C. § 441e applies to soft money donations as well as to hard money contributions. Gov't Opp. at 17-18. The Court disagrees. With one exception, 2 U.S.C. § 441b, which has its own separate definition of the term "contribution," the word "contribution" has been defined by Congress in FECA as "money

5 The government has filed a motion seeking clarification of this Court’s Brady ruling, specifically, whether internal government documents indicating that Section 441e does not apply to soft money donations, if such documents exist, constitute exculpatory Brady material that must be disclosed to Mr. Trie. In view of the fact that the Court now has ruled that Section 441e does not apply to soft money donations and that the government will have to prove hard money contributions at trial, internal government documents indicating that Section 441e does not apply to soft money donations are not exculpatory. The motion of the government for clarification regarding disclosure of internal documents therefore will be granted.
or anything of value made by any person for the purpose of influencing any election for Federal office.” 2 U.S.C. § 431(8)(A) (emphasis added). That is the definition (with the one exception already noted) that governs throughout the statute. Because 2 U.S.C. § 441e specifically prohibits only contributions by foreign nationals, the statute on its face therefore does not proscribe soft money donations by foreign nationals or by anyone else.6

The government argues that because Section 441e uses the phrase “an election to any political office” (emphasis added), Congress necessarily intended for Section 441e to apply to soft money donations. Gov’t Opp. at 18. In making this argument, the government omits the essential language that describes the conduct that the statute prohibits: making a “contribution of money or other thing of value in connection with an election to any political office.” The word contribution is a term of art defined by the statute, and the statutory definition applies only to elections for federal office, see 2 U.S.C. § 431(a)(8); it therefore does not encompass soft money donations. If Congress had intended Section 441e or any other provision of FECA to apply to soft money, it either could have provided an alternative definition of the term “contribution” for

6 Section 441e of FECA provides:

It shall be unlawful for a foreign national directly or through any other person to make any contribution of money or other thing of value, or to promise expressly or impliedly to make any such contribution, in connection with an election to any political office or in connection with any primary election, convention, or caucus held to select candidates for any political office; or for any person to solicit, accept, or receive any such contribution from a foreign national.

2 U.S.C. § 441e (emphasis added).
Section 441e, as it did for Section 441b, or it could have used the word “donation” rather than “contribution,” as the regulations promulgated by the FEC do when referring to “non-federal” or “soft money” accounts. See, e.g., 2 U.S.C. § 441b (providing separate definition of contribution for purposes of that section); 11 C.F.R. § 104.8(e) (“National party committees shall disclose in a memo Schedule A information about each individual, committee, corporation, labor organization, or other entity that donates an aggregate amount in excess of $200 in a calendar year to the committee’s non-federal account(s)” (emphasis added). Congress did neither in Section 441e.

In the face of the clear statutory language and in the absence of any indication in the statute or legislative history that Congress intended Section 441e to apply to soft money donations, the Court concludes that Section 441e applies only to hard money “contributions.” Indeed, it could not be more apparent that, with the exception of Section 441b, Congress intended the proscriptions of the Federal Election Campaign Act to apply only to “hard money” contributions.7

Although Sections 441e and 441f apply only to “contributions” as defined in the statute, and thus only to “hard money,” Mr. Trie is not entitled to dismissal of the conspiracy


While the interpretation of one Congress may not be dispositive of the intent of another, the fact that the current Congress does not believe that Section 441e applies to soft money donations at the very least undermines the government’s argument. See Loving v. United States, 517 U.S. 748, 770 (1996) (“subsequent legislation declaring the intent of an earlier statute is entitled to great weight in statutory construction”) (internal quotations omitted); Beverly Community Hospital Assn. v. Belchic, 132 F.3d 1259, 1265 (9th Cir. 1997) (same).
count. While he is correct that the indictment never uses the phrase "hard money," it consistently uses the term "contribution" throughout the manner and means and overt acts sections of the indictment. See Indictment at 6-17. As discussed above, "contribution" is a term of art specifically defined by FECA, and Congress has indicated that "the definitions of the Federal Election Campaign Act, as amended, [are] controlling whenever the provisions of Title 18 impact on federal elections and political [sic] activity." H.R. Rep. No. 96-422 at 25 (explaining provision of Federal Election Campaign Act Amendments of 1979, Pub.L. 96-187, that repealed 18 U.S.C. § 591, which had separately defined terms, including "contribution," for purposes of Title 18, Chapter 29, Elections and Political Activities). At trial, therefore, the government will have the burden of proving beyond a reasonable doubt that the illegal "contributions" alleged in the indictment in fact are contributions as defined by FECA, and the jury will be so instructed. For purposes of the indictment, however, the use of the word "contribution" is sufficient. See Hamling v. United States, 418 U.S. 87, 117 (1974).

B. Instructions To Grand Jury

Mr. Trie also argues that the failure of the indictment to distinguish between hard money contributions and soft money donations demonstrates that the grand jurors were not properly instructed about the distinction and that this alleged error substantially and impermissibly influenced the grand jury's decision to indict him. In support of this contention, Mr. Trie proffers

8 Mr. Trie also contends that the alleged conduct must be charged as a conspiracy to violate FECA or one of its provisions rather than as a conspiracy to defraud the United States and that the conspiracy count therefore must be dismissed. He relies on United States v. Minarik, 875 F.2d 1186, 1194 (6th Cir. 1989). For the reasons discussed in United States v. Hila, 1998 WL 635848 at *19 n. 21, the Court finds that the narrow holding of Minarik does not apply in these circumstances.
only that (1) the indictment alleges payments that he characterizes as soft money, and (2) the
indictment does not mention the distinction between hard money and soft money. Def’s Motion
No. 1B at 1-2. He therefore requests dismissal of Count 1 or, in the alternative, disclosure of the
grand jury instructions so that he can present a more concrete case for dismissal.

There is a “presumption of regularity in grand jury proceedings,” United States v.
Recognition Equip., Inc., 711 F. Supp. 1, 11 (D.D.C. 1989), and a defendant seeking dismissal of
an indictment on the grounds of grand jury error therefore faces a very heavy burden. Even if a
defendant can establish error at the grand jury stage, “dismissal of the indictment is appropriate
only ‘if it is established that the violation substantially influenced the grand jury’s decision to
indict,’ or if there is ‘grave doubt’ that the decision to indict was free from the substantial
(quoting United States v. Mechanik, 475 U.S. 66, 78 (1986) (O’Connor, J., concurring)). A
great deal more than mere speculation that a grand jury has been improperly instructed is required
to satisfy this standard. See United States v. Buchanan, 787 F.2d 477, 487 (10th Cir. 1986)
(dismissal of indictment an extraordinary remedy designed to insure proper standards of conduct
by prosecutor); United States v. Breslin, 916 F. Supp. 438, 440-441 (E.D. Pa. 1996) (dismissal of
indictment warranted only where there is substantial and specific evidence); United States v.
Recognition Equip., Inc., 711 F. Supp. at 13 (dismissal appropriate only where misconduct of
prosecutor has “clearly infringed on the grand jury’s ability to evaluate whether the evidence
establishes probable cause”).

To the extent that Mr. Trie’s complaint rests on the allegations related to soft
money donations contained in the section of Count 1 enumerating overt acts taken in furtherance
of the alleged conspiracy, see Indictment at 8-17, his argument for dismissal necessarily fails. It is established that overt acts may be wholly innocent, see Yates v. United States, 354 U.S. 298, 334 (1957); Braverman v. United States, 317 U.S. at 53, and the fact that the overt acts alleged here may include actions taken with respect to soft money donations therefore is irrelevant. By contrast, the “manner and means” paragraphs refer only to “contributions,” a term of art relating to federal elections and hard money.

To the extent that Mr. Trie is arguing that the grand jury may not have heard any evidence relating to hard money contributions, that would be an argument about the sufficiency of the government’s evidence, an argument best reserved for trial. The sufficiency of the evidence presented to the grand jury may not be challenged if the indictment is facially valid, see Costello v. United States, 350 U.S. 359, 408-09 (1956), and the indictment in this case is facially valid. It alleges that the illegal objects of the conspiracy related to “contributions” -- that is, to hard money -- and it alleges the essential elements of a conspiracy offense. The Court therefore concludes that Mr. Trie has not made a sufficient showing to warrant dismissal of the indictment.

As for Mr. Trie’s request for disclosure of the instructions given to the grand jury, a defendant requesting disclosure of grand jury transcripts must show a “particularized need” for such information. Douglas Oil Co. of California v. Petrol Stope Northwest, 441 U.S. 211, 222-23 (1979); United States v. Oakar, 924 F. Supp. 232, 246 (D.D.C. 1996), aff’d in part, rev’d on other grounds, 111 F.3d 146 (D.C. Cir. 1997); United States v. Washington, 819 F. Supp. 358 (D. Vt. 1993), aff’d 48 F.3d 73 (2d Cir. 1995). Since the indictment is facially valid and Mr. Trie’s claim with respect to hard and soft money does not justify dismissal of the indictment, see supra at 12-13. Mr. Trie has not established any particularized need for the grand jury
instructions. United States v. Oakar, 924 F. Supp. at 246; United States v. Recognition Equip., Inc., 711 F. Supp. at 12-13. It of course is conceivable that the grand jury was not instructed that the applicable provisions of FECA apply only to "contributions" as defined by FECA and that they do not apply to "soft money" donations. But the mere suspicion that the grand jury may not have been properly instructed with respect to the legal definition of contribution is insufficient to establish that Mr. Trie is entitled either to dismissal of the indictment or to disclosure of grand jury materials. See United States v. Buchanan, 787 F.2d at 487; United States v. Abdul-Malik, 903 F. Supp. 550, 553 (S.D.N.Y. 1995). Mr. Trie's motion therefore will be denied.

III. MOTION TO DISMISS FALSE STATEMENTS COUNTS

Counts 9-11 charge Mr. Trie with aiding and abetting the making of false statements to a government agency in violation of 18 U.S.C. §§ 1001 and 2(b). The indictment alleges that Mr. Trie "knowingly and willfully" caused the DNC to create and submit false reports to the FEC itemizing the individuals and entities from which the DNC received contributions or donations. Count 9 pertains to the DNC's January 22, 1996 quarterly report to the FEC; Count 10 to the DNC's April 15, 1996 quarterly report; and Count 11 to the DNC's October 15, 1996 quarterly report. The government has specified that the names listed on the reports are the false statements because the reports reflect the names of the alleged conduits who sent checks to the DNC rather than the "true sources" of the funds. For the reasons stated in United States v. Hsia, 1998 WL 635848 at *19-28, the Court concludes that Counts 9-11 must be dismissed.

As in Hsia, an "Alice-in-Wonderland-like maze of logical leaps and tangled inferences ... are required in order to find that this indictment adequately alleges Section 1001
and 2(b) violations." United States v. Hsia, 1998 WL 635848 at *20. The quagmire of inferences
is further complicated by the fact that the false statements counts of this indictment are silent with
respect to Mr. Trie’s alleged role in “causing” false statements to be made to the FEC. The
indictment alleges only that Mr. Trie "knowingly and willfully . . . caused the treasurer for the
DNC to create and submit false reports to the FEC which indicated that lawful contributions were
made by individuals to the DNC when in truth and in fact, as the defendant well knew, it was
another person and entity that had contributed to the DNC and not the conduits listed in the
reports filed with the FEC." Indictment at 28. Mr. Trie’s precise role in “causing” the alleged
false statements is not at all clear from the indictment. It never specifies whether the government
is alleging that Mr. Trie solicited the conduit contributions that allegedly led to the false
statements, himself acted as a “conduit,” or provided funding for the conduit contributions. While
Counts 9-11 specifically incorporate “the allegations contained in paragraphs One through
Thirteen of Count One of the Indictment,” those paragraphs contain only general information
about the DNC, the defendants, the FEC and FECA. They provide no specific allegations with
respect to conduct that Mr. Trie is alleged to have taken.9

In the Bill of Particulars provided to Mr. Trie, the government does very little to
clarify or elaborate upon Mr. Trie’s alleged role. The government specifies only that “the

9 The indictment’s reference to paragraphs one through thirteen of Count 1 is
confusing. Count 1 is never labeled in the indictment, but the first paragraph of the indictment,
under the heading “introductory allegations,” is numbered one, and it appears that Count 1 begins
with that paragraph. The overt acts alleged as part of Count 1, however, are numbered beginning
with paragraph one again, so there are in fact two sets of paragraphs beginning with the number
one. See Indictment at 1, ¶. It appears, however, that Counts 9-11 of the indictment intend to
incorporate by reference the first thirteen paragraphs of the indictment, rather than the overt acts
paragraphs numbered one through thirteen, since the acts alleged in those overt acts paragraphs
all took place in 1994 and the false statements counts relate to 1996.
defendant caused the individuals . . . to make contributions in their own names to the DNC with
personal checks and caused them to be immediately reimbursed in cash, by wire transfer, certified
checks, or travelers checks. Defendant caused these contributions to be presented to the DNC
when he knew, in fact, that the purported contributors had been reimbursed.” Bill of Particulars
at 3. The Bill of Particulars still does not articulate how Mr. Trie caused the alleged false
statements to be made. For the reasons articulated in Hsia, Sections 1001 and 2(b) cannot
constitutionally be applied to the actions alleged in this indictment. See United States v. Hsia,

An Order consistent with this Opinions shall be issued this same day.

SO ORDERED.

PAUL L. FRIEDMAN
United States District Judge

DATE:
UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

v.

YAH LIN "CHARLIE" Trie,

Defendant.

Criminal No. 98-0029-1 (PLF)

ORDER

For the reasons stated in the Opinion issued this same day, it is hereby
ORDERED that defendant’s Motion No. 1A and Motion No. 1B are DENIED;

it is

FURTHER ORDERED that defendant’s Motion No. 2 is GRANTED; it is

FURTHER ORDERED that Counts 9-11 of the indictment are DISMISSED; it is

FURTHER ORDERED that the motion of the government to clarify is

GRANTED.

SO ORDERED.

PAUL L. FRIEDMAN
United States District Judge

DATE:
UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

v.

YAH LIN “CHARLIE” TIE,

Defendant.

Criminal No. 98-0029-1 (PLF)

ORDER

This case is before the Court on defendant’s motion for leave to file a supplemental motion regarding Count 12. Upon consideration of the motion, the opposition filed by the government and the reply, the Court concludes that there is good cause for Mr. Trie’s failure to file a motion regarding Count 12 in his initial filings and that the government would not be prejudiced by allowing him to late file this motion. Accordingly, it is hereby

ORDERED that defendant’s motion for leave to file a supplemental motion regarding Count 12 is GRANTED; and it is

FURTHER ORDERED that defendant shall file his supplemental motion regarding Count 12 by October 23, 1998, the government shall file an opposition by November 6, 1998, and the defendant shall file a reply by November 16, 1998.

SO ORDERED.

DATE:

PAUL L. FRIEDMAN
United States District Judge
CONGRESSIONAL RECORD

4779

UNITED STATES OF AMERICA,

v.

Maria HSIA, Defendant.

No. Crim. 98-0057(PLF).

United States District Court, District of Columbia.


Nancy Luque, Reed Smith Shaw & McClay, Washington, DC, for defendant.

OPINION

FRIEDMAN, J.

1. BACKGROUND

Maria Hsia has been indicted on one count of conspiracy to defraud the United States by impairing and impeding the Federal Election Commission ("FEC") and the Immigration and Naturalization Service ("INS"), in violation of 18 U.S.C. § 377, and five counts of causing others to file false statements with the FEC, in violation of 18 U.S.C. §§ 1001 and 2(b). All six counts are predicated on political campaign solicitations by Ms. Hsia that allegedly involved the use of "conduit" contributors to hide the "true" or "actual" sources of the funds in violation of various provisions of the Federal Election Campaign Act ("FECA"), 2 U.S.C. §§ 431, et seq.

FECA provides a detailed and comprehensive scheme to regulate the financing of federal elections by, among other things, limiting contributions to electoral campaigns and requiring candidates to report receipts and expenditures. Of specific relevance to this case, FECA provides that "no person shall make contributions" that exceed certain limits set forth in the statute, 2 U.S.C. § 441a; that "[n]o person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution," 2 U.S.C. § 441f; and that it is unlawful for "any corporation whatever ... to make a contribution or expenditure in connection with any election at which presidential or vice presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to, Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices. " 2 U.S.C. § 441b(a).

A "contribution" is defined by the statute, in relevant part, as "money or anything of value made by any person for the purpose of influencing any election for Federal office." See 2 U.S.C. § 431(8)(A) (emphasis added). [FN2] Because most of FECA's restrictions apply only to funds contributed "for the purpose of influencing any election for Federal office," many political committees have set up separate accounts for money that has been donated: money that has been contributed subject to the proscriptions of FECA ("hard money") is deposited into a "federal" account and is used to finance federal election campaigns, while all other money that is donated ("soft money") is deposited into a "non-federal" account and is used for, among other things, state and local campaigns or issue advertising.

*2 FECA requires "political committees," including national political parties, to exert "best efforts" to identify each person who made "contribution[s]" in the aggregate annual amount of $200 or more and to report that information to the FEC. 2 U.S.C. §§ 432(c), 434. FEC regulations require national political party committees to report any receipt of funds over $200, regardless of whether the funds are...
deemed "hard" or "soft" money. 11 C.F.R. § 104.8(a), (e). The statute charges the Federal Election Commission with the administration of FECA and grants the FEC exclusive jurisdiction over civil enforcement. 2 U.S.C. § 437c. It provides for both civil and criminal enforcement, and specifies criminal penalties for certain violations, up to a maximum of one year imprisonment and/or a fine. 2 U.S.C. § 437g(d). The Department of Justice prosecutes criminal violations of the statute. 2 U.S.C. § 437g(a)(5)(C).

Count 1 of the indictment charges that Ms. Hsia, a Buddhist, conspired with the International Buddhist Progress Society ("IBPS"), a tax-exempt religious organization doing business as the Hsi Lai Temple (the "Temple"), and other unnamed co-conspirators to defraud the United States by impairing, obstructing, impeding and defeating the lawful functions and duties of the FEC and the INS in violation of 18 U.S.C. § 371. [FN3] The indictment alleges that Ms. Hsia solicited IBPS to make contributions and donations through "conduits" (some of whom were monks, nuns and volunteers from IBPS) and that Ms. Hsia in some instances acted as a conduit for donations or contributions. The indictment alleges that Ms. Hsia (1) impaired and impeded the FEC by concealing the fact that IBPS was the true source of the contributions, and (2) impaired and impeded the INS by submitting documents to the INS stating that IBPS was not participating in political campaigns so that the INS would permit foreign nuns and monks associated with IBPS to enter or remain in the United States when she knew that IBPS in fact was making political contributions.

Counts 2-6 charge Ms. Hsia with causing the making of false statements to the FEC in violation of 18 U.S.C. §§ 2 and 1001. These counts appear to be based on conduct similar to (if not the same as) that alleged in Count 1. The indictment alleges that Ms. Hsia knowingly and willfully caused various political committees to submit material false statements to the FEC by concealing the identity of the true source of contributions from the committees which relayed the false information to the FEC. Each count addresses a different report submitted to the FEC by a political committee which allegedly contained false statements about the identity of actual contributors. Count 2 pertains to a July 18, 1995 report and Count 3 to an October 17, 1995 report by the Clinton-Gore '96 Committee; Count 4 relates to an April 15, 1996 report and Count 5 to a July 15, 1996 report by the Democratic National Committee; and Count 6 pertains to an October 24, 1996 report by the Patrick Kennedy Committee. Counts 2 and 3 do not identify the actual source of the contributions, but Counts 4-6 allege that IBPS was the actual contributor. Counts 2-5 all allege that Ms. Hsia solicited the contributions at issue, but only Count 6 alleges that Ms. Hsia herself wrote a contribution check for which she was reimbursed by IBPS.

II. MOTIONS TO DISMISS INDICTMENT ON FIRST AMENDMENT GROUNDS
A. Defendant's Motion To Dismiss Indictment For Its Positive Repugnance to the Federal Election Campaign Act

*3 Ms. Hsia argues that the Federal Election Campaign Act, 2 U.S.C. § 431, et seq., impliedly repeals the more general provisions of the Federal Criminal Code, specifically the false statements statute, 18 U.S.C. § 1001, and the conspiracy statute, 18 U.S.C. § 371. This Court already has ruled that under accepted principles of statutory construction, repeals by implication are not favored and there must be substantial evidence that Congress expressly intended to preempt a general statute with a more specific statutory scheme in order to deprive a prosecutor of discretion to determine on which of a variety of seemingly applicable statutes to base a prosecution. Under this traditional analysis, FECA does not impliedly repeal or preempt the more general criminal statutes on which the prosecutor and grand jury have proceeded. See United States v. Trie, Criminal No. 98-0029, 1998 WL 427550, at *9 (D.D.C. July 17, 1998). Ms. Hsia maintains, however, that because the conduct regulated by FECA is political speech subject to First Amendment protection and because Congress carefully crafted and later amended FECA in order to avoid infringing on First Amendment rights, FECA necessarily occupies the field and impliedly repealed more general criminal statutes that are not tailored to protect First Amendment rights of political speech and association.

18 U.S.C. § 371 and 18 U.S.C. §§ 1001 broadly proscribe criminal conduct and have been applied in a wide range of circumstances. FECA, on the other hand, specifically proscribes certain conduct in the...
context of federal elections and provides both civil and criminal penalties for certain violations of the Act. 2 U.S.C. § 437g(d). The government does not argue that FECA’s criminal provisions are unavailable to it in prosecuting Ms. Hsiu. Rather, it argues that the more general criminal provisions also are available regardless of whether FECA provides a criminal penalty for the charged conduct and that the government has the discretion to decide under which statute to proceed, the misdemeanor provisions of FECA or the felony provisions of 18 U.S.C. § 371 and 18 U.S.C. § 1001. It relies on the established principle that “whether to prosecute and what charge to file or bring before a grand jury are decisions that generally rest in the prosecutor’s discretion.” United States v. Banchefsky, 442 U.S. 114, 124, 99 S.Ct. 2198, 60 L.Ed.2d 755 (1979). See also Bordenkircher v. Hayes, 434 U.S. 357, 364, 98 S.Ct. 663, 54 L.Ed.2d 604 (1978); United States v. Moore, 423 U.S. 122, 138, 96 S.Ct. 335, 46 L.Ed.2d 333 (1975).

Ordinarily, general criminal provisions remain available to supplement a specific statutory scheme unless there is evidence either (1) that Congress expressly intended to preempt a general statute with the more specific statutory scheme, or (2) that there is what the Supreme Court has labeled “a positive repugnancy” between the provisions of the specific statutory scheme and the more general statutes such that Congress must have intended to repeal the more general provisions by implication. See United States v. Borden Co., 308 U.S. 188, 198-99, 60 S.Ct. 182, 84 L.Ed. 181 (1939). The parties here agree that when Congress enacted FECA it did not expressly repeal the more general criminal provisions and that repeal by implication is not favored. See United States v. Borden, 308 U.S. at 198; United States v. Curran, 20 F.3d 560, 566 (3d Cir.1994); United States v. Hopkins, 916 F.2d 207, 218 (5th Cir.1990); United States v. Oskar, 924 F.Supp. 222, 244-45 (D.D.C.1996), aff’d in part, rev’d on other grounds, 111 F.3d 146 (D.C.Cir.1997). The question is whether the pervasive First Amendment implications of federal election regulation necessarily alter the framework of analysis.


In 1974, Congress amended the Federal Election Campaign Act to impose individual contribution limits and overall candidate expenditure limits and to establish a Federal Election Commission. Pub.L. No. 93-443, 88 Stat. 1263 (“1974 FECA Am.”). The Senate version of the bill made the FEC the “primary civil and criminal enforcement agency for violation of the provisions of the Act.” and provided that the Attorney General could only Prosecute violations of the Act “after the [FEC] is consulted and consents to such prosecution.” S.Rep. No. 93-1237 at 3 (1974) (emphasis added). The Conference Committee deleted that provision and made clear that while “the [FEC] is given power to bring civil actions in Federal district courts to enforce the provisions of the Act ... [the primary jurisdiction of the [FEC]] to enforce the provisions of the Act is not intended to interfere in any way with the activities of the Attorney General or Department of Justice personnel in performing their duties under the laws of the United States.” H.R.Rep. No. 93-1438 at 94 (1974).

The 1974 Amendments maintained the prohibition of contributions in the name of another, but moved
the prohibition to Title 18 of the United States Code. A separate criminal enforcement provision for violations of that section was passed which retained the maximum one year imprisonment penalty but increased the maximum fine to $25,000. 1974 FECA Am. § 101(g)(1), adding 18 U.S.C. § 614; 1974 FECA Am. § 101(d)(4). Both in 1971 when it passed FECA and in 1974 when it amended it, Congress was aware that regulation of elections had First Amendment implications, and the issue of First Amendment rights was discussed during the drafting of FECA’s provisions. See, e.g., S.Rep. No. 92-229 at 132-23 (supp. views of Messrs. Proesty, Cooper and Scott) (explaining that 1971 Act did not contain limitation on individual contributions because “such a limitation probably is unconstitutional”); H.Rep. No. 92-564 at 33 (add.1. views of Mr. Frenz). (commenting on provision of 1971 House bill that would have limited individual contributions: “the limitations of contributions by individuals may be unconstitutional.... The suppression of free speech and the reduced participation in political processes is not justified”).

*5 In 1976, the Supreme Court held that a number of the provisions of FECA unconstitutionally restricted the First Amendment rights to political expression and association. Buckley v. Valeo, 424 U.S. 1, 96 S.Ct. 612, 46 L.Ed.2d 659 (1976) (per curiam). The Court first noted that the “Act’s contribution and expenditure limitations operate in an area of the most fundamental First Amendment activities. Discussion of public issues and debate on the qualifications of candidates are integral to the operation of the political system of government established by our Constitution.” Id. at 14. The Court concluded, however, that “although the Act’s contribution and expenditure limits both implicate fundamental First Amendment interests, its expenditure ceilings impose significantly more severe restrictions on protected freedoms of political expression and association than do its limits on financial contributions.” Id. at 23. “The expenditure limitations contained in the Act represent substantial rather than merely theoretical restraints on the quantity and diversity of political speech, [while limitations on contributions] entail [s] only a marginal restriction upon the contributor’s ability to engage in free communication.” Id. at 19-21. The Court therefore upheld the constitutionality of the contribution limitations but struck down the expenditure limits because they “place substantial and direct restrictions on the ability of candidates, citizens and associations to engage in protected political expression...” Id. at 58-59. [FN5]

The Court next turned to the disclosure requirements of FECA. It found that compelled disclosure “can seriously infringe on privacy of association and belief guaranteed by the First Amendment” and “cannot be justified by a mere showing of some legitimate governmental interest.” Buckley v. Valeo, 424 U.S. at 64. The constitutionality of the disclosure provisions requiring major political committees to report contributions was not challenged, but petitioners did challenge the constitutionality of the reporting requirements that FECA imposed on individuals and minor political parties. Id. at 88. FECA required any individual who made “contributions or expenditures” aggregating over $100 to entities other than political committees or candidates to file a statement with the FEC. 2 U.S.C. § 434(e) (1970 ed. Supp. V). The Court pointed out that in order to avoid problems of constitutional vagueness, the definition of “expenditure” had to be narrowed to “reach only funds used for communications that expressly advocate the election or defeat of a clearly identified candidate.” Id. at 80. As construed and narrowed, the disclosure provision “bears a sufficient relationship to a substantial governmental interest and therefore passes constitutional muster.” Id. The Court noted that it was especially necessary to clearly define the scope of the reporting requirement because “the violation of its terms carries criminal penalties and fear of incurring these sanctions may deter those who seek to exercise protected First Amendment rights.” Id. at 76-77. [FN6]

*6 The Chief Justice expressed concern that because FECA was intended to operate as a holistic response to campaign financing abuses, the decision in Buckley to strike down discrete portions of FECA would undermine the Act as a whole. See, e.g., Buckley v. Valeo, 424 U.S. at 225 (Burger, C.J., concurring in part and dissenting in part) (“the Court’s result does violence to the intent of Congress in this comprehensive scheme of campaign finance ... the Court fails to recognize that the whole of this Act is greater than the sum of its parts”). The Chief Justice, demonstrating a certain degree of prescience, also predicted that “the Court’s holding will invite avoidance, if not evasion, of the intent of the Act, with ‘independent'
committees undertaking "unauthorized" activities in order to escape the limits on contributions." Id. at 253 (Burger, C.J., concurring in part and dissenting in part). For similar reasons, Justice White would have upheld both the contribution and expenditure limits as constitutional: "There is nothing objectionable ... in the attempt to insulate the political expression of federal candidates from the influence invariably exerted by the endless job of raising increasingly large sums of money. I regret that the Court has returned them all to the treadmill.... The holding is perhaps not that federal candidates have the constitutional right to purchase their election, but many will so interpret the Court's conclusion in this case." Id. at 265-66 (White, J., concurring in part and dissenting in part). [FN7]

Rather than attempting to enact a new comprehensive law in reaction to Buckley, Congress again amended the statute. While the 1976 Amendments primarily focused on reconstituting the Federal Election Commission and correcting the constitutional violations, the Amendments also moved the criminal enforcement provisions of the Act from Title 18 and consolidated them into one provision in Title 2. Federal Election Campaign Act Amendments of 1976, Pub.L. No. 94-283, 90 Stat. 475 (May 11, 1976) ("1976 FECA Am.") §§ 112, 201. Under the new consolidated enforcement provision, any person who "knowingly and willfully commits a violation of any provision or provisions of this Act which involves the making, receiving, or reporting of any contribution or expenditure having a value in the aggregate of $1000 or more during a calendar year shall be fined in an amount which does not exceed the greater of $25,000 or 300 percent of the amount of any contribution or expenditure involved in such violation, imprisoned for not more than 1 year, or both." 1976 FECA Am. § 201. [FN8] In addition, the 1976 amendments provided that where the FEC finds probable cause to believe there is such a knowing and willful violation, it may refer such apparent violation to the Attorney General, 2 U.S.C. § 437g(a)(5)(D), although such a referral is not a prerequisite to a criminal prosecution. See infra at 16. [FN9]

* Against this backdrop of legislative and judicial decisions, Ms. Hals argues that because FECA operates in areas protected by the First Amendment and because Congress so carefully crafted a comprehensive enforcement scheme to assure that it does not violate the Constitution, FECA necessarily pro tanto displaces the more general conspiracy and false statements statutes. For her argument, she relies primarily, if not exclusively, on the D.C. Circuit's opinion in Galliano v. United States Postal Service, 836 F.2d 1362 (D.C.Cir.1988). Ms. Hals maintains that Galliano establishes a different framework for analysis of implied repeal in the FECA context, where a complex regulatory statute sets forth an enforcement scheme in an area permeated by First Amendment concerns. [FN10]

In Galliano, Americans for Phil Gramm ("APG"), a political action committee that was not the authorized committee of then-Congressman Gramm, solicited money in a series of mailings. APG's first mailing failed to include a disclaimer required by FECA stating that the solicitation was not authorized by Representative Gramm or his senatorial campaign committee. Subsequent mailings, however, did contain an appropriate disclaimer. The FEC found "probable cause" to believe that the first mailing violated FECA and entered into a conciliation agreement with APG, but it did not pursue any action with respect to the later mailings. Meanwhile, the United States Postal Service took administrative enforcement action against the APG for all of its mailings, invoking a Postal Service statute prohibiting the use of any scheme or device "for obtaining money ... through the mail by means of false representations." 39 U.S.C. § 3005 (1982). A Judicial Officer of the Postal Service issued two remedial orders, one of which essentially directed the postmaster to stop each piece of mail addressed to APG, inspect it and return it to the sender if it was a response to APG's solicitations. APG filed suit in federal court to require the Postal Service to set aside its order.

On appeal, the court of appeals held that "the Postal Service, in its enforcement of [its false statements statute], may not impose constraints upon the names or disclaimers of organizations mailing solicitations for political contributions beyond those imposed by FECA." Galliano v. United States Postal Service, 836 F.2d at 1367. In an opinion by now Justice Ginsburg, the court acknowledged the arguments of the Postal Service that Congress did not expressly repeal the Postal Service statute when it passed FECA and that "repeals by implication are not favored." Id. at 1369. Nonetheless, it concluded that to "permit the Postal Service to base findings of
false representation on a political action committee's name and disclaimers that are consistent with FECA requirements would defeat the substantive objective of that Act's first-amendment-sensitive provisions." Id. at 1370. The court therefore held that if "FECA requirements are met, then as we comprehend that legislation, no further constraints ... may be imposed by other governmental authorities." Id. The Court also held that if the mailings contained false representations of a sort not covered by FECA, for instance if APG made false representations concerning its past fundraising successes, the Postal Service could apply its false statements statute to that conduct even if the mailings were done for a political purpose. Id. at 1371.

*8 "The tension between the general false representation provisions of the Postal Service false statements statute and the specific disclosure requirements of FECA" at issue in Galliano has clear parallels to the tension between FECA and the criminal false statements and conspiracy statutes at issue here. See Galliano v. United States Postal Service, 836 F.2d at 1367. The essence of the charges against Ms. Hsia center on alleged conduit contributions which led to false statements by political committees in their disclosure reports to the FEC, and FECA contains a comprehensive enforcement scheme for the civil and misdemeanor prosecution of conduit contributions. See 2 U.S.C. § 437g(d). Moreover, the legislative history cited by the court in Galliano for the proposition that the name and disclaimer provisions at issue in that case specifically safeguard the "full enjoyment of the First Amendment rights of individuals and groups to make expenditures for political expression" arguably applies also to the disclosure provision at issue in this case. See H.R.Rep. No. 94-917 at 5 (1976), cited in Galliano v. United States Postal Service, 836 F.2d at 1370. The Court concludes, however, that Galliano does not control this case.

First, in Galliano, the court of appeals found that the FEC's authority displaced the authority of the Postal Service; in other words, the authority of one administrative agency under a specific statutory scheme preempted the authority of another administrative agency under a different statutory scheme. The court relied heavily on the fact that both FECA and its legislative history state that only the FEC, "and no other governmental authority," has jurisdiction to enforce the civil provisions of FECA, Galliano v. United States Postal Service, 836 F.2d at 1368. It is therefore held that "the FEC is the exclusive administrative arbiter of questions concerning the name identifications and disclaimers of organizations soliciting political contributions." Id. at 1370 (emphasis added).

In this case, by contrast, Ms. Hsia proposes displacing the authority of the Attorney General, the chief law enforcement officer of the United States, to bring criminal charges under the general provisions of the Federal Criminal Code. The Attorney General, however, is in a fundamentally different position from administrative agencies such as the Postal Service. She is charged with prosecuting criminal violations of the federal election laws as well as other criminal laws, and her authority is in no way limited by the FEC. See Galliano v. United States Postal Service, 836 F.2d at 1368 n. 6 (Attorney General has authority to criminally prosecute FECA violations regardless of whether FEC refers investigation to her); United States v. International Union of Operating Engineers, Local 701, 638 F.2d 1161 (9th Cir. 1979) (same). Unlike the situation presented in Galliano, there is no issue of another agency infringing on the FEC's authority; in this case, the authority to criminally prosecute rests exclusively with the Attorney General.

*9 Second, the court in Galliano found it significant that the FEC is required to conciliate civil violations of FECA prior to instituting any formal civil enforcement action. See 2 U.S.C. § 437g(a)(4). If conciliation is not successful, the FEC cannot administratively impose civil penalties; instead it must institute a civil action in federal district court. See 437g(a)(6)(A). If the Postal Service had the authority to administratively impose sanctions for conduct that is covered by FECA, the "first-amendment prompted arrangements Congress devised for FECA enforcement actions" would be sacrificed. Galliano v. United States Postal Service, 836 F.2d at 1370.

The "first-amendment prompted" conciliation provisions, however, apply only to civil enforcement actions and do not apply to criminal actions. See 2 U.S.C. § 437g(a)(5)(C). Because the Attorney General may directly prosecute violations of FECA regardless of whether the FEC has attempted to conciliate the violation, see United States v.
International Union of Operating Engineers, Local 701, 638 F.2d at 1163, no procedural provision is
captured by allowing her to charge violations under
the general provisions of the Federal Criminal Code
as well as under FECA. Moreover, unlike the Postal
Service in Galliano, the Attorney General cannot
impose penalties for violations of criminal statutes
without instituting a proceeding in court. Regardless
of whether she chooses to criminally prosecute
someone under FECA or under a more general
provision of the Federal Criminal Code, she must
institute an action in a court of law. Allowing the
Attorney General to proceed under general
provisions of the Federal Criminal Code rather than
exclusively under FECA therefore sacrifices none of
the "first-amendment prompted" procedural
protection of FECA. [FN11]

Third, the court in Galliano focused on the fact that
the finding of the Postal Service that the statements
were misleading was inconsistent with the FEC's
determination that the solicitations met the
disclaimer requirements of FECA. The criminal
provisions at issue in this case, however, rely for
their meaning on the proscriptions and the
definitions of FECA itself, and the definition of "contribution" and other relevant terms will control
the scope of the jury's considerations and be
included as part of the jury instructions. [FN12] The
criminal statutes invoked merely provide additional
enforcement mechanisms; they do not seek to
penalize conduct that is expressly permitted by
FECA. If this were a case in which Ms. Hisa was
being prosecuted for conduct that was permissible
under FECA, Galliano would be more on point. In
this case, however, the conduct allegedly at issue--
the use of conduits to conceal corporate
contributions from the FEC--is specifically
proscribed by FECA; there is no inconsistency
between FECA and the general criminal provisions
employed by the government here.

Nor is there any indication in the language or
legislative history of FECA to indicate that Congress
intended the criminal provisions of the Act to
displace any of the more general federal criminal
provisions in Title 18 of the United States Code. In
the 1976 Amendments, Congress created one
criminal penalty provision in Title 2 for violations of
FECA and relocated the various criminal penalties
for FECA violations that had been in Title 18. 1976
FECA Am. § 201, 2 U.S.C. § 437(g). The

legislative history concerning the new FECA
criminal provision, however, focused on the need to
simplify the enforcement scheme and makes no
mention of repealing the more generally applicable
provisions of Title 18. H.R.Rep. No. 94-917 at 3
(1976) ("[e]n the occasion of reconstituting the
Federal Election Commission the Committee
concluded that it was appropriate to simplify and
rationalize the present enforcement system"). The
only legislative history cited by Ms. Hisa indicating
that Congress may have reduced criminal
enforcement power when it consolidated the
criminal provisions is in the statements of those who
were opposed to the legislation, not those who
supported it. See Def's Motion No. 3 at 7. The
characterizations of opponents to legislation,
however, are entitled to little weight. See United
States v. International Union of Operating
Engineers, Local 701, 638 F.2d at 1168.

*10 While the defendant's preemption argument is
intriguing, it ultimately fails. Wisely or not, Chief
Justice Burger's holistic approach to the statute was
rejected in Buckley, and there is no language or
legislative history anywhere in the "comprehensive
scheme" that is FECA to indicate that Congress
intended to repeal any of the general criminal
provisions of Title 18 when it enacted or amended
the statute. Finally, while there are facial similarities
between the situations presented by Galliano and this
case, the significant differences that appear upon
careful analysis ultimately carry the day. The Court
therefore concludes that FECA does not displace pro
tanto the general criminal provisions in Title 18 U.S.C. §

B. Defendant's Motion to Dismiss Indictment
Because It Offends the First
Amendment (Religion)

Ms. Hisa next asserts that the indictment infringes
on the right to free exercise of religion in violation
of the First Amendment and the Religious Freedom
Restoration Act, 42 U.S.C. § 2000bb. The
indictment is premised on the government's
allegation that Ms. Hisa orchestrated a scheme in
which monks and nuns from the Hsi Lai Temple
wrote checks to political committees for which they
were reimbursed. According to the government,
the contributions therefore were made with money that
"actually" belonged to the Temple and the monks
and nuns were acting as conduits for the Temple, the
"true contributor."

Ms. Hsia maintains that the government’s theory misperceives religious doctrine and the role and use of wealth within the Buddhist community at the Temple. According to her, the Temple does not possess “property” separate from the monks’ and nuns’ property; all of the property that “belongs” to the Temple “belongs” to each of the monks and nuns. Under the Temple’s religious doctrine, funds are held communally but are used for individual personal expenses; a monastic who incurs personal expenses may receive a payment for the expense from a Temple account, but this personal expense is not thereby converted into a Temple or “corporate” expenditure. Ms. Hsia argues that because the entire premise of the indictment is that monks and nuns acted as “agents” for the Temple, the indictment necessarily relies on a notion of property that fundamentally is opposed to the religious doctrines of Humanistic Buddhism espoused by members of the Temple. She therefore contends that the indictment must be dismissed because it violates the First Amendment right to free exercise of religion. Alternatively, she has requested an evidentiary hearing on the issue of Buddhist beliefs and particularly the beliefs and practices of members of the Hi Lai Temple.

The government first contends that Ms. Hsia has no standing to assert a free exercise defense because any such First Amendment right that might be implicated in this case belongs to the Temple and its monks and nuns rather than to Ms. Hsia. Ms. Hsia argues that she meets the requirements for third party standing, and the Court agrees.

*11 A criminal defendant has standing to assert the constitutional rights of a third party provided that (1) the defendant has suffered an “injury-in-fact” giving her a concrete interest in the outcome of the issue; (2) the defendant has a close relationship to the third party; and (3) there is some hindrance to the third party’s ability to protect its own interests. See Campbell v. Louisiana, --- U.S. ----, 118 S.Ct. 1419, 1422-23, 140 L.Ed.2d 551 (1998); Purdue v. Okla., --- U.S. ---, 113 S.Ct. 1364, 113 L.Ed.2d 411 (1993). First, Ms. Hsia has suffered a cognizable injury from the alleged violation of constitutional rights in this case. If the government’s theory of property truly infringes on the religious rights of the Temple and its monastics,

Ms. Hsia’s guilt or innocence may well turn on whether she can assert the free exercise right. Unlike a case in which a criminal defendant is trying to assert the rights of a third party to suppress illegally obtained evidence, it is not clear that the indictment in this case can stand without the government’s notion of property that allegedly violates the right to free exercise. Second, Ms. Hsia has a close relationship to the Temple and its monks and nuns. Under the Temple’s religious doctrine, funds are held communally but are used for individual personal expenses; a monastic who incurs personal expenses may receive a payment for the expense from a Temple account, but this personal expense is not thereby converted into a Temple or “corporate” expenditure. Ms. Hsia argues that because the entire premise of the indictment is that monks and nuns acted as “agents” for the Temple, the indictment necessarily relies on a notion of property that fundamentally is opposed to the religious doctrines of Humanistic Buddhism espoused by members of the Temple. She therefore contends that the indictment must be dismissed because it violates the First Amendment right to free exercise of religion. Alternatively, she has requested an evidentiary hearing on the issue of Buddhist beliefs and particularly the beliefs and practices of members of the Hi Lai Temple.

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Connecticut, 310 U.S. 296, 304-07, 60 S.Ct. 900, 84 L.Ed. 1213 (1940). [FN13] The question is whether that defense may or must be resolved on a motion to dismiss or whether it is more properly a factual matter for resolution by the jury at trial.

*12 While the government does not dispute that the Temple has the right to maintain a "community treasury" from which its monks and nuns withdraw funds, it argues that Ms. Hsia's First Amendment argument raises factual issues that must await resolution by the jury at trial. Relying on United States v. Ballard, 322 U.S. 78, 64 S.Ct. 882, 88 L.Ed. 1148 (1944), Ms. Hsia counters that the indictment must be dismissed before trial because the jury cannot consider the truth or falsity of a religious belief.

The import of Ballard is clear: In the United States of America, there is no state religion, "the law knows no heresy, and is committed to the support of no dogma, the establishment of no sect." United States v. Ballard, 322 U.S. at 86 (quoting Watson v. Jones, 13 Wall. 679, 728, 20 L.Ed. 666 (1871)). No particular religion may be established by law, nor may the exercise of any be prohibited, U.S. Const., amend. I. And "[i]f one could be sent to jail because a jury in a hostile environment found [particular religious] teachings false, little indeed would be left of religious freedom." United States v. Ballard, 322 U.S. at 87. Accordingly, when jurors in a criminal trial are asked to decide whether they accept or reject a particular religious doctrine—what Justice Douglas called deciding upon the "truth or falsity" of a religious belief—"they enter a forbidden domain." Id. See In re Grand Jury Matter, Gronowiez, 764 F.2d 983, 987-88 (3d Cir. 1985), cert. denied, 474 U.S. 1055, 106 S.Ct. 793, 88 L.Ed.2d 770 (1986).

By contrast, juries routinely are asked to determine whether a person sincerely holds a religious belief and whether she acted out of or was motivated by that belief or for some other reason. See United States v. Rasheed, 663 F.2d 845, 847-48 (9th Cir.), cert. denied, 454 U.S. 1157, 102 S.Ct. 1031, 71 L.Ed.2d 315 (1982), "The First Amendment does not protect fraudulent activity performed in the name of religion," and a properly instructed jury may consider the intent or motivation of a person who invokes religious beliefs as a justification for her actions. Id. Indeed, while the Supreme Court in Ballard found that the validity of the defendants' religious beliefs was of no concern of the jury, it upheld a jury instruction that the jury could convict if it found that the defendants did not in good faith believe their representations about spiritual healing but made those representations for the purpose of obtaining money. United States v. Ballard, 322 U.S. at 84. See United States v. Seeger, 380 U.S. 163, 184, 85 S.Ct. 850, 13 L.Ed.2d 733 ("while the 'truth' of a belief is not open to question, there remains the significant question whether it is 'truly held.' This is the threshold question of sincerity which must be resolved in every case").

In this case, Ms. Hsia has presented evidence that Buddhists from the Temple believe that personally possessing property gives rise to greed, which obstructs a person's spiritual development. Def.'s Motion No. 9, Exh. 5 at 32. The Temple's monks and nuns therefore are encouraged to avoid managing personal accounts and instead to deposit all personal wealth into a community treasury and to withdraw funds only as needed for personal expenses. It would be inappropriate for the jury to consider whether that belief is true or false, acceptable or unacceptable. For instance, the jury may not consider whether it in fact is true that personal wealth obstructs spiritual development or whether it is reasonable to hold such beliefs. The jury may and in fact must consider, however, Ms. Hsia's motivation and the extent to which her conduct was motivated by the asserted religious beliefs. See United States v. Rasheed, 663 F.2d at 848.

*13 The government represents that it expects to prove at trial that "the reimbursement money actually belonged to the Temple and that the Temple and the defendant understood that the Temple was the true (and illegal) source of the funds," Gov't Memorandum in Opposition to Def.'s Preliminary Motions 1-11, 13 & 14 at 46, and that the Temple reimbursed individuals for reasons other than religious doctrine. Govt.'s Response to Def.'s Supplement to Motion to Dismiss at 4. It argues that the defendant's claim that all Temple monies are communal is a factual question and a matter of defense for the jury to consider at trial. Transcript at 45. [FN14] If the jury finds that Ms. Hsia and the Temple orchestrated the alleged scheme with the intent to defraud the United States and with the intent to cause false statements to be made to the
FEC, then it may find Ms. Hsia guilty. On the other hand, if the jury finds that Ms. Hsia's conduct in this case was motivated by a good faith belief that the Temple's property belonged to the monks and nuns, then the jury cannot find her guilty, regardless of whether it thinks that her belief or the beliefs of the Buddhists are reasonable or "true." These and similar questions of fact relating to intent or motive (as opposed to truth of falsity of a religious belief) are jury questions to be decided at trial. Accordingly, there is no need for an evidentiary hearing now. Nor is Ms. Hsia entitled to dismissal of the indictment.

III. DEFENDANT'S MOTION TO DISMISS THE INDICTMENT BECAUSE IT SELECTIVELY PROSECUTES MARIA HSIA

Ms. Hsia claims that the Campaign Finance Task Force selected her for prosecution because she is Asian, in violation of the equal protection guarantee of the Due Process Clause of the Fifth Amendment. Ms. Hsia contends that the government's impermissible motivation requires dismissal of the indictment or, at the very least, limited discovery to perfect her ability to demonstrate discriminatory intent and effect. The Court concludes that Ms. Hsia has failed to present "clear evidence" that the decision to prosecute her had a discriminatory effect and was motivated by a discriminatory purpose, and she therefore is not entitled to dismissal of the indictment. See United States v. Armstrong, 317 U.S. 456, 454, 116 S.Ct. 1480, 1481 (1996); United States v. Magana, 74 F.3d 1, 8-9 (1st Cir.1997). While she has provided "some evidence tending to show" that the prosecutorial decision both was motivated by a discriminatory purpose and had a discriminatory effect, the government in response has provided evidence that it has not discriminated against her or acted from impermissible motives. In view of the sensitive nature of the discovery sought, the fact that the government has proffered a legitimate explanation to rebut Ms. Hsia's showing of discriminatory intent and the fact that Ms. Hsia's showing of discriminatory effect is not particularly strong, the Court will exercise its discretion to deny Ms. Hsia's request for limited discovery. See United States v. Armstrong, 517 U.S. at 469.

*14 A defendant bringing a selective prosecution claim carries a very heavy burden because there is a strong presumption that prosecutors are properly discharging their official duties. See United States v. Armstrong, 517 U.S. at 464. So long as the prosecutor has "probable cause to believe that the accused committed an offense defined by statute, the decision whether or not to prosecute, and what charge to file or bring before a grand jury, generally rests entirely in [the prosecutor's] discretion." Bordenkircher v. Hayes, 434 U.S. at 364; see United States v. Wayte, 470 U.S. 598, 607, 105 S.Ct. 1524, 84 L.Ed.2d 547 (1985) (prosecutor in better position than court to assess "the strength of the case, the prosecution's general deterrence value, the Government's enforcement priorities, and the case's relationship to the Government's overall enforcement plan"). The reluctance of courts to look behind a prosecutor's charging decision rests in part on separation of powers principles and in part on a recognition that the public prosecutor, constrained by the ethics of the legal profession and the oath to uphold the Constitution and laws of the United States, will act properly and exercise reasoned discretion. In the case of a Justice Department prosecutor, the courts' reluctance to intervene is also based on a level of judicial confidence in the systems of checks and balances and review at various levels of the Department of Justice and its hierarchy of full-time, experienced professional prosecutors, up to and including the Attorney General. Judicial deference has been accorded to the Executive in these matters precisely because it has been earned, that is, because discretion traditionally has been exercised. It is, of course, quintessentially the responsibility of the judiciary to deal—and to deal firmly—with prosecutorial overreaching or abuse of power.

Prosecutorial discretion is not unlimited, and its exercise is subject to constitutional constraints. United States v. Batchelder, 442 U.S. at 125. A prosecutor may make legitimate choices but may not select to prosecute an individual on the basis of race, religion or other arbitrary classifications. United States v. Armstrong, 517 U.S. at 464 (citing Oyler v. Boles, 368 U.S. 448, 82 S.Ct. 301, 7 L.Ed.2d 446 (1962)). Thus, even where "the law itself be fair on its face, and impartial in appearance, yet, if it is applied and administered by public authority with an evil eye and an unequal hand, so as practically to make unjust and illegal discriminations between persons in similar circumstances, material to their rights, the denial of equal justice is still..."

In order to prevail on a selective prosecution claim and to obtain dismissal of an indictment, a defendant must clearly establish (1) that the prosecutorial decision was motivated by a discriminatory purpose or intent, and (2) that it had a discriminatory effect. United States v. Armstrong, 517 U.S. at 464. Discriminatory purpose may be established either with direct evidence of intent or with "evidence concerning the unequal application of the law, statistical disparities and other indirect evidence of intent." Branch Ministries v. Richardson, 970 F.Supp. 11, 17 (D.D.C.1997); see King v. Palmer, 778 F.2d 878, 881 (D.C.Cir.1985). A showing of discriminatory effect requires the defendant to demonstrate that similarly situated persons of other races, religions, national origin or ethnicity have not been prosecuted. For obvious reasons, the selective prosecution standard is a "demanding one," and the defendant must present "clear evidence" of both discriminatory intent and effect to establish her claim. See United States v. Armstrong, 517 U.S. at 463, 465. [*15] Similarly, because granting discovery with respect to a selective prosecution claim may require an examination of investigative files or secret grand jury materials, including information relating to ongoing investigations in other cases, and "will divert prosecutors' resources and may disclose the Government's prosecutorial strategy . . . [there is] a correspondingly rigorous standard for discovery in aid of such a claim." United States v. Armstrong, 517 U.S. at 468. Absent a direct admission of discriminatory intent or purpose, a defendant seeking to obtain discovery must provide "some evidence tending to show the existence" of each of the two essential elements of her selective prosecution claim: (1) that her prosecution was improperly motivated, and (2) that she was singled out for prosecution from among others similarly situated. See United States v. Armstrong, 517 U.S. at 469; United States v. Al Jibori, 90 F.3d 22, 25 (2d Cir.1996); Branch Ministries v. Richardson, 970 F.Supp. at 16. To make out such a "colorable claim" sufficient to warrant discovery, the defendant must provide something more than mere speculation or "personal conclusions based on anecdotal evidence," but the standard necessarily is lower than the "clear evidence" standard required for dismissal of the indictment. See United States v. Armstrong, 517 U.S. at 470.

Until 1996, the Public Integrity Section of the Criminal Division of the Department of Justice had primary responsibility for investigating and prosecuting criminal violations of FECA and campaign finance violations generally. In November 1996, however, the Attorney General created the Campaign Financing Task Force to investigate and prosecute campaign finance abuses stemming from the 1996 election cycle. Since its creation, the Task Force has initiated proceedings against eleven individuals, including Ms. Hsia. Of those eleven individuals, nine are Asian or Asian American. [FN15] Ms. Hsia claims that the Task Force has impermissibly selected her for prosecution on the basis of her Asian ancestry. [FN16]

The government does not dispute that nine out of a total of eleven or 82% of the individuals that the Task Force has prosecuted are Asian or Asian-American. Moreover, the two non-Asians have been charged only with misdemeanors, while eight of the nine Asians and Asian Americans face or have faced felony charges. Because the Task Force to this point has returned only eleven indictments, the sample available to Ms. Hsia is quite small. Nevertheless, the statistical disparity could, if left unexplained, suggest a discriminatory purpose or motive.

In an attempt to explain why nine of the eleven cases brought by the Task Force have involved Asians or Asian Americans, the government stated at oral argument:

Well, Your Honor, I think that everyone knows the reason why this whole Task Force developed in part because of the allegations that arose in October of 1996 concerning John Huang's activities and the activities on the West Coast and the allegations that surfaced. [*16] As a matter of fact, one of the first, if not the first allegation involved the Hsi Lai Temple and the potential illegal contributions that flowed from various events at the Temple. So, Your Honor, initially the government was pointed in that direction by the press and by things that came out concerning the community out in the Los Angeles area, specifically John Huang, and among the first people who it was alleged had engaged in potentially illegal conduct were Charlie
Trie, Maria Hsia, Pauline Kanchanalak, the other people who were indicted.

... And the Government received some of its information from those sources ... through the press and others.

Transcript at 59-61. The government also acknowledged that some of the press reports on which it relied related to testimony and statements made at congressional hearings, Id. at 61. The government maintains, however, that its charging decisions have not been influenced by the press or by Congress.

At the time of argument on this motion, it appeared from the public record that the only connections between Mr. Huang, Mr. Trie, Ms. Hsia and Ms. Kanchanalak were (1) that they are Asian or Asian American, and (2) that three of them were indicted by the Task Force grand jury. There was no suggestion that the four people mentioned acted in concert or that the violations they allegedly committed were connected or that Mr. Trie, Ms. Hsia and Ms. Kanchanalak were connected to "the West Coast" and to John Huang. If the only commonality between them was their Asian ancestry, the government's general statements at argument would be insufficient to explain away the statistics and might leave a colorable basis for Ms. Hsia's claim that the prosecutors' decision to prosecute her for felonies was motivated by discriminatory intent or motive. See United States v. Al Jibori, 90 F.3d at 26.

Since the argument, however, the government has provided a bill of particulars indicating that there was indeed a connection between Ms. Hsia, her California-based co-conspirators and Mr. Huang and that they did act in concert. It has indicated that it intends to prove at trial that Ms. Hsia met John Huang at the Hsi Lai Temple and that one of the monastics provided checks either to the defendant or to Mr. Huang. See Bill of Particulars at 6, 18-19. Furthermore, recent press accounts indicate that a central feature of the case against Pauline Kanchanalak and her co-defendant, Duangpet "Georgia" Kronenberg, was a Democratic-sponsored coffee with the President that John Huang orchestrated and that Ms. Kanchanalak and Ms. Kronenberg attended with Mr. Huang on June 18, 1996. See Robert L. Jackson and Ronald J. Ostrow, Primary Target Charged in Probe of Clinton Donor, L.A. Times, July 14, 1998, at A1. See also United States v. Kanchanalak, Criminal No. 98-0241 (D.D.C.), Indictment at ¶ 51. Thus, the government has provided evidence of more of a connection between Mr. Huang and Ms. Hsia, Ms. Kanchanalak and Ms. Kronenberg than originally appeared and has demonstrated that the Huang and West Coast connections have some factual basis. Its explanation of why at least four of the nine Asians or Asian Americans have been indicted provides a legitimate non-discriminatory motive for the prosecutions. [FN17]

*17 While the government has offered an explanation to rebut Ms. Hsia's statistical showing of discriminatory intent or motive, intent is difficult to establish without some discovery. See Branch Ministries v. Richardson, 970 F.Supp. at 17. Accordingly, if her evidence of discriminatory effect were stronger, Ms. Hsia probably would have a sufficient showing to warrant some discovery. Ms. Hsia's showing of discriminatory effect, however, is quite fragile. [FN18]

In order to establish discriminatory effect, Ms. Hsia must provide evidence that there are individuals or entities who (1) are not Asian or Asian American, (2) committed similar offenses in connection with the 1996 federal election cycle, and (3) have not been prosecuted by the Task Force. See Attorney General v. The Irish People, Inc., 684 F.2d 928, 946 (D.C.Cir.1982), cert. denied, 459 U.S. 1172, 103 S.Ct. 817, 74 L.Ed.2d 1015 (1983). The government contends that Ms. Hsia has pointed to no similarly situated persons who have not been prosecuted by the Task Force, but that is not so. Ms. Hsia initially pointed to at least 13 and perhaps as many as 39 instances in which she maintains that similarly situated non-Asian individuals and entities were not prosecuted. Def's Motion to Dismiss Indictment Because It Selectively Prosecutes Maria Hsia at 4-10. While on closer analysis it appears that only two of the instances identified in her initial filing, General Cigar Company, Inc. ("GCC") and Elgin Builders, Inc., may have been similarly situated, the alleged violations in those two instances do bear similarities to the alleged violations in Ms. Hsia's case.

In both cases, the FEC investigated concealment violations committed during the 1996 federal election cycle and found reason to believe that those persons and entities had violated the law. See Def's...
Motion 10, Exh. 4-5, 21. In both cases, the laws that the FEC found reason to believe the individuals had violated are the same laws that form the basis for the charges in Ms. Hsiu's case: the prohibition against contributions in the name of another and the prohibition against corporate contributions. To date, however, none of the individuals or entities involved in those two schemes has been prosecuted by the Task Force. [FN19]

In a recent filing, Ms. Hsiu also argues that the Task Force has made a decision not to prosecute Haley Barbour (a Caucasian American), the former Chairman of the Republican National Committee ("RNC"), with respect to foreign contributions and possibly false statements made to the FEC in RNC reports. See Supplement to Motion to Dismiss Indictment Because It Selectively Prosecutes Maria Hsiu at 2-3. The allegations against Mr. Barbour and the allegations in the indictment against Ms. Hsiu undoubtedly both involve campaign finance improprieties, but the alleged schemes in the two situations appear to be different. Ms. Hsiu characterizes Mr. Barbour's offense as one in which the Republican National Committee "received foreign money in the form of a 'loan' from a related organization." Id. at 2. While Ms. Hsiu may be correct that "no-one should be held to a higher standard than an individual who heads a national political party," id. at 2 (emphasis in original), her characterization of Mr. Barbour's situation, even if true, raises additional complexities not present in her case. The two cases therefore are not similar.

18 The Court is left with only two arguably similar cases to establish discriminatory effect. If Ms. Hsiu had provided stronger evidence of discriminatory intent or if the government had not proffered a legitimate explanation of the glaring-statistics, the showing of discriminatory effect may have constituted a "colorable basis" sufficient to warrant discovery. Cf. United States v. Al Jibori, 90 F.3d at 22. Under the circumstances, however, the Court cannot conclude that Ms. Hsiu has met the rigorous standard set forth in Armstrong. In view of the facts alleged in the bill of particulars and in the Kanchanalak/Kroenkeberg indictment, as well as those contained in an ex parte, in camera submission filed by the government and accepted for consideration by the Court, the Court concludes that discovery into the prosecutorial process is not warranted. [FN20]

IV. DEFENDANT'S MOTION TO DISMISS CONSPIRACY COUNT FOR FAILURE TO STATE AN OFFENSE

The indictment alleges in Count 1 that Ms. Hsiu "knowingly and willfully" conspired to defraud the United States, by impairing, obstructing, impeding, and defeating the lawful functions and duties of the FEC and the INS in violation of 18 U.S.C. § 371. Indictment at 4. Ms. Hsiu has moved to dismiss the conspiracy count for failure to state an offense or, in the alternative, to strike the Immigration and Naturalization Service as an object of the conspiracy.

Ms. Hsiu asserts that the conduct alleged in the indictment has only an attenuated connection to the FEC and virtually no connection to the INS and that the indictment does not allege that any function of the FEC or the INS was impaired by the alleged conduct. Ms. Hsiu appears to be making the general argument that the offense of "conspiracy to defraud the United States" under 18 U.S.C. § 371 must be construed narrowly and that the connection between her conduct and the agencies is too attenuated to state a Section 371 offense. See Hammerschmidt v. United States, 265 U.S. 182, 44 S.Ct. 511, 68 L.Ed. 968 (1924). The Court disagrees.

The conspiracy count alleges that the FEC is an agency of the United States government "entrusted with the responsibility of enforcing the reporting requirements of the FECA ... and responsible for making available to the public certain information about the amounts and sources of political contributions to federal candidates and their political committees," and that the INS is an agency of the United States government entrusted with the responsibility of enforcing the Immigration and Naturality Act, including a provision applying to religious workers who can obtain special visas to enter or remain in the United States "for the purpose of working for a bona fide nonprofit religious organization." Indictment at ¶¶ 6-8. The indictment next alleges that Ms. Hsiu and other named and unnamed co-conspirators entered into an agreement to prevent the INS and the FEC from learning that IBPS, a corporation, had unlawfully made political contributions. Finally, the indictment alleges a series of overt acts taken by Ms. Hsiu and her alleged co-
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conspirators to prevent the INS and the FEC from learning about the illegal contributions, including the implementation of an elaborate conduit scheme to conceal from the FEC the fact that IBPS was making political contributions and the submission of a document to the INS indicating that "IBPS had not participated in any political campaign." Indictment at ¶¶ 40(d), (e), (k), (l).

*19 While Ms. Hsia is correct that in order to establish a conspiracy to defraud the United States the government must prove that the object of the conspiracy was to obstruct a specific function of a government agency, see United States v. Haga, 821 F.2d 1036, 1041 (9th Cir.1987), the indictment in this case clearly alleges that the object of the conspiracy was to obstruct specific functions of specific agencies. With respect to the FEC object of the conspiracy, the indictment specifically states that one of the functions of the FEC is to enforce the various provisions of FECA, including its prohibition of corporate and conduit contributions. The object of the alleged conspiracy was to prevent the FEC from learning that IBPS in fact was violating these provisions of FECA. Indictment at ¶ 11.

With respect to the INS object of the conspiracy, the indictment specifies that one of the functions of the INS is to enforce the provisions of the Immigration and Nationality Act addressing the "religious worker" program. The indictment alleges that it was an object of the conspiracy to prevent the INS from learning that IBPS gave political contributions, a fact which may have jeopardized IBPS' eligibility for the religious worker program. Indictment at ¶ 12. The indictment therefore specifically alleges a conspiracy to impair and impede specific functions of the FEC and the INS. The government, of course, will have the burden of proving the existence of a conspiratorial agreement and the obstruction of a function of the FEC or the INS at trial, but the indictment sufficiently alleges a Section 371 conspiracy. [FN21]

As for Ms. Hsia's alternative request that the Court strike the INS as an object of the conspiracy, the Court's initial concerns about whether there was any evidence of a connection between Ms. Hsia's activities and the lawful functions of the INS, see Opinion of August 13, 1998 at 30-31, have been allayed by the government's bill of particulars. See Bill of Particulars at 9–13 ("From 1993 through 1996, the defendant and IBPS concealed that the Temple was the true source of funds for contributions to local, state and federal candidates, and provided false and misleading documentation to the INS in connection with 1-429 and 1-360 petitions for persons to work at the Hsi Lai Temple ... Based upon the false and misleading documentation in the applications, the INS took no action to investigate the Temple's activities or tax status, and generally approved the applications with dispatch"). The INS therefore will not be stricken as an object of the conspiracy.

V. MOTIONS TO DISMISS FALSE STATEMENTS COUNTS

Counts 2-6 of the indictment charge Ms. Hsia with having caused various political committees to make false statements to the FEC in violation of 18 U.S.C. §§ 1001 and 2(b). Section 1001 provides, in relevant part, that "[w]hoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully (1) falsifies, conceals, or covers up by any trick, scheme, or device a material fact; (2) makes any materially false, fictitious, or fraudulent statement or representation; or (3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry" shall be held criminally liable. 18 U.S.C. § 1001. Section 2(b) provides that ". . . whoever willfully causes an act to be done which if directly performed by him or another would be an offense against the United States, is punishable as a principal." 18 U.S.C. § 2(b) (emphasis added).

*20 All of the false statements counts allege that Ms. Hsia "knowingly and willfully caused the submission of a material false statement to the FEC" by causing a federal political committee to file a report with the FEC that listed certain individuals as "contributors" when Ms. Hsia "knew, in truth and in fact, [that] the individuals named in the report were not the actual contributors." See, e.g., Indictment at ¶ 43. Each of the five counts alleges that Ms. Hsia solicited the contributions that led to the making of false statements by the political committees; Count 6 also alleges that in one case Ms. Hsia acted as one of the conduits. Indictment at ¶ 54. The indictment does not identify the "actual"
contributor in Counts 2 and 3, but it alleges that the "actual" contributor in Counts 4-6 was the Hai Lai Temple. The government has specified that the "false statements" are the names of the "contributors" listed by the political committees in their reports to the FEC and that the political committees took the names from the signature line of the checks submitted to them. The falsity, according to the government's theory, stems from the fact that the names listed on the reports are not the names of the "actual" contributors but instead are the names of the "conduits" who signed the checks.

To recapitulate the bare factual allegations of the indictment and the words of Sections 1001 and 2(b), however, does not capture the Alice-in-Wonderland-like maze of logical leaps and tangled inferences that are required in order to find that this indictment adequately alleges Section 1001 and 2(b) violations or to find that anyone in Ms. Hsia's position would be on notice that her alleged conduct violated these statutes. At every turn, one encounters another place where the government's theory defies logic and stretches almost beyond recognition the two criminal statutes on which it rests. Only by invoking the most highly technical and inventive reasoning does the indictment even arguably allege conduct that constitutes the essential elements of the offense: false statements, causation, and knowing and willful conduct. While inventive and clever applications of statutes may have their place in some legal settings, they have no place in an indictment charging someone with serious felonies for conduct that implicates several of the protections of the First Amendment and has such a tenuous relationship to the ultimate submission of a false statement to the FEC. The Court concludes that any finding that the conduct alleged in the indictment constitutes a false statements offense would require an impermissibly strained reading of Sections 1001 and 2(b). These counts therefore must be dismissed. [FN22]

One of the fundamental problems with the indictment is that it provides no details with respect to how the conduct alleged constitutes the essential elements of the offenses charged. Each of the essential elements is included only by virtue of the fact that the indictment faithfully recites the words of the statutes. Ms. Hsia "knowingly and willfully" "caused" the submission of "false statements" to the FEC. Generally, of course, it is sufficient for an indictment to charge the criminal offense in the words of the statute itself, provided that those words "fully, directly, and expressly, without any uncertainty or ambiguity, set forth all the elements necessary to constitute the offense intended to be punished." Hamling v. United States, 418 U.S. 87, 117, 94 S.Ct. 2887, 41 L.Ed.2d 590 (1974) (quoting United States v. Carl, 105 U.S. 611, 612, 26 L.Ed. 1135 (1882)). The bare recitation of the statutory language, however, must also be "accompanied with such a statement of the facts and circumstances as will inform the accused of the specific offense, coming under the general description, with which [she] is charged." Id. Especially where "the statutory definition of an offense employs generic terms, it is not sufficient to charge the offense in the same terms employed by the statute; the indictment must 'descend to particulars.' " United States v. Sullivan, 919 F.2d 1403, 1411 (10th Cir.1990) (quoting Russell v. United States, 369 U.S. 749, 765, 82 S.Ct. 1038, 8 L.Ed.2d 240 (1962)). See also United States v. Salisbury, 983 F.2d 1569, 1375 (6th Cir.1993).

21 This specificity requirement serves several purposes required by the Constitution and identified by the Supreme Court over a century ago. First, there is the "fair notice requirement that the indictment must furnish the defendant with "such a description of the charge" against her so that she is able to "make [her] defense." United States v. Cruikshank, 92 U.S. 542, 558, 23 L.Ed. 588 (1875). Second, the indictment must allege the conduct being charged with sufficient particularity that the defendant can raise her conviction or acquittal as a bar to future proceedings based on the same conduct. Hamling v. United States, 418 U.S. at 117. Finally, the indictment must be sufficiently detailed to "inform the court of the facts alleged, so that it may decide whether they are sufficient in law to support a conviction, if one should be had. For this, facts are to be stated, not conclusions of law alone." United States v. Cruikshank, 92 U.S. at 558.

In this case, it is not clear how the alleged conduct satisfies any of the essential elements of the two statutes that are invoked. The elements are so hopelessly entangled that it is impossible for either the Court or Ms. Hsia to determine precisely what conduct on her part has subjected her to prosecution.
on these charges. See United States v. Salisburge, 93 F.2d at 1375 (dismissing indictment because it "fails to adequately notify the defendant of the specific occurrences which constituted the charges against her"). For instance, because it is not all clear from the indictment whether or how the statements are false, it is difficult to determine whether Ms. Hisa "caused" the false statements to be made by taking actions to mislead someone else into making affirmatively "false" statements or whether she "caused" the false statements by taking some action that was independent of the making of the statement and that made the statements false. Similarly, because the indictment does not clearly articulate what "act" by Ms. Hisa "caused" the false statements, it is difficult, if not impossible, to determine whether Ms. Hisa could have taken that act with the requisite knowledge to meet the "willful" intent element. Because the facts and circumstances alleged in the indictment appear to be only tangentially related to the offenses charged, the Court would have to read Sections 1001 and 2(b) very broadly indeed in order to find that the indictment serves the purposes constitutionally required of an indictment and that it adequately alleges violations of those statutes.

The problem is exacerbated by the fact that the indictment in this case charges conduct in an area that is permeated by First Amendment considerations, and overly broad or vague applications of the statutes invoked therefore are constitutionally impermissible. Because limitations on campaign contributions operate in an area of the most fundamental First Amendment activities," Buckley v. Valeo, 424 U.S. at 14, any regulation of campaign contributions is subject to close scrutiny to ensure that the government's interest in regulating that activity outweighs any burden on the First Amendment and to ensure that the legislation is carefully tailored and "closely drawn" to protect the First Amendment rights at issue. Id. at 25. [FN23]

All the more so when criminal sanctions are involved and when a prosecutor goes outside the carefully structured regulatory scheme provided by Congress in devising a theory of prosecution.

*22 The combination of the First Amendment interests at stake and the threat of a criminal prosecution necessitates a close examination of any indictment to ensure that the statutes utilized are neither overly vague nor overly broad in their language or in their application. See Buckley v. Valeo, 424 U.S. at 40-41 (close examination required where legislation imposes criminal penalties "in an area permeated by First Amendment interests"); id. at 76-77 (in analyzing independent expenditure disclosure provision, Court conducts First Amendment vagueness analysis, noting that "the provision raises serious problems of vagueness, particularly treacherous where, as here, the violation of its terms carries criminal penalties and fear of incurring these sanctions may deter those who seek to exercise protected First Amendment rights"); see also Grayned v. Rockford, 408 U.S. 104, 92 S.Ct. 2294, 33 L.Ed.2d 222 (1972) (even a "clear and precise enactment may nevertheless be 'overbroad' if in its reach it prohibits constitutionally protected conduct"). The due process doctrines of vagueness and overbreadth together guard against "the danger of tolerating, in the area of First Amendment freedoms, the existence of a penal statute susceptible of sweeping and improper application. These freedoms are delicate and vulnerable, as well as supremely precious in our society. The threat of sanctions may deter their exercise almost as potently as the actual application of the sanctions." NAACP v. Button, 371 U.S. 415, 433, 83 S.Ct. 328, 9 L.Ed.2d 409 (1963). [FN24]


The overbreadth doctrine is aimed at laws that are drafted so broadly that they sweep within their scope both expression that is protected by the First Amendment and unprotected expression or conduct.
The doctrine is "predicated on the sensitive nature of protected expression: persons whose expression is constitutionally protected may well refrain from exercising their rights for fear of criminal sanctions by a statute susceptible of application to unprotected expression." (New York v. Ferber, 458 U.S. 747, 768, 102 S.Ct. 3348, 73 L.Ed.2d 1113 (1982) (quoting Village of Schaumberg v. Citizens for a Better Environment, 444 U.S. 620, 634, 100 S.Ct. 826, 63 L.Ed.2d 73 (1980)). Because the vice of an overly broad statute is the risk that it will encompass both protected and unprotected expression or conduct, the Supreme Court has entertained attacks on such statutes "even though the conduct of the person making the attack is clearly unprotected and could be proscribed by a law drawn with the requisite specificity." (New York v. Ferber, 458 U.S. at 769. [FN26]"

*23 There is no doubt that the conduct charged here could constitutionally be "prescribed by a [criminal] law drawn with the requisite specificity." (New York v. Ferber, 458 U.S. at 769, and that the conduct in fact has been proscribed, at least in part, by Congress in FECA. See 2 U.S.C. § 441f. ("No person shall make a contribution in the name of another person, knowingly permit his name to be used to effect such a contribution."). Nor is there any doubt that Congress could conclude that felony rather than misdemeanor penalties are appropriate for the conduct it proscribes. See supra at 13 n. 9. The issue in this case is whether charging the conduct described in the indictment under Sections 1001 and 2(b) would require a constitutionally overbroad or vague application of those statutes to this conduct.

The facial constitutionality of Sections 1001 and 2(b) is not at issue. They have been applied in a myriad of contexts and to a wide variety of conduct since the turn of the century, even in some cases where the First Amendment arguably was implicated. See, e.g., United States v. Rodgers, 466 U.S. 475, 484, 104 S.Ct. 1942, 80 L.Ed.2d 492 (1984) (Section 1001 constitutional as applied to defendant who made false report to FBI and Secret Service); United States v. Daly, 756 F.2d 1076, 1081-82 (5th Cir.) (Sections 1001 and 2 constitutional as applied to scheme setting up churches to avoid income tax because jury considered only whether religious beliefs were truly held, not truth or falsity of beliefs), cert. denied 474 U.S. 1022 (1985). In this case, however, it requires an extraordinarily deft and clever reading of the false statements statute and Section 2(b) to discern the basic elements of the offense as applied to the conduct alleged: (1) a false statement, (2) a causal link between Ms. Hsia and the false statement, and (3) the requisite knowledge and intent. In the face of an indictment that so obscurely charges violations of Sections 1001 and 2(b), the due process doctrines of overbreadth and vagueness prevent this Court from stretching Sections 1001 and 2(b) so far beyond their generally accepted scope to reach the conduct alleged.

For starters, it is a battle to find the false statements in the indictment. A false statement is an essential element of a prosecution under 18 U.S.C. § 1001, and if the statement at issue is literally true a defendant cannot be convicted of violating Section 1001. See Bronston v. United States, 409 U.S. 352, 357-58, 93 S.Ct. 595, 34 L.Ed.2d 568 (1973) (insufficient statement, even if intended to deceive, insufficient to sustain conviction of perjury); United States v. Milton, 8 F.3d 39, 45 (D.C.Cir.1993), cert. denied, 513 U.S. 919, 115 S.Ct. 399, 130 L.Ed.2d 212 (1994) ("Falsity is an essential element of the section 1001 offense."). [FN27] The indictment in this case alleges that the "false statements" are the names of people who were "falsely identified" as contributors in the political committees' reports to the FEC. Ms. Hsia argues that the reports filed by the political committees make no factual assertions that the persons listed are the "true" or "actual" sources of the receipts, and she is quite right that the reports and the attached schedules do not expressly assert that the names listed are the "true sources" of the contributions.

*24 The government contends, however, that those reports, when read in conjunction with the accompanying regulations and statutory provisions, imply an assertion that the listed names are the "true sources" of the contributions. This argument would make sense if a political committee treasurer or some other sophisticated committee official who actually made the "statement" to the FEC, knowing it was false and with the intent to deceive, had been indicted, either alone or as a co-conspirator with someone like Ms. Hsia. It is a stretch, however, to apply that reasoning here.

FECA requires political committees to exert best
efforts to identify each person who makes a contribution to the political committee during the particular reporting period and whose aggregated contributions in that calendar year exceed $200 and to report that identification to the FEC. 2 U.S.C. §§ 432(2), 434(d). Various FEC regulations require "reporting committees" to exert "best efforts" to obtain the "identification" of each individual who contributes an amount in excess of $200 to the committee's federal ("hard money") account and to report that information. 11 C.F.R. § 104.8(a). The regulations specify that the "identification" shall include the individual's name, mailing address, occupation, the name of his or her employer, if any, and the date of receipt and amount of any such contribution. Id. In addition, the regulations provide that "[a]bsent evidence to the contrary, any contribution made by check, money order, or other written instrument shall be reported as a contribution that has been made by the last person signing the instrument prior to delivery to the candidate or committee." 11 C.F.R. § 104.8(c).

The itemization of the political committee's receipts generally is attached as a schedule to the summary report to the FEC of disbursements and receipts for the reporting period. The FEC has a specific form, Schedule A, on which the political committees are supposed to itemize receipts. Schedule A includes a line for the name of the committee, and then has boxes for listing various categories of information, including "Full Name, Mailing Address and ZIP Code," "Name of Employer," and "Amount of Each Receipt this Period." The itemization of receipts that contain the alleged false statements in this case appear to be simply computer print-outs with columns of names and addresses, employers/occupations, dates, amounts and, in some cases, year to date aggregate amounts. See Def's Motion No. 6, Exh. A-E.

While political committees must exert best efforts to identify individual contributors from whom they receive contributions, the contributors themselves have no duty to disclose any identifying information to the political committees, including even their name. Republican Nat'l Comm'n v. Federal Election Comm'n, 64 F.3d 400, 406 (D.C.Cir.1996) (contributor has no duty to reveal identity to FEC or political committees), cert. denied, --- U.S. ----, 117 S.Ct. 682, 135 L.Ed.2d 607 (1997). The statute and the regulations therefore place no disclosure obligation on contributors and contain a "safe harbor" provision for political committees: If the political committee exerts its "best efforts" to obtain the relevant identifying information, including mailing a one-time request for such information to the contributor, id. at 403, 406, the report of the committee "shall be considered in compliance with" FECA. 2 U.S.C. § 432(i); 11 C.F.R. § 104.7. Thus, if the contributor does not respond to the committee's request, as is her right, the committee will have no information other than the check. It then may report the last name on the check to the FEC as the presumptive "contributor," and the committee is deemed to have met its obligations. See 11 C.F.R. §§ 104.7, 104.8(c).

25 Ms. Hsia argues that because the FEC's Schedule A never specifies that the political committee must list the name of the "true" or "actual" source of the contribution, the political committee's failure to list the "true" source of the contribution cannot constitute a "false statement." Ms. Hsia is correct that the political committees' reports and the attached schedules do not expressly assert that the names listed on it are the "true sources" of the contributions. Furthermore, although the definition of the word "contribution" in FECA occupies pages of the United States Code, the statute itself never explicitly defines contribution with reference to the "true source" of the funds. See 2 U.S.C. § 431(f). [FN28] The government therefore is left to argue that a factual assertion that the name listed on the form is the true source of the contribution can be implied from FECA and the accompanying regulations.

There is at least a plausible argument that knowledgeable and sophisticated political committees or committee treasurers implicitly assert when they submit reports to the FEC that to the best of their knowledge the names listed on the reports are the "true sources" of the contributions. First, the regulations stating that "[a]bsent evidence to the contrary, any contribution made by check, money order, or other written instrument shall be reported as a contribution by the last person signing the instrument prior to delivery to the candidate or committee," 11 C.F.R. § 104.8(c), implies that if there is "evidence to the contrary" of which the political committee is aware, the committee may not report the contribution as having been made by the last person signing the instrument. The FEC
regulation, if not the statute itself, therefore implies that the term "contributor" is not synonymous with the phrase "the last person signing the instrument" and that the political committee is supposed to identify the "true source" of a contribution if it knows the true source.

Second, FECA provides that "[n]o person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person." 2 U.S.C. § 441f. Because the term "contribution" is used in this section of FECA in conjunction with the person who is the actual source of the funds, rather than with the "name of another person," and because the same statutory definition of "contribution" applies in every section of FECA that uses the term (with one exception not relevant here), there is an implication that the term "contributor" means the true source, rather than the person whose name has been used.

[FN29]

The provisions of FECA and the regulations on which the Court must rely to find false statements set forth the requirements for the filing of committee reports with the FEC in terms of the obligations and knowledge of the political committee treasurer, not someone like Ms. Hsia. When the treasurer signs his or her name to such a report, it is a relatively simple matter to determine the implied assertions that are being made. If the treasurer lists a name on the committee report that comes from the payor line on a check, he or she asserts that "best efforts" have been made to obtain complete identifying information—"in other words, that the treasurer has asked for identifying information—and that the treasurer has no evidence that the listed name is not the actual contributor. Therefore if the treasurer knowingly lists a conduit as the true contributor, he or she could properly be indicted for making a false statement under 18 U.S.C. § 1001. Similarly, if Ms. Hsia or a conduit contributor had knowingly conspired with the treasurer to have the treasurer intentionally misidentify the true contributor in a report to the FEC, there might be a legitimate charge of making a false statement or, more probably, of conspiracy to violate the false statements statute. [FN30]

[FN30]

*26 The indictment here, however, does not allege that Ms. Hsia conspired with political committee treasurers to conceal from the FEC the identities of actual contributors and, absent any allegation of wrongful knowledge on the part of the political committees referred in the indictment, it is difficult to ascertain what, if any, implied assertions the political committees made in their reports and whether any of those assertions were "false." In this area of First Amendment protections, the very fact that it is necessary to draw so many inferences and assume such detailed knowledge of arcane regulations in order to find that the reports contain false statements counsels against concluding that Section 1001 reaches such "statements."

The next hurdle for the government to overcome in the due process analysis relates to the "causation" requirement of 18 U.S.C. § 2(b). Ms. Hsia argues that the indictment does not allege any conduct on her part that could have "caused" the political committees to file false statements, but alleges only that she "knew" that the "individuals named in the report[s] were not the actual contributors." See, e.g., Indictment at ¶ 43. She further maintains that her knowledge that the reports contained false statements is insufficient to establish that she "caused" the false statements to be made. Ms. Hsia is correct, of course, that in order for the government to prove that she "caused" a false statement to be made, it must prove more than mere knowledge of falsity. It must also prove that she took some affirmative action—engaged in some conduct—that led the political committees to file statements with the FEC that were false, and that she acted knowingly and willfully. If the indictment alleged only that Ms. Hsia "knew," in truth and in fact, that the individuals named in the report were not the actual contributors, see, e.g., Indictment at ¶ 43, Ms. Hsia certainly would be entitled to dismissal of the false statements counts.

The indictment does slightly more than Ms. Hsia suggests, however. It tracks the language of the statute and alleges that Ms. Hsia "caused the submission of a material false statement to the FEC." See, e.g., Indictment at ¶ 43. In most cases, it would be sufficient to withstand a motion to dismiss an indictment simply to invoke the statutory word conjuring the act or conduct engaged in—in this case "cause[d]—along with the mensal element required by the statute, "willfully." See Hamilton v. United States, 418 U.S. at 117. But where the facts

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alleged do not clearly constitute the conduct charged, the indictment has not served its purpose of fairly informing the accused of the offense with which she has been charged. See id.; United States v. Salisbury, 983 F.2d at 1375 (indictment alleging violation of multiple voting statute must be dismissed where none of facts alleged in indictment clearly constituted multiple voting as commonly understood). Furthermore, in the First Amendment area, due process requires the Court to consider whether the statutes invoked have been impermissibly stretched and too broadly applied. In this case, the First Amendment concerns of Buckley and the overbreadth and vagueness doctrines present insurmountable constitutional impediments to this combined Sections 20(b)/1001 prosecution for causing false statements.

*27 At oral argument, the government proffered that it intends to prove that Ms. Hsia "caused" the political committees to make false statements by soliciting conduit contributions (or, in certain cases, that "she solicited through others") and "in certain instances that she took steps to forward the conduit checks to the respective committees." Transcript at 138-39. According to the government's proffer, Ms. Hsia took the affirmative steps of soliciting conduit contributions and putting conduit checks in the mail or handing them to a representative of the political committee, and she thereby "put into motion a series of events which ultimately led to the false statements being submitted to the FEC." Id. at 138. [FN31]

The problems with the government's theory abound. First, the checks themselves do not make any assertions as to whether the person who signed the check was the true source of the contribution, and since a check is not an affirmative statement of anything, it cannot make any affirmative misrepresentations. Williams v. United States, 458 U.S. 279, 284, 102 S.Ct. 3088, 73 L.Ed.2d 767 (1982) (signature on check implies only factual assertion that drawer will make good on obligation if bank refuses to honor check; signature is not factual assertion at all and does not even imply that sufficient funds are in account to cover check); United States v. Elloix, 699 F.2d 178, 180-81 (10th Cir.1983) (same; conviction reversed and remanded with instructions to dismiss indictment). Furthermore, since a contributor has no obligation to disclose any identifying information to the political committee or to the FEC and may simply not respond when the political committee meets its minimal statutory obligation of asking for such information, Republican Nat'l Comm'n v. Federal Election Comm'n, 76 F.3d at 406, the signature on the check is not an indication of anything more than that the signatory signed the check; it says nothing about whose money is being conveyed by the check that is presented. Cf. Bronson v. United States, 409 U.S. 352, 357-58, 93 S.Ct. 595, 34 L.Ed.2d 568 (1973) (unresponsive statement, even if intended to deceive, insufficient to sustain conviction of perjury). Absent some additional affirmative conduct, Ms. Hsia's solicitation or delivery or mailing of checks could not have "caused" the political committees to make false statements. [FN32]

While the government may have an argument that Ms. Hsia's actions were a "but for" cause of the alleged false statements, there comes a point when the causal links are so attenuated that a "but for" causal connection is not enough under the Due Process Clause to hold someone criminally responsible for a particular outcome. In a case with no First Amendment implications, perhaps the meaning of Section 20(b) causation could be stretched to cover the kind of conduct alleged as the government proposes. Given the pervasive First Amendment ramifications at stake here, however, Section 20(b) cannot be so distorted. [FN33]

*28 All of this is not to say that the government may not criminally prosecute the conduct alleged in the indictment under a narrowly drawn statute. But when general criminal statutes are used in an attempt to impose criminal liability in an area that is both First Amendment-sensitive and highly technical and complex, the Court must guard against the risk that legitimate and protected speech will be chilled, that a prosecutorial net, thrown broadly, will ensnare the innocent for unknowing or technical violations and will engender fear among those seeking to engage in legitimate protected First Amendment activity. See Buckley v. Valeo, 424 U.S. at 76-77; Cantwell v. Connecticut, 310 U.S. at 308. [FN34]

The Court is not unmindful that even in areas of First Amendment concern, the expansive constitutional guarantees of fair notice, required both of the indictment and of the criminal statute at issue, and the constitutional protection against overly
broad constructions of statutes are neither often nor lightly used by the courts to dismiss an indictment or reverse a conviction. Often these doctrines provide "little more than atmospherics," and the courts "do not tolerate judicial rewriting of otherwise validly enacted criminal statutes." See United States v. Notziger, 878 F.2d at 456 (Edwards, J. dissenting). These doctrines gain true significance and substance, however, in those rare cases when an indictment so distorts a criminal statute that the words of the statute lose all meaning. It simply is not true that when the government uses a word, that word means what the government chooses it to mean. When faced with such an indictment, a court has the obligation to restore some boundaries to the words of the statute.

The remoteness of Ms. Hsia's position in relation to the FEC, the case law with respect to "literal truth," the fact that a check is not a statement, and the willful intent hurdle discussed in a previous opinion in this case together make it impossible to conclude that Sections 1001 and 2(b) can be applied consistently with the Constitution to the conduct alleged here. Any finding that Sections 1001 and 2(b) proscribe the conduct alleged in Counts 2-6 would require an unconstitutionally overbroad and vague reading and application of those statutes. The Court therefore concludes that they do not reach the conduct alleged in this indictment and that Counts 2-6 must be dismissed. The Constitution requires no less.

An Order consistent with this Opinion will be issued this same day.

SO ORDERED.

ORDER

For the reasons stated in the Opinion issued this same day, it is hereby

ORDERED that Counts 2-6 of the indictment are DISMISSED; it is

FURTHER ORDERED that defendant's Motion No. 2 (to Dismiss Counts in the Indictment For Their Positive Repugnance to the Federal Election Campaign Act) is DENIED; it is

FURTHER ORDERED that defendant's Motion No. 3 (to Dismiss Count 1 of the Indictment for

Failure to State an Offense) is DENIED; it is

FURTHER ORDERED that defendant's Motion No. 9 (to Dismiss Indictment Because it Offends the First Amendment) is DENIED; and it is

FURTHER ORDERED that defendant's Motion No. 10 (to Dismiss Indictment Because It Selectively Prosecutes Maria Hsia) is DENIED.

SO ORDERED.

FN1. With one exception, the Court already has dealt with the other pretrial motions that were argued on July 27 and 28, 1998. See Opinion of August 13, 1998. The remaining motion, Motion No. 4 (to Dismiss Indictment Because It Is Tainted) is dealt with in a separate Memorandum Opinion and Order issued today.

FN2. "Contribution" is separately and more broadly defined for purposes of 2 U.S.C. § 441b. 2 U.S.C. § 441b(2). The separate definition, however, is irrelevant to this case.

FN3. IBFS has not been indicted for its alleged role in the conspiracy.

FN4. The bill reported out of the Committee on House Administration imposed higher penalties for "willful" violations of the disclosure provisions and also provided that any "violation of this legislation by a person who, at the time of the violation, was a candidate for Federal elective office (other than President or Vice President) will disqualify such person from becoming a candidate for Senator, Representative, Delegate, or Resident Commissioner for a period of five years." H.R.Rep. No. 92-564, at 12-13 (1971). Those penalties did not survive.

FN5. One can certainly debate the wisdom of the distinctions made by the Court—whether expenditure limitations are more intrusive of First Amendment interests than contribution limitations. Whether both should have been treated the same for First Amendment purposes, and, if they were so treated, whether First Amendment principles and the furtherance of free and robust political debate would be better served by no restrictions or greater restrictions. Justice Thomas' partial dissent in Colorado Republican Federal Campaign Comm., v. Federal Election Comm'n, 518 U.S. 604, 631-49, 116 S.Ct. 2309, 135 L.Ed.2d 795 (1996) (Thomas, J., dissenting in part), provides a particularly instructive discussion of the view that there is no
principled reason to distinguish between contributions and expenditures for First Amendment analysis.

FN7. In addition to the Chief Justice and Justice White, Justice Marshall, Justice Blackmun and now Chief Justice Rehnquist all disdained from portions of the Court's opinion. Justice Stevens, newly-appointed to the Court, did not participate. So much of our federal regulatory regime with respect to federal elections and our practical politics have been driven by the opinion in Buckley for over two decades, perhaps it is now time— or past time—for both Congress and the Supreme Court to seriously reexamine it. See, e.g., Colorado Republican Federal Campaign Comm. v. Federal Election Comm'n, 518 U.S. at 631-49 (Thomas, J., dissenting in part).

FN8. That provision, now codified at 2 U.S.C. § 437g(6)(A), has remained essentially the same since 1976, except that the threshold level of aggregated contributions or expenditures necessary to trigger these criminal penalties has been increased to $2000 or more during a calendar year.

FN9. Before the 1976 amendments, 18 U.S.C. §§ 608, 610, 611, 612, 614, 615, 616 and 617 had prohibited certain kinds of conduct in connection with federal elections, including exceeding contribution and expenditure limitations and contributing in the name of another, and each section provided a different penalty scheme for violations. Section 610 (prohibiting contributions or expenditures by national banks, corporations and labor organizations), Section 611 (prohibiting contributions or expenditures by government contractors) and Section 613 (prohibiting contributions by foreign nationals) all provided for felony penalties. When the penalty provisions were consolidated and moved to Title 2, the maximum penalty for any violation became one year in prison and/or a fine, a misdemeanor penalty.

FN10. While a number of courts, including this one, have found that FECA does not replace criminal remedy, none has specifically addressed these First Amendment concerns. See United States v. Curran, 20 F.3d at 566; United States v. Hopkins, 916 F.2d at 218; United States v. Trie, Criminal No. 98-0029, 1998 WL 427550, at *9; United States v. Oakar, 924 F.Supp. at 244-45.

FN11. There are, however, other constitutional constraints on her choice of statutes which are discussed infra at 39-60.

FN12. The government's theory in this case clearly revolves around conduct related to "contributions," and the Court already has indicated that "the easiest way to deal with [the definition of contribution] is just to tell the jury what Congress says it means and say [that] as a matter of law contribution means what is set forth in [2 U.S.C. § 431(8)(a)] ." Transcript of July 27-28, 1998 Oral Argument ("Transcript") at 124. The government has agreed that it must "show in the circumstances of the case that [the alleged contributions at issue] fall[] within the definition of hard money as is set forth [in FECA]." That these checks were intended ultimately to be for the purpose of going toward a federal election." Transcript at 151.

FN13. Ms. Hsia also argues that the Religious Freedom Restoration Act ("RFRA"), 42 U.S.C. § 2000bb, bars the government from pursuing this indictment. RFRA was an attempt by Congress to restore the protections of the First Amendment with respect to religion that had been recognized prior to the Supreme Court's decision in Smith . Because the Court has found that Smith does not limit Ms. Hsia's right to raise a defense based on her religious beliefs, RFRA does not afford any additional protection, and Ms. Hsia's RFRA claim fails for the same reason that her First Amendment free exercise claim fails.

FN14. The government also argues that defendant must establish (either on this motion or in defense at trial) "that it is an element of the religion that monastics must make political contributions, and that the Temple must reimburse monastics for such contributions." Gov't Response to Def.'s Supplement to Motion to Dismiss at 4. Quite obviously, that is not the issue for this Court or for the jury. The issues of fact relate to whether there is a communal pot from which personal expenses come—whether they be for food, clothing or political contributions.

FN15. The nine Asians or Asian Americans are: Maria Hsia, Charlie Trie, Antonio Pan, Johnny Chung, Pauline Kanchanalak, Duangnet "Georgie"
Kroenenberg, Nora Lam, Gene Lam and Tricia Lam. The two individuals who are not of Asian descent are Michael Brown (an African American) and Howard Glicken (a Caucasian American). Mr. Brown, Mr. Glicken, and Ms. Tricia Lam have pleaded guilty to misdemeanor violations of FECA. Mr. Gene Lam and Ms. Nora Lam have each pleaded guilty to a felony, conspiracy under 18 U.S.C. § 371. Mr. Chong has pleaded guilty to a variety of felony charges. The remaining five defendants have been indicted for multiple felonies and the cases are pending. Ms. Hsia has been indicted on six felony counts.


The government has represented that the primary focus of the Task Force is "on allegations of wrongdoing in connection with the 1996 federal election cycle," Gov't's Supplemental Response on Selective Prosecution Issue at 1, and the Court therefore will use that as the defining scope of the Task Force's prosecutorial authority for purposes of determining whether there are similarly situated persons that the Task Force could have prosecuted but chose not to prosecute. To the extent, however, that the Task Force also has made decisions to prosecute people such as Mr. Glicken, Mr. Brown and the Lams for violations outside of the 1996 federal election cycle, information about those prosecutions is relevant to the selective prosecution analysis because prosecutorial judgments made by the same decisionmakers are relevant to a consideration of their purpose or intent in this case.

FN17. The government also has represented that the prosecution of Nora Lam, Gene Lam and Tricia Lam, three of the Asians prosecuted by the Task Force, "while within the purview of the Task Force, was initiated by the independent counsel investigating former Cabinet member Ronald Brown, and was brought to the Task Force by an attorney who formerly worked for that independent counsel." Gov't's Supplemental Response on Selective Prosecution Issue at 1.

FN18. If the Court were inclined to grant discovery, it would at the very least require disclosure of any documents in the possession of the Task Force that specifically refer to Asian ancestry as a factor to be considered in investigating and prosecuting campaign finance violations or that in any way indicate that the Task Force should focus its attention on Asians or Asian Americans, including any information respecting pressure from the Congress.

FN19. In the GCC case, the General Counsel of the FEC recommended that the FEC "find reason to believe" that GCC and a number of its executives "knowingly and wilfully" violated FECA's corporate contribution prohibition, 2 U.S.C. § 441b, and FECA's prohibition of contributions in the name of another, 2 U.S.C. § 441f. The respondents entered into the FEC's conciliation process and ultimately agreed to pay an $80,000 fine. Def's Motion No. 10, Exh. 4. It appears that none of the corporate officials implicated in the scheme was Asian or Asian American, and none was prosecuted by the Task Force despite the fact that the FEC found reason to believe that the company and its officials had violated the same provisions of FECA that form the basis for the charges in Ms. Hsia's case.

In the Elgin Builders case, the FEC investigated allegations that Elgin Builders funded money into the campaigns of the Clinton/Gore Primary Committee, Inc. through its employees. See Def's Motion No. 10, Exh. 21. As with the scheme at issue in GCC, the FEC found reason to believe that Elgin Builders and one of its officials "knowingly and wilfully" violated FECA's corporate contribution prohibition, 2 U.S.C. § 441b, and FECA's prohibition of contributions in the name of another, 2 U.S.C. § 441f. See id. at 9. The race and national origin of the corporate officials who allegedly committed the violation is unclear from his name. He apparently has not been prosecuted.

Ms. Hsia's case allegedly involved $125,000 in contributions, while GCC involved only $11,000 and Elgin Builders only $4,000--facts that arguably distinguish the cases. In GCC, however, it appears from the General Counsel's Report that there may have been additional contributions that would have increased the amount at issue. Moreover, it appears that there were aggravating circumstances in the GCC case such as the time period over which the scheme allegedly occurred and the fact that there were a number of contributions at issue that might have made this a case similar to Ms. Hsia's. Def's Motion No. 10, Exh. 3 at 3.

FN20. Finally, it is worth noting that the facts proffered by Ms. Hsia necessarily are based on incomplete information and are premised on an assumption that none of the cases she has cited (or
perhaps others) is presently being investigated by the Task Force. The cases indicted by the Task Force grand jury to date may be but the tip of a larger iceberg and the public snapshot of what ultimately may be a much wider panorama of campaign finance prosecutions. To the extent that an investigation is ongoing, the Task Force has not yet "closed" nor to prosecute those individuals or entities it is investigating, and requiring the government to disclose information about them would pose a significant threat to the government’s ability later to do so. On this record, the Court declines to order discovery.

FN21. Ms. Hsia also argues that because the conduct alleged in the indictment is proscribed by FECA, the government is required to charge her with conspiracy to violate FECA, a misdemeanor, rather than with conspiracy to defraud the United States. She relies on the Sixth Circuit’s opinion in United States v. Minarik, 775 F.2d 1186, 1194 (6th Cir.1989) (conspiracy whose objective is "covered by a specific offense defined by Congress" must be prosecuted "exclusively under the offense clause of Section 371 rather than under the defraud clause"). The Court does not find this argument persuasive.

While the language of Minarik was very broad, the Sixth Circuit has subsequently narrowed the holding in Minarik quite significantly. See United States v. Khalife, 106 F.3d 1300, 1304-06 (6th Cir.1997), cert. denied, --- U.S. ---, 118 S.Ct. 685, 139 L.Ed.2d 632 (1998); United States v. Kraig, 99 F.3d 1361, 1367-68 (6th Cir.1996); United States v. Sturman, 951 F.2d 1466, 1473-74 (6th Cir.1991), cert. denied, 504 U.S. 985 (1992); United States v. Mohoney, 949 F.2d 899, 901-03 (6th Cir.1991), cert. denied, 504 U.S. 910, 112 S.Ct. 1940, 118 L.Ed.2d 346 (1992). Minarik also has been limited to the peculiar factual circumstances presented there: (1) the government’s theory of conspiracy shifted throughout the case, a problem that was magnified by the fact that the indictment did not allege the specific functions of the agency that allegedly were impeded; (2) the defendants’ alleged criminal conduct consisted of one limited act of concealment, a fact that made the breadth of the alleged conspiracy inconceivable with the Minarik court’s conception of a general conspiracy to defraud; and (3) the duties at issue were highly technical. See United States v. Khalife, 106 F.3d at 1304-06.

The same factual scenario is not presented in this case. The indictment charging Ms. Hsia with conspiracy identifies the specific functions of the agencies that allegedly were impaired or impeded. See supra at 37-38. Moreover, the conduct alleged

in Ms. Hsia’s indictment spans over a long period of time, implicates several provisions of FECA and impaired or impeded more than one governmental agency. While the government could have charged Ms. Hsia with conspiracy to violate FECA, the object of the conspiracy here clearly involved much more than a conspiracy to violate FECA, and it was well within the government’s discretion to choose to charge her under the defraud clause of Section 371.

FN22. In view of the Court’s decision to dismiss Counts 2-6, it is unnecessary to address the arguments raised in Ms. Hsia’s Motion No. 7, to Dismiss Counts 4 & 5 for Failure to State an Offense (Soft Money).

FN23. Admittedly, there is some disagreement among the circuits concerning the precise level of protection afforded to campaign contributions. Compare Akins v. Federal Election Commission, 101 F.3d 731, 741 (D.C.Cir.1996) (en banc), vacated on other grounds, --- U.S. ---, 118 S.Ct. 1777, 141 L.Ed.2d 10 (1998) (campaign contributions entitled to less First Amendment protection than campaign expenditures, and regulation of campaign contributions therefore merits less exacting scrutiny than regulation of campaign expenditures) with Russell v. Barris, 446 F.3d 563, 567 (9th Cir.1988) ("Government attempts to limit campaign contributions ... are subject to the closest scrutiny ... a significant interference with protected rights of political association may be sustained only when the state demonstrates a compelling interest and means closely drawn to avoid unnecessary abridgement of associational freedoms") (internal citations and quotations omitted).

FN24. While the Court in Buckley ultimately upheld the facial constitutionality of the carefully tailored contribution limits and disclosure provisions of FECA, it did so only after conducting a thorough analysis of those provisions to ensure that they did not unduly infringe on the First Amendment rights at issue. It would be peculiar indeed if the application of criminal statutes that are much broader than FECA to the same type of conduct at issue in Buckley were not subject to at least the same level of scrutiny to ensure that First Amendment interests were not being unduly burdened.

FN25. The "fair notice" protections of the vagueness doctrine are substantively different from the "fair notice" requirements for the sufficiency of an indictment discussed supra at 42-43. The fair
notice requirement of the vagueness doctrine protects people from the application of statutes that are so vague that a reasonable person has no notice that his conduct might be proscribed by that statute. It is based on the Due Process Clause of the Fifth Amendment. See Note, The Void for Vagueness Doctrine in the Supreme Court, 109 U.Pa.L.Rev. 67 (1960). The requirement that an indictment must provide fair notice, by contrast, protects a defendant’s right to an indictment that is detailed enough so that she can prepare a defense and be protected against double jeopardy. It is based on the Fifth Amendment grand jury indictment requirement, the Fifth Amendment’s Double Jeopardy Clause and the Sixth Amendment’s right to be informed of the nature and cause of the accusation. See Barnett v. United States, 369 U.S. at 770-71; United States v. Cruikshank, 92 U.S. at 557-58.

FN26. “[T]he doctrines of vagueness and overbreadth are not entirely distinct, and ... the vices of vagueness and overbreadth are not wholly separable, in the area of the first amendment.’ Note, The First Amendment Overbreadth Doctrine, 83 Harv.L.Rev. 844, 873 (1970). The twin vices addressed by the doctrines of vagueness and overbreadth are the lack of fair warning and notice that someone’s conduct may be subject to the criminal sanction and, because First Amendment protections are implicated, the threat that the overbroad language or application of a statute may chill protected speech by coercing people to leave protected utterances unspoken even when they are protected by the Constitution. Note, The Void for Vagueness Doctrine in the Supreme Court, 109 U.Pa.L.Rev. at 76. The due process vices of facially vague statutes—lack of fair warning and lack of adequate standards or guidance—are the same vices that have led the Supreme Court to define the permissible reach of an overbroad statute more narrowly rather than to strike it down entirely. Note, The First Amendment Overbreadth Doctrine, 83 Harv.L.Rev. at 872-75. See Boos v. Barry, 485 U.S. 312, 330, 108 S.Ct. 1577, 99 L.Ed.2d 333 (1988); New York v. Ferber, 458 U.S. at 773; Buckley v. Valeo, 424 U.S. at 76-77; Broadrick v. Oklahoma, 413 U.S. 601, 613, 93 S.Ct. 2908, 37 L.Ed.2d 830 (1973). Cf. United States v. Nofziger, 878 F.2d 442, 453-54 (D.C.Cir.) (court of appeals reverses conviction by invoking third related doctrine, rule of lenity, to impose mens rea requirement on ambiguous statute in First Amendment area where statute itself did not clearly provide mens rea ), cert. denied, 493 U.S. 1003, 110 S.Ct. 564, 107 L.Ed.2d 559 (1989).

FN27. It is not entirely clear whether the literal truth of a statement is grounds for dismissal of an indictment or whether it operates only as a defense at trial. See, e.g., United States v. Milton, 8 F.3d at 45; United States v. Dale, 991 F.2d 819, 832-33 (D.C.Cir.), cert. denied, 510 U.S. 906, 114 S.Ct. 286, 126 L.Ed.2d 256 (1999). At least two courts, including this one, however, have suggested that literal truth is grounds for dismissal of the indictment. See United States v. Venza, 586 F.2d 101, 104 (8th Cir.1978) (“the indictment is facially defective in failing to set forth an offense under § 1001” when the statement is factually true); United States v. Claridge, 811 F.Supp. 697, 712 (D.D.C.1992) (Greene, J.) (“Bronson requires the court to dismiss the indictment only when it is plain that the government cannot prove that the defendant’s statement was false”).

FN28. Neither FECA nor FEC regulations define the word “contributor.” At oral argument, the government stated that a “contributor is a person who makes a contribution.” Transcript at 121.

FN29. In addition, for purposes of determining whether a person has exceeded dollar limitations on contributions, FECA specifically provides that “all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate. The intermediary or conduit shall report the original source and the intended recipient of such contribution to the Commission and to the intended recipient.” 2 U.S.C. § 441(a)(5); see 11 C.F.R. § 110. 6(a). This provision, however, was intended to address legal “conduit” contributions—for instance when an individual contributes money to a national party that is earmarked for the campaign of a certain candidate—and both the government and Ms. Haia believe that the provision is wholly irrelevant in this case. See Transcript at 116-17, 125.

FN30. If Ms. Haia or one of her co-conspirators had responded to the request from a political committee for additional information and had affirmatively stated that the conduct was the true contributor, they probably could be charged with a violation of 18 U.S.C. 201 and 18 U.S.C. 20(a), but under a slightly different theory. In that case, the response sent by Ms. Haia or her co-conspirator would be an affirmative statement that the political committee essentially would directly relay to the FEC in its report. Assuming that Ms.
Haia knew that the political committee would rely her false statement to the FEC and that the other requirements for prosecution under Sections 1001 and 2(b) in the federal election context had been met, such a prosecution would be permissible. Cf. United States v. Hopkins, 916 F.2d at 214-15 (conviction under Sections 1001 and 2(b) upheld where defendant formed political action committee and directly submitted false information to committee treasurer for inclusion in committee report to FEC); United States v. Oakar, 924 F.Supp. at 242-43 (defendant, a former Congresswoman, properly charged with violating Sections 1001 and 2(b) where she made misrepresentations to campaign treasurer that resulted in falsities on financial disclosure reports). In this case, however, Ms. Haia and her co-conspirators remained silent and did not respond, as was their right. Republican Nat'l Comm'r v. Federal Election Comm'n, 76 F.3d at 406. The only thing the conduits did was to sign blank checks in their own names at Ms. Haia's request, and the government does not and cannot allege that the checks themselves contained false statements. See Williams v. United States, 458 U.S. 279, 284, 102 S.Ct. 3088, 73 L.Ed.2d 767 (1982).

FN31. The government's strongest case is set forth in the bill of particulars. Even that "best case" presents only a very weak argument that Ms. Haia engaged in any willful conduct that caused the political committees to make false statements to the FEC. Ms. Haia allegedly solicited and collected money from various individuals and provided the money she solicited to other individuals ("conduits" or "conduit" donors) who signed checks in particular amounts, leaving the payee line blank; Ms. Haia or someone at her direction then wrote in the name of the political committee and forwarded the checks to the committee. Bill of Particulars at 14-15. The bill of particulars adds the fillip that she did so "knowing that the committee would report the contributions to the FEC as having been made by the conduits," id., a statement that relates only to her knowledge and adds nothing to the conduct the government intends to prove at trial.

FN32. The knowing and willful intent requirement presents an additional obstacle for the government in this case. This Court previously has held that the prosecution must prove that Ms. Haia "knew of the [political party] treasurers' reporting obligation, that [she] attempted to frustrate those obligations, and that [she] knew [her] conduct was unlawful." Opinion of August 13, 1998 at 5 (internal citations and quotations omitted). It is difficult, if not impossible, in the context of this indictment to imagine how the government possibly could prove that Ms. Haia knew, at the time that she took whatever acts exposed her to Sections 1001 and 2(b) liability, that under the complex reporting scheme imposed on political committees, the listing of a name from a check might be deemed a "false statement" and that her solicitations might "cause" the political committees to make those false statements.

FN33. Count 6 of the Indictment is the only count that alleges that Ms. Haia herself acted as a conduit contributor and that she signed and submitted a check to the political committee. This allegation, not present in Counts 2-5, strengthens the government's argument that there is a causal connection between Ms. Haia and the political committee with respect to the conduct alleged in this count. The Court nonetheless concludes that it would still require a significant broadening of Section 2(b) to cover this conduct because the check that Ms. Haia signed still makes no affirmative statement that she is the true contributor. Moreover, the fact that Ms. Haia is one step closer to the statement made by the political committee does not alter the fact that it is nearly impossible to find that the reports imply any "false" assertions.

FN34. The first count of the indictment, which charges conspiracy to defraud the FEC and the INS, is an example of a legitimate use of a provision of the general Federal Criminal Code to charge a violation in a First Amendment-sensitive area. The indictment clearly alleges a conspiratorial agreement, and it clearly alleges that the objects of the agreement were to obstruct specific functions of the FEC and the INS. See supra at 37-39. Thus, while the conduct charged in the indictment touches on areas of First Amendment sensitivity, the Court finds that the straightforward application of Section 371 to this conduct does not require an unconstitutionally overbroad construction of the statute.
Exhibit 9
IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA

v.

YAH LIN "CHARLIE" TRIE, and
YUAN FEI "ANTONIO" PAN

Friedman

CRIMINAL NO. 95-CR0029

GRAND JURY ORIGINAL

VIOLATIONS:

18 U.S.C. Section 371
Conspiracy to Defraud and to Impair and Impede the FEC

18 U.S.C. Section 1341
Mail Fraud

18 U.S.C. Section 1343
Wire Fraud

18 U.S.C. Section 2
(Aiding and Abetting)

18 U.S.C. Section 1001
(False Statements)

18 U.S.C. Section 371
Conspiracy to Obstruct Justice

18 U.S.C. Section 1512(b)(2)
(Witness Tampering)

18 U.S.C. Section 1505
(Obstruction of Congressional Investigation)

INDICTMENT

The Grand Jury for the District of Columbia charges that:

Introductory Allegations

1. At all times material to this Indictment, defendant YAH LIN "CHARLIE" TRIE was a resident of Little Rock, Arkansas, and Washington, D.C.
2. At all times material to this Indictment, defendant YAH LIN "CHARLIE" TRIE owned and operated Daihatsu International Trading Corporation ("Daihatsu"), an Arkansas corporation purportedly in the import and export business, with its principal office in Little Rock, Arkansas, and, beginning in the fall of 1994, utilized an apartment at the Watergate South complex, 700 New Hampshire Avenue, Unit 121, in Washington, D.C. ("Watergate South apartment") as an office.

3. Beginning in the Fall of 1994, defendant YAH LIN "CHARLIE" TRIE was associated with San Kin Yip International Trading Co. ("San Kin Yip"), an Arkansas corporation owned by a Macau resident, who was not a citizen of the United States nor a lawful permanent resident. Beginning in the fall of 1994, San Kin Yip shared the Watergate South apartment with Daihatsu.


5. Beginning in approximately August 1995, YUAN PEI "ANTONIO" PAN began working for YAH LIN "CHARLIE" TRIE. At some time thereafter, YUAN PEI "ANTONIO" PAN was the Chief Executive Officer of Daihatsu and Executive Director of America-Asia. Prior to August 1995, YUAN PEI "ANTONIO" PAN was a director of Lucky Port Investments, Ltd., a foreign corporation, and Senior Vice
President of Lippo Group-Chinese Division. YUAN PEI "ANTONIO" PAN was a Taiwanese national and not a citizen of the United States nor a lawful permanent resident.

6. At all times material to this Indictment, the Federal Election Campaign Act, Title 2, United States Code, Section 431, et seq. ("FECA"), in particular, Title 2, United States Code, Section 441c, specifically prohibited "foreign nationals" from making contributions in connection with an election to any political office or in connection with any primary election, convention, or caucus held to select candidates for any political office; or soliciting, accepting or receiving any such contribution. A "foreign national" is an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence or any association, corporation, organization, or other combination of persons organized under the laws of, or having its principal place of business in, a foreign country.

7. At all times material to this Indictment, the FECA, in particular Title 2, United States Code, Section 441f, specifically prohibited any person from making a contribution for the purpose of influencing any election for federal office, using the name of another person or knowingly permitting his or her name to be used to effect such a contribution, for example, by giving funds to a straw donor, known as a "conduit," for the purpose of having the conduit pass the funds on to a federal candidate as the
conduit's own contribution, or by reimbursing a "donor" who has already given to a candidate.

8. At all times material to this Indictment, the Federal Election Commission ("FEC") was an agency of the United States government, headquartered in Washington, D.C., and entrusted with the responsibility of enforcing the reporting requirements of the FECA and for directing, investigating, and instituting civil enforcement actions with respect to violations of the FECA, including the provisions referred to in paragraphs 6 and 7 above. In addition, the FEC was responsible for making available to the public specific information about the amounts and sources of political contributions to federal candidates and their political committees.

9. At all times material to this Indictment, the FECA, in particular Title 2, United States Code, Section 434, required that each treasurer of a political committee file periodic reports of receipts and disbursements with the FEC. These reports identify each person who made a contribution during the relevant reporting period whose contribution or contributions had an aggregate amount or value in excess of $200 within the calendar year, together with the date and the amount of any such contribution. The reports also list the mailing address and occupations of persons identified as contributors, as well as the names of their employers.
The Democratic National Committee and the Trustee Program

10. At all times material to this Indictment, the Democratic National Committee ("DNC") was a "political committee" subject to the terms of the FECA and related regulations. The DNC was formed in 1848. A major function of the DNC was to solicit campaign contributions and raise funds on behalf of the Democratic Party and on behalf of democratic candidates for state and federal office.

11. At all times material to this Indictment, it was the policy of the DNC not to accept contributions made:

a. by foreign nationals, foreign corporations or United States subsidiaries of foreign corporations unless the funds were generated in the United States and no foreign national participated in the decision to contribute; and/or

b. in the name of another person.

12. In or about 1988, the DNC established the Trustee Program for major supporters of the Democratic Party. Through this program, the DNC would provide numerous benefits and privileges to its contributors, including access to White House officials, in exchange for contributions of pre-determined amounts. The DNC required that all contributions be made in accordance with applicable law and regulations including its own internal policies.

13. On or about June 30, 1994, the DNC invited defendant YAH LIN "CHARLIE" TRIE to become a Trustee of the DNC, as a result of an aggregate
contribution of $100,000 he made to the DNC in or about May of 1994. Thereafter, defendant YAH LIN "CHARLIE" TRIE was given additional positions on DNC boards and councils based upon his commitment to raise or contribute substantial amounts of money to the DNC.

The Conspiracy

14. From in or about April 1994 and continuing to in or about September 1996, in the District of Columbia and elsewhere, defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN, together with persons both known and unknown to the grand jury, did knowingly conspire and agree with others to:

a. Devise and intend to devise a scheme and artifice to defraud the DNC and to obtain property from the DNC by means of false and fraudulent pretenses, representations and promises and used the mails and wires in violation of Title 18, United States Code, Sections 1341 and 1343;

b. Defraud the United States by impairing, impeding, defeating and obstructing the lawful functions and duties of the FEC in violation of Title 18, United States Code, Section 371.

Manner and Means of the Conspiracy

15. It was part of the conspiracy that the defendants YAH LIN "CHARLIE" TRIE, YUAN PEI "ANTONIO" PAN and others acting at their request:
a. Sought access to high level government officials in the United States for the purpose of promoting the defendants' private business activities here and abroad;

b. Purchased access to high level government officials in the United States by contributing and soliciting contributions to the DNC;

c. Channeled foreign money to the DNC through the use of straw or conduit contributions;

d. Concealed the source of the money contributed by reimbursing conduits in cash and using multiple bank accounts;

e. Received benefits from the DNC as a result of the fraudulent contributions and solicitation activities including, but not limited to, special seating at DNC functions, complimentary tickets to DNC events, membership in DNC committees and related entities, including the Trustee Program, the Democratic Business Leadership Forum and the DNC Finance Board of Directors, invitations to meetings and other events where White House personnel, including the President and Vice President of the United States, were in attendance, and administrative support of DNC employees;

f. Received "credit" and recognition from the DNC as the solicitor of the contributions, thereby enabling defendant YAH LIN "CHARLIE" TRIE to meet the fundraising goals necessary to maintain his positions on DNC committees and related entities;
g. Used membership in the DNC committees and related entities, including the Trustee Program, the Democratic Business Leadership Forum and the DNC Finance Board of Directors to promote the defendants' private business activities;

h. Deprived the DNC of the right to control how its money is spent; and

I. Caused the DNC to file false campaign finance reports with the FEC.

OVERT ACTS

In furtherance of the conspiracy and to effect the objects thereof, the following overt acts, among others, were committed in the District of Columbia and elsewhere:

1. In or about April 1994, defendant YAH LIN "CHARLIE" TRIE requested a seat at the table of the President of the United States at the 1994 DNC Presidential Gala on June 22, 1994, in exchange for his contribution of $100,000 to the DNC.

2. On or about May 6, 1994, a co-conspirator caused an overseas wire transfer in the amount of $100,000 from Lucky Port Investments Ltd., a foreign corporation, for which defendant YUAN PEI "ANTONIO" PAN was the Director, to the checking account of defendant YAH LIN "CHARLIE" TRIE at First Commercial Bank in Little Rock, Arkansas.

3. On or about May 14, 1994, defendant YAH LIN "CHARLIE" TRIE wrote a personal check from his account at First Commercial Bank in Little Rock, Arkansas to the DNC in the amount of $60,000.
4. On or about May 14, 1994, defendant YAH LIN "CHARLIE" TRIE wrote a personal check from his account at First Commercial Bank in Little Rock, Arkansas to the DNC in the amount of $20,000.

5. On or about May 25, 1994, defendant YAH LIN "CHARLIE" TRIE caused his wife to sign a check from their account at First Commercial Bank in Little Rock, Arkansas to the DNC in the amount of $20,000.

6. On or about June 21, 1994, defendant YAH LIN "CHARLIE" TRIE caused a check to be written from the account of Dalhatsu at First Commercial Bank in Little Rock, Arkansas to the DNC in the amount of $7,500.

7. On or about June 22, 1994, defendant YAH LIN "CHARLIE" TRIE and a business associate from Macau attended the 1994 DNC Presidential Gala at the Washington Hilton Hotel in Washington, D.C. defendant YAH LIN "CHARLIE" TRIE sat with the President of the United States.

8. On or about August 1, 1994, defendant YAH LIN "CHARLIE" TRIE wrote a personal check from his account at First Commercial Bank in Little Rock, Arkansas to the DNC in the amount of $20,000.

9. On or about August 2, 1994, defendant YAH LIN "CHARLIE" TRIE was Vice Chair of, and he and a business associate from Macau attended, a DNC fundraising event and birthday celebration for the President of the United States based upon his $20,000 contribution.
10. In or about August 1994, defendant YAH LIN "CHARLIE" TRIE requested the DNC to arrange for a private tour of the White House for himself and his guests and a tour of the White House for approximately twenty individuals from China.

11. In or about August 1994, defendant YAH LIN "CHARLIE" TRIE requested DNC employees to provide reference letters in support of his application to lease the Watergate South apartment, which was later used as an office for Dalhatu, San Kin Yip and America-Asia.

12. In or about early September 1994, defendant YAH LIN "CHARLIE" TRIE became a Vice Chair of the DNC's Business Leadership Forum.

13. On or about September 21, 1994, defendant YAH LIN "CHARLIE" TRIE attended an inaugural Vice Chair luncheon for the Business Leadership Forum with the Vice President of the United States.

14. On or about October 11, 1994, defendant YAH LIN "CHARLIE" TRIE directed the incorporation of San Kin Yip in Little Rock, Arkansas.

15. On or about October 20, 1994, a business associate from Macau wired $100,000 into a bank account established by defendant YAH LIN "CHARLIE" TRIE for San Kin Yip at First Commercial Bank in Little Rock, Arkansas.

16. On or about October 20, 1994, defendant YAH LIN "CHARLIE" TRIE and a business associate from Macau attended a Business Leadership Forum dinner with the Vice President of the United States.
17. On or about October 20, 1994, defendant YAH LIN "CHARLIE" TRIE caused a check to be written from the account of San Kin Yip at First Commercial Bank in Little Rock, Arkansas to the DNC in the amount of $15,000.

18. On or about October 24, 1994, defendant YAH LIN "CHARLIE" TRIE requested the DNC to arrange for a private White House tour for himself and three business associates.

19. In or about January 1995, defendant YAH LIN "CHARLIE" TRIE accepted a position on the DNC Finance Board of Directors and promised to raise $350,000.

20. On or about February 16, 1995, defendant YAH LIN "CHARLIE" TRIE attended a dinner honoring the DNC Managing Trustees, which was held at the White House with the President of the United States and the First Lady.

21. On or about June 21, 1995, defendant YAH LIN "CHARLIE" TRIE wrote a check on the account of Daliatsu at First Commercial Bank in Little Rock, Arkansas to the DNC in the amount of $50,000.

22. On or about June 28, 1995, defendant YAH LIN "CHARLIE" TRIE attended the 1995 DNC Presidential Gala at the Sheraton Hotel in Washington, D.C.

23. On or about September 11, 1995, defendant YAH LIN "CHARLIE" TRIE attended a DNC dinner at the White House with the Vice President of the United States.
24. On or about September 15, 1995, defendant YAH LIN "CHARLIE" TRIE attended a DNC Trustee dinner at the White House with the President of the United States.

25. On or about October 31, 1995, defendant YAH LIN "CHARLIE" TRIE signed a letter under the title "Vice Chair, Democratic National Finance Committee" to officers of two Chinese corporations inviting them to a "special luncheon honoring the President of the United States."

26. On or about November 9, 1995, defendant YAH LIN "CHARLIE" TRIE solicited a co-conspirator at a DNC fundraiser in Washington, D.C. to make a contribution to the DNC in the amount of $5,000 and subsequently reimbursed that co-conspirator in cash.

27. On or about November 13, 1995, defendant YAH LIN "CHARLIE" TRIE solicited a co-conspirator at a fundraiser in Washington, D.C. to make a contribution to the DSCC in the amount of $2,000 and subsequently reimbursed that co-conspirator in cash.

28. On or about December 7, 1995, defendant YAH LIN "CHARLIE" TRIE requested the DNC to arrange a meeting and photo opportunity with the President of the United States for himself and a guest from Indonesia.

29. On or about December 17, 1995, defendant YAH LIN "CHARLIE" TRIE solicited a co-conspirator at a fundraiser in Washington, D.C. to make a contribution to
the Oregon State Democratic Party in the amount of $2,000 and subsequently reimbursed that co-conspirator in cash.

30. On or about January 29, 1996, defendant YAH LIN "CHARLIE" TRIE attended a DNC Finance Board of Directors luncheon at the White House with the President of the United States.

31. On or about February 6, 1996, defendant YAH LIN "CHARLIE" TRIE requested the DNC to arrange a private tour of the White House for the defendant YAH LIN "CHARLIE" TRIE and two business associates.

32. On or about February 6, 1996, defendant YAH LIN "CHARLIE" TRIE and a business associate attended a DNC coffee at the White House with the President of the United States.

33. On or about February 14, 1996, a co-conspirator caused a wire transfer in the amount of $150,000 from San Kin Yip Holdings Co. Ltd., Bank of China, Hong Kong Branch, into the bank account of defendant YAH LIN "CHARLIE" TRIE and a business associate from Macau at Riggs Bank in Washington, D.C.

34. On or about February 19, 1996, two co-conspirators wrote checks payable to the DNC in the amounts of $12,500 from their personal bank accounts in California at the direction of defendant YAH LIN "CHARLIE" TRIE, for which they were later reimbursed by defendant YUAN PEI "ANTONIO" PAN.
35. On or about February 19, 1996, defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN, and a business associate from Macau, attended a DNC fundraising dinner with the President of the United States at the Hay-Adams Hotel in Washington, D.C.

36. On or about February 20, 1996, defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN, and a business associate from Macau, attended a DNC breakfast meeting with the Vice President of the United States at the Hay-Adams Hotel in Washington, D.C.

37. On or about February 22, 1996, defendant YUAN PEI "ANTONIO" PAN opened a bank account in his name at Amer-Asia Bank in Flushing, New York. At that time, defendant YUAN PEI "ANTONIO" PAN deposited $25,200 in cash, and immediately purchased 5 cashier's checks in the amount of $5,000 each made payable to the co-conspirators referred to in Paragraph 34 above.

38. On or about February 29, 1996, defendant YAH LIN "CHARLIE" TRIE caused his wife to write a check on the account of Dalhatsu at First Commercial Bank in Little Rock, Arkansas to the DNC in the amount of $12,500 for defendant YAH LIN "CHARLIE" TRIE's attendance at the February 19, 1996 Hay-Adams Hotel dinner.

40. On or about May 12, 1996, defendant YAH LIN "CHARLIE" TRIE wrote a check from his personal account at First Commercial Bank in Little Rock, Arkansas to the DNC in the amount of $10,000 for his attendance at the DNC Presidential Dinner at the Carlton Hotel in Washington, D.C.

41. On or about May 13, 1996, defendant YAH LIN "CHARLIE" TRIE attended a DNC Presidential dinner at the Carlton Hotel in Washington, D.C.

42. In or about July 1996, defendant YAH LIN "CHARLIE" TRIE requested a DNC employee to arrange for hotel rooms at the Democratic National Convention in Chicago, Illinois scheduled for August 1996.

43. On or about August 7, 1996, a co-conspirator caused a wire transfer in the amount of $200,000 from Compania de Investimento e Fomento Preditel Goodwill, Bank of China, Macau Branch, into the bank account of defendant YAH LIN "CHARLIE" TRIE and a business associate from Macau at Riggs Bank in Washington, D.C.

44. On or about August 15, 1996, defendant YAH LIN "CHARLIE" TRIE solicited a co-conspirator in California to make a conduit contribution to the DNC in the amount of $10,000 and subsequently reimbursed that co-conspirator.

45. On or about August 15, 1996, a co-conspirator caused a wire transfer in the amount of $10,000 to be made to the account of another co-conspirator (referenced in Paragraph 44 above) from the account of San Ikn Yip at Riggs Bank in Washington, D.C., as reimbursement for the $10,000 contribution to the DNC.
46. On or about August 15, 1996, a co-conspirator caused a wire transfer in the amount of $80,000 from the account of defendant YAH LIN "CHARLIE" TRIE and a business associate from Macau at Riggs Bank in Washington, D.C. to an account at the American International Bank in Los Angeles, California.

47. On or about August 15, 1996, defendant YUAN PEI "ANTONIO" PAN received $80,000 in cash in Los Angeles, California.

48. In or about August 1996, defendant YUAN PEI "ANTONIO" PAN solicited a co-conspirator in California to make two conduit contributions to the DNC in the amount of $5,000 each and subsequently reimbursed that co-conspirator in cash.

49. In or about August 1996, defendant YUAN PEI "ANTONIO" PAN solicited a co-conspirator in California to make a conduit contribution to the DNC in amount of $10,000 and subsequently reimbursed that co-conspirator in cash.

50. In or about August 1996, defendant YUAN PEI "ANTONIO" PAN solicited a co-conspirator in California to make a conduit contribution to the DNC in amount of $10,000 and subsequently reimbursed that co-conspirator in cash.

51. In or about August 1996, defendant YUAN PEI "ANTONIO" PAN solicited a co-conspirator in Ohio to make a conduit contribution to the DNC in amount of $10,000 and subsequently reimbursed that co-conspirator in cash.

52. In or about August 1996, defendant YAH LIN "CHARLIE" TRIE solicited a co-conspirator at the Watergate South apartment in Washington, D.C. to make a conduit
contribution to the DNC in the amount of $10,000 and subsequently reimbursed that co-conspirator in cash.

53. On or about August 18, 1996, defendant YAH LIN "CHARLIE" TRIE hand-delivered contribution checks to the DNC at a hotel room in New York, New York.

54. On or about August 18, 1996, defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN, and a business associate from Macau, attended a DNC party in New York, New York honoring the birthday of the President of the United States.

(Conspiracy to Defraud and Impair and Impede the FEC, in violation of 18 U.S.C. § 371)
COUNT TWO

1. The allegations contained in paragraphs One through Thirteen of Count One of the Indictment are incorporated herein by reference as though fully set forth in this Count of the Indictment.

2. From in or about April 1994, until in or about September 1996, in the District of Columbia, and elsewhere defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN knowingly devised and intended to devise a scheme and artifice to defraud the DNC, and to obtain from the DNC property by means of false and fraudulent pretenses, representations and promises, well knowing that the pretenses, representations, and promises would be and were false when made.

The Scheme to Defraud the DNC

3. It was part of the scheme and artifice to defraud that defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN sought access to high level government officials in the United States for the purpose of promoting their private business activities here and abroad.

4. It was part of the scheme and artifice to defraud that defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN purchased access to high level government officials in the United States by contributing and soliciting contributions to the DNC.
5. It was part of the scheme and artifice to defraud that defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN channeled foreign money to the DNC through the use of straw or conduit contributions.

6. It was part of the scheme and artifice to defraud that defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN concealed the source of the money contributed by reimbursing conduits in cash and using multiple bank accounts.

7. It was part of the scheme and artifice to defraud that defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN received benefits from the DNC as a result of the fraudulent contributions and solicitation activities including, but not limited to, special seating at DNC functions, complimentary tickets to DNC events, membership in DNC committees and related entities, including the Trustee Program, the Democratic Business Leadership Forum and the DNC Finance Board of Directors, invitations to meetings and other events where White House personnel, including the President and Vice President of the United States, were in attendance, and administrative support of DNC employees.

8. It was part of the scheme and artifice to defraud that defendant YAH LIN "CHARLIE" TRIE received "credit" and recognition from the DNC as the solicitor of the contributions, thereby enabling him to meet the fundraising goals necessary to maintain his positions on DNC committees and related entities.
9. It was part of the scheme and artifice to defraud that defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN used defendant YAH LIN "CHARLIE" TRIE's membership in the DNC committees and related entities, including the Trustee Program, the Democratic Business Leadership Forum and the DNC Finance Board of Directors to promote the defendants' private business activities.

10. It was part of the scheme and artifice to defraud that defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN deprived the DNC of the right to control how its money is spent.

11. It was part of the scheme and artifice to defraud that defendants YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN caused the DNC to file false campaign finance reports with the FEC.

12. On or about June 21, 1994, in the District of Columbia and elsewhere, YAH LIN "CHARLIE" TRIE, defendant herein, for the purpose of executing and attempting to execute the scheme and artifice to defraud and to obtain property by false and fraudulent pretenses, representations and promises, did knowingly cause to be delivered by express mail to the DNC in Washington, D.C. a check payable to the DNC in the amount of $7,500 from
the account of Dalhatsu at First Commercial Bank from the U.S. Post Office in Little Rock, Arkansas.

(Mail Fraud and Aiding and Abetting, in violation of 18 U.S.C. §§ 1341 and 2)
COUNT THREE

1. The allegations contained in paragraphs One through Eleven of Count Two of the Indictment are incorporated herein by reference as though fully set forth in this Count of the Indictment.

2. On or about August 4, 1994, in the District of Columbia and elsewhere,

YAH LIN "CHARLIE" TRIE,

defendant herein, for the purpose of executing and attempting to execute the scheme and artifice to defraud and to obtain property by false and fraudulent pretenses, representations and promises, did knowingly cause to be delivered by express mail to the DNC in Washington, D.C. a check payable to the DNC in the amount of $20,000 from the account of defendant YAH LIN "CHARLIE" TRIE and his wife at First Commercial Bank from the U.S. Post Office in Little Rock, Arkansas.

(Mail Fraud and Aiding and Abetting, 18 U.S.C. §§ 1341 and 2)
COUNT FOUR

1. The allegations contained in paragraphs One through Eleven of Count Two of the Indictment are incorporated herein by reference as though fully set forth in this Count of the Indictment.

2. On or about August 26, 1994, in the District of Columbia and elsewhere, YAH LIN "CHARLIE" TSIE,
defendant herein, for the purpose of executing and attempting to execute the scheme and artifice to defraud and to obtain property by false and fraudulent pretenses, representations and promises, did knowingly transmit and cause to be transmitted by means of a wire in interstate commerce, writings, signs, signals, pictures and sounds, to wit: the facsimile transmission of a memorandum from Little Rock, Arkansas to an employee at the DNC in Washington, D.C.

(Wire Fraud and Aiding and Abetting,
in violation of 18 U.S.C. §§ 1343 and 2)

23
COUNT FIVE

1. The allegations contained in paragraphs One through Eleven of Count Two of the Indictment are incorporated herein by reference as though fully set forth in this Count of the Indictment.

2. On or about November 9, 1995, in the District of Columbia and elsewhere, YAH LIN "CHARLIE" TIE, defendant herein, for the purpose of executing and attempting to execute the scheme and artifice to defraud and to obtain property by false and fraudulent pretenses, representations and promises, did knowingly transmit and cause to be transmitted by means of a wire in interstate commerce, writings, signs, signals, pictures and sounds, to wit: a telephone call from the Watergate South apartment in Washington, D.C. to an Individual in Gaithersburg, Maryland.

(Wire Fraud and Aiding and Abetting, in violation of 18 U.S.C. §§ 1343 and 2)
COUNT SIX

1. The allegations contained in paragraphs One through Eleven of Count Two of the Indictment are incorporated herein by reference as though fully set forth in this Count of the Indictment.

2. On or about August 15, 1996, in the District of Columbia and elsewhere,

YAH LIN "CHARLIE" TRIB and
YUAN PEI "ANTONIO" PAN,
defendants herein, for the purpose of executing and attempting to execute the scheme and artifice to defraud and to obtain property by false and fraudulent pretenses, representations and promises, did knowingly transmit and cause to be transmitted by means of a wire in interstate commerce, writings, signs, signals, pictures and sounds, to wit: the wire transfer of funds in the amount of $80,000 from an account in the name of defendant YAH LIN "CHARLIE" TRIB and a business associate from Macau maintained at Riggs Bank in Washington, D.C. to an account at American International Bank in Los Angeles, California.

(Wire Fraud and Aiding and Abetting,
in violation of 18 U.S.C. §§ 1343 and 2)
COUNT SEVEN

1. The allegations contained in paragraphs One through Eleven of Count Two of the Indictment are incorporated herein by reference as though fully set forth in this Count of the Indictment.

2. On or about August 15, 1996, in the District of Columbia and elsewhere, YAH LIN "CHARLIE" TRIE and YUAN PEI "ANTONIO" PAN, defendants herein, for the purpose of executing and attempting to execute the scheme and artifice to defraud and to obtain property by false and fraudulent pretenses, representations and promises, did knowingly transmit and cause to be transmitted by means of a wire in interstate commerce, writings, signs, signals, pictures and sounds, to wit: the wire transfer of funds in the amount of $10,000 from an account in the name of San KIn Yip maintained at Riggs Bank in Washington, D.C. to an account held by an individual in California.

(Wire Fraud and Aiding and Abetting, in violation of 18 U.S.C. §§ 1342 and 2)
COUNT EIGHT

1. The allegations contained in paragraphs One through Eleven of Count Two of the Indictment are incorporated herein by reference as though fully set forth in this Count of the Indictment.

2. On or about August 16, 1996, in the District of Columbia and elsewhere, YAH LIN "CHARLIE" TIE,
defendant herein, for the purpose of executing and attempting to execute the scheme and artifice to defraud and to obtain property by false and fraudulent pretenses, representations and promises, did knowingly transmit and cause to be transmitted by means of a wire in interstate commerce, writings, signs, signals, pictures and sounds, to wit: a telephone call from the Watergate South apartment in Washington, D.C. to a business office in Rockville, Maryland.

(Wire Fraud and Aiding and Abetting,
in violation of 18 U.S.C. §§ 1343 and 2)
COUNTS NINE THROUGH ELEVEN

1. The allegations contained in paragraphs One through Thirteen of Count One of the Indictment are incorporated herein by reference as though fully set forth in these Counts of the Indictment.

2. On or about the dates set forth below, in the District of Columbia, and elsewhere,

YAH LIN "CHARLIE" TIE,

defendant herein, in a matter within the jurisdiction of a department and agency of the United States, knowingly and willfully caused another to (1) falsely, conceal and cover up by trick, scheme and device a material fact; (2) make materially false, fictitious and fraudulent statements and representations; and (3) make and use false writings and documents knowing the same to contain materially false, fictitious and fraudulent statements and entries, to wit: the defendant caused the treasurer for the DNC to create and submit false reports to the FEC which indicated that lawful contributions were made by individuals to the DNC when in truth and fact, as the defendant well knew, it was another person and entity that had contributed to the DNC and not the conduits listed in the report filed with the FEC.
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(False Statements and Aiding and Abetting, in violation of 18 U.S.C. §§ 1001 and 2)
COUNT TWELVE

Introductory Allegations

1. In or about December 1996, the U.S. Senate was authorized to conduct an investigation of illegal or improper activities in connection with the 1996 federal election campaigns.

2. Prior to December 1996, a federal grand jury was convened in the District of Columbia to investigate, among other things, illegal or improper activities in connection with campaign contributions made by defendant YAH LIN "CHARLIE" TRIE and others.

3. In or about December 1996, defendant YAH LIN "CHARLIE" TRIE retained a law firm in connection with grand jury and congressional investigations into alleged federal election law violations.

4. On or about February 13, 1997, the U.S. Senate issued a subpoena to the Custodian of Records of Daihatsu seeking records that referred or related to, among other things, political contributions and the DNC.

5. In or about June 25, 1997, the federal grand jury sitting in the District of Columbia issued a grand jury subpoena to an employee of defendant YAH LIN "CHARLIE" TRIE seeking documents related to, among other things, political contributions made by defendant YAH LIN "CHARLIE" TRIE.
The Conspiracy

6. From in or about December 1996 continuing through October 1997, the exact dates being to the grand jury unknown, in the District of Columbia, the State of Arkansas, and elsewhere,

YAH LIN "CHARLIE" TIE,

defendant herein, did knowingly and willfully conspire and agree with other persons whose names are to the grand jury both known and unknown, to commit offenses against the United States, that is, (1) to corruptly influence, obstruct, and endeavor to influence, obstruct and impede the due administration of justice, in violation of 18 U.S.C. Section 1503; (2) to corruptly impede and endeavor to impede the due and proper exercise of the power of inquiry under which any inquiry and investigation was being had before the United States Senate, and any committee of the United States Senate and any joint committee of the Congress, in violation of 18 U.S.C. Section 1505; and, (3) to corruptly persuade another person with the intent to cause and induce said person to withhold a record and document from an official proceeding and to alter, destroy, mutilate and conceal an object with the intent to impair the object's integrity and availability for use in an official proceeding, in violation of 18 U.S.C. Section 1512(b)(2).
Manner and Means of the Conspiracy

7. It was part of the conspiracy that defendant YAH LIN "CHARLIE" TRIE and his co-conspirator(s) did utilize the telephones for the purpose of communicating with his co-conspirator(s) about the alteration, destruction, mutilation and concealment of documents.

8. It was further part of the conspiracy that defendant YAH LIN "CHARLIE" TRIE and his co-conspirator(s) did attempt to conceal from law enforcement and others the alteration, destruction, mutilation and concealment of records by causing false statements to be made to the United States Senate and to federal law enforcement.

9. It was further part of the conspiracy that defendant YAH LIN "CHARLIE" TRIE and his co-conspirator(s) did alter, destroy, mutilate and conceal documents responsive to subpoenas issued by the United States Senate and by a federal grand jury.

OVERT ACTS

In furtherance of the conspiracy and to effect the objects thereof, the following overt acts, among others, were committed in the District of Columbia and elsewhere:

1. In or about December 1996, defendant YAH LIN "CHARLIE" TRIE called a co-conspirator in Rockville, Maryland and discussed a campaign contribution made by the co-conspirator at the direction of defendant YAH LIN "CHARLIE" TRIE in August, 1996.
2. In or about January 1997, defendant YAH LIN "CHARLIE" TRIE called a co-conspirator in Little Rock, Arkansas to discuss the pending grand jury and congressional investigations and the documents of Daihatsu.

3. In or about March 7, 1997, a co-conspirator left a message on a telephone answering machine located in Washington, D.C. for the purpose of contacting defendant YAH LIN "CHARLIE" TRIE about a U.S. Senate subpoena served on Daihatsu.

4. In or about March 1997, defendant YAH LIN "CHARLIE" TRIE called a co-conspirator in Little Rock, Arkansas and asked the co-conspirator to get rid of documents responsive to the U.S. Senate subpoena.

5. In or about March 1997, a co-conspirator falsely told the attorneys for Daihatsu and for the defendant YAH LIN "CHARLIE" TRIE that all documents responsive to the subpoena issued by the U.S. Senate were available for their review and inspection in Little Rock, Arkansas.

6. In or about June 1997, a co-conspirator left a message for defendant YAH LIN "CHARLIE" TRIE on a telephone answering machine located in Washington, D.C.

7. On or about October 21, 1997, a co-conspirator falsely told agents of the Federal Bureau of Investigation at a meeting in Washington, D.C. that all documents responsive to a federal grand jury subpoena dated June 25, 1997 had been produced.
8. On or about October 22, 1997, after producing a number of additional documents on that date, a co-conspirator falsely told agents of the Federal Bureau of Investigation at a meeting in Washington, D.C. that all documents responsive to a federal grand jury subpoena dated June 25, 1997 had been produced.

(Conspiracy to Obstruct Justice, in violation of 18 U.S.C. § 371)
COUNT THIRTEEN

1. The allegations contained in paragraphs One through Five of Count Twelve of the Indictment are incorporated herein by reference as though fully set forth in this Count of the Indictment.

2. In or about January, 1997, in the District of Columbia, the State of Arkansas, and elsewhere,

YAH LIN "CHARLIE" TRIE,

defendant herein, did corruptly persuade another person with the intent to cause and induce said person to withhold a record and document from an official proceeding and to alter, destroy, mutilate and conceal an object with the intent to impair the object's integrity and availability for use in an official proceeding, to wit: by telling and instructing another person to alter, destroy, mutilate, and conceal documents.

(Witness Tampering and Aiding and Abetting, in violation of 18 U.S.C. §§ 1512(b)(2) and 2)
COUNT FOURTEEN

1. The allegations contained in paragraphs One through Five of Count Twelve of the Indictment are incorporated herein by reference as though fully set forth in this Count of the Indictment.

2. On or about March 7, 1997, in the District of Columbia, the State of Arkansas, and elsewhere,

YAH LIN "CHARLIE" TRIE,

defendant herein, did corruptly impede and endeavor to impede the due and proper exercise of the power of inquiry under which any inquiry and investigation was being had before the United States Senate, and any committee of the United States Senate and any joint committee of the Congress, to wit: by instructing another person to alter, destroy, mutilate, conceal and otherwise fail to produce documents responsive to a subpoena issued by the United States Senate Committee on Governmental Affairs.

(Obstruction of Congressional Investigation and Aiding and Abetting, in violation of 18 U.S.C. §§ 1505 and 2)
COUNT FIFTEEN.

1. The allegations contained in paragraphs One through Five of Count Twelve of the Indictment are incorporated herein by reference as though fully set forth in this Count of the Indictment.

2. On or about June 27, 1997, in the District of Columbia, the State of Arkansas, and elsewhere, YAH LIN "CHARLIE" Trie, defendant herein, did corruptly persuade another person with the intent to cause and induce said person to withhold a record and document from an official proceeding and to alter, destroy, mutilate and conceal an object with the intent to impair the object's integrity and availability for use in an official proceeding, to wit: by telling and instructing another person to alter, destroy, mutilate, and conceal documents responsive
to a federal grand jury subpoena issued by the United States District Court for the
District of Columbia.

(Witness Tampering and Aiding and Abetting,
in violation of 18 U.S.C. §§ 1512(b)(2) and 2)

A TRUE BILL:

__________________________
Wilma A. Lewis
United States Attorney for the
District of Columbia

__________________________
Foreperson

Thomas W. McNamara
Sandra Wilkinson
Trial Attorneys
U.S. Department of Justice
Campaign Financing Task Force
1001 G Street, NW
Washington, D.C. 20001
(202)307-0708

Date: January 28, 1998
October 9, 1997

House of Representatives
Committee on Government Reform and Oversight

Dear Mr. Lu:

I am writing as counsel to the Bank of China (the "Bank") in response to your letter of September 21, 1997 and further to our telephone call concerning possible testimony before your Committee by a representative of the Bank.

The Bank wishes you to know that they very much appreciate your suggestion for a representative of the Bank to testify and that this idea has been carefully considered by the Bank's management. However, upon consideration, the Bank must respectfully decline for the following reasons.

First, the Bank functions — and since its formation in 1911 has always functioned — solely as a commercial bank. Although the Bank is owned by the government of China, it is and has always been independently managed and operated. Actually, because China is a socialist country, many Chinese companies are owned by the government of China, but ownership is not the same thing as management. The fact that a Chinese company is state-owned does not mean that it is state-run, and in the Bank's case, it has always strongly maintained its independent status and avoided political involvement, both in China and around the world. For the same reason, the Bank does not wish to seek active involvement in the current Congressional committee hearings, which are directed at the campaign finance activities of the political parties of this country and of its elected officials. Since these hearings appear to have nothing to do with the Bank, there is no reason for the Bank to seek to intervene.

Second, the Bank of China has been federally chartered in the United States since 1981. As such, it is well known to — and I believe respected by — the Federal Reserve and the Office of the Comptroller of the Currency. The propriety and
regularity of the Bank's activities — accepting deposits, honoring checks, making loans, affecting wire transfers, and so on — are a matter of long-standing public record in this country and should not be questioned, aia-characterized, or challenged without sound factual basis. To date, there has been not a single fact or document showing that the Bank has done anything other than ordinary commercial banking activities. From the Bank's point of view, then, there is no need to defend itself against charges that have yet not been made or that, if made, would be without foundation in fact.

Finally, in the current Congressional committee investigations — as with all governmental inquiries in this country — the Bank has co-operated fully, responding as quickly as possible to proper requests for documents and information in order to assist the committees in their functioning. In the same spirit, the Bank remains ready to respond to future requests from the committees for information and documents. In the Bank's view, this type of co-operative response is the most appropriate role for the Bank, whereas active involvement in what is essentially a U.S. political process is not.

For the foregoing reasons, the Bank, with respect, declines at this time to seek to appear for testimony before your Committee.

Best regards.

Sincerely,

Christopher Brady

Christopher P. La, Esq.
Counsel, Democratic Staff
U.S. House Comm. on Gov't Reform & Oversight
2157 Rayburn House Office Building
Washington, D.C. 20515-6143

CB:ms:telecopy to: 202-225-3345 (FAX)
UNIVERSITY OF CALIFORNIA, SAN DIEGO

BERKELEY - IRVINE - SANTA BARBARA - SANTA CRUZ

GRADUATE SCHOOL OF INTERNATIONAL RELATIONS AND PACIFIC STUDIES

Barry Naughton, Associate Professor

October 8, 1997

The Honorable Henry A. Waxman
Ranking Minority Member
U.S. House of Representatives
Committee on Government Reform and Oversight
B-350A Rayburn House Office Building
Washington, DC 20515

Dear Representative Waxman,

I am writing in response to your inquiry as to the operations of the Bank of China (BoC). I am an Associate Professor at the Graduate School of International Relations and Pacific Studies at the University of California, San Diego. I am an economist who has researched the Chinese economy for fifteen years. I have written a comprehensive study of Chinese economic reforms (published by Cambridge University Press), entitled Growing Out of the Plan: Chinese Economic Reform 1978-1993, which won the Masayoshi Ohira memorial prize in 1996. In addition, I have edited two volumes of studies of the Chinese economy, and published over thirty articles in academic journals and edited volumes.

As I understand, the Committee on Government Reform and Oversight is investigating campaign finance violations that may have occurred during the 1996 U.S. presidential election. I also understand that witnesses testifying may testify that they made contributions, which might have originated from individuals or corporate accounts at the Bank of China. I would like to provide you with some information which would shed light on the commercial structure and activities of the Bank of China.

First, the Bank's activities are not limited to Chinese government accounts. The Bank of China (BoC) is one of four "specialist" banks, along with the Industrial and Commercial Bank of China, the Agricultural Bank of China, and the People's Construction Bank of China, which operates under the auspices of The People's Bank of China, the central bank of China. Though the BoC is technically a government entity, it is the 30th-largest commercial bank in the world with millions of private personal accounts, and is by far the most international of all of China's banks. Indeed, approximately 80% of its deposits and lending are made in foreign currency. Furthermore, the BoC maintains an extremely high ratio of foreign to domestic currency, and had the highest ratio in the world in 1994.
Secondly, the BoC has a global presence. More than one-quarter of its operations are conducted in Hong Kong and Macau. It has some 12,300 offices in China and 525 branches overseas, including two branches in New York City and one in California. Branches can accept personal deposits, make loans, or receive wire transfers. Anyone, including you and I, could walk into the New York branch on Madison Avenue and open an account.

Thirdly, the Bank of China regularly deals with international and U.S. firms. Though its primary customer base is naturally located in East Asia, it has sought to form ties with Western banks such as Citibank, and U.S. firms such as Cisco Systems Inc., a worldwide leader in networking for the Internet. Most U.S. firms with a presence in China routinely open an account with the Bank of China. In addition, other branches of the People's Bank of China have conducted business with Visa International Inc., Price Waterhouse, Morgan Stanley, and the Asian Development Bank. Bank of China shares are even sold on Hong Kong's Hang Seng stock market, under the ticker symbol (Q.BCH)

As a result of the size and scope of commercial operations by the Bank of China, it is unreasonable to assume that the Chinese government or its officials would have direct knowledge of any individual wire transfer or any other transaction from an individual or corporate commercial account at the Bank of China. Such transfers are routine and occur millions of times each day at the Bank. There is nothing to prevent the Chinese government from using the Bank of China to transfer funds internationally, but it is equally true that the Chinese government could just as well use any other international commercial bank for the same purpose.

I hope that I have been of assistance in providing the Committee with insight as to the nature and activities of the Bank of China.

Sincerely yours,

Barry Naughton
University of California, San Diego
Mr. General of Police Drs. Dibyo Widodo  
Chairman of Police  
of the Republic of Indonesia  
Jalan Tromojoyo No. 3  
Kebayoran Baru  
Jakarta Selatan  
Indonesia  

Dear Mr. General Widodo:

The Committee on Government Reform and Oversight is conducting an investigation pursuant to its authority under Rules X and XI of the United States House of Representatives. In the course of its investigation, several questions have arisen regarding the origin of 200 $1,000 Visa travelers checks purchased at the Bank Central Asia in Jakarta, Indonesia. The Bank Central Asia travelers checks at issue bear serial numbers 109 3255 609 061 through 109 3255 610 060.

The Committee is seeking information regarding the purchase of the travelers checks, specifically the date of the purchase, name of the purchaser, form and source of the funds used to purchase the checks and any other information supplied by the purchaser to Bank Central Asia at the time of purchase. My staff has contacted Mr. Andi Hairawan of Bank Central Asia Jakarta and Mr. Christopher M. Curran, Esq., Bank Central Asia’s legal counsel in the United States regarding the origin of these travelers checks. Messrs. Hairawan and Curran indicated that the Bank Central Asia is in possession of the information sought by this Committee and is ready to provide that information to the Committee pending approval by the appropriate Indonesian authorities. They recommended that the Committee request your assistance in obtaining the requisite approval. Therefore, I respectfully request your assistance in obtaining the requisite approval for the release of the aforementioned information. For your convenience, I have provided copies of the travelers checks.
Mr. General Widodo

I would appreciate your prompt consideration of this matter. Please contact Senior Investigative Counsel Tim Griffin of my staff at (202) 225-5074 if you have any questions or concerns regarding this matter.

Sincerely,

[Signature]
Dan Burton
Chairman

Enclosures

cc: SES NCB INTERPOL INDONESIA (w/ enclosures)

/\ Rep. Henry Waxman (w/o enclosures)
The Honorable Dan Burton  
Chairman, Committee on Government  
Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

It has been brought to my attention that the Committee is considering releasing to the public a series of travelers checks related to the case United States v. Charlie Trie and Antonio Fan, Crim. No. 98-0029. I am writing to request that the checks not be released at this time.

Although the case has been indicted, additional charges with possible new co-conspirators are under consideration. Certain facts surrounding the travelers checks are under active investigation and are crucial to our determination whether additional crimes are charged. The FBI is pursuing leads both here and abroad. Release of the checks now would inevitably compromise our ability to develop new evidence by alerting witnesses and conspirators about the nature and direction of the investigation. (Indeed, because of these concerns the checks have not yet been released to the defendant in the Trie case.)

We very much appreciate your notifying us about this matter and would be happy to meet with you to discuss the issue further.

Sincerely,

Mark M Richard  
Deputy Assistant Attorney General

cc: The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform  
and Oversight  
U.S. House of Representatives
Statement of Steven C. Clemons
Former Senior Policy Advisor to Senator Jeff Bingaman (D-NM)
and Executive Vice President, Economic Strategy Institute
regarding the release of confidential discussion notes about the matter of the appointment of Yih Lin "Charlie" Trie to the Presidential Commission on U.S. Pacific Trade and Investment Policy and other matters

February 25, 1998

Today, February 25th, the majority staff of the House Government Reform and Oversight Committee released to members of the media confidential notes that were taken during a discussion between members of the majority staff and myself in December 1997.

I had never seen these notes before, and I have never been given an opportunity by the Committee to acknowledge whether they accurately represent the discussion I had with members of the majority staff of the House Government Reform and Oversight Committee. In fact, the notes have significant inaccuracies and misrepresentations and about the important matters which were discussed.

When asked by the Committee to cooperate with their investigation, I did so and was truthful and candid. However, I was repeatedly assured that notes taken during our conversation would never be shown to anyone outside the Committee without my express consent.

I strongly object to the public release of notes from a conversation that the committee explicitly and repeatedly indicated would be confidential.

I cannot say anything more specific about the content of the memo as the Senate has advised me, as well as the House Committee, that this information is regarded as privileged, and I am going to respect that determination.

Indeed, in House Government Reform & Oversight Committee Chairman Dan Burton's February 25 press release, it is stated: "Chairman Burton agreed with Senate Majority Leader Lott that the 120-year tradition of not allowing present or former Senate staff members to testify before House committees need not be challenged."

However, the release of these confidential notes of a discussion with a former Senate staff member seems a violation of trust between the Chambers and a violation of Senate Majority Leader Lott's and Congressman Burton's agreement about this matter.
Exhibit 10
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, Plaintiff,
v.
JOHNNY CHUNG, Defendant.

No. CR 89-230
INFORMATION
[26 U.S.C. § 7201:
Tax Evasion;
18 U.S.C. § 1344:
Bank Fraud;
18 U.S.C. § 371:
Conspiracy to Violate the Federal Election Campaign Act]

The United States Attorney:

COURT ONE
[26 U.S.C. § 7201]
1. At all times relevant to this Information:
   a. Defendant JOHNNY CHUNG resided in Arcadia, California.
   b. Defendant JOHNNY CHUNG was the chief executive officer and majority shareholder of Automated Intelligent Systems, Incorporated ("AISI"), a California corporation with its principal place of business in Torrance, California.
o. Defendant JOHNNY CHUNG also operated a public
relations business as a sole proprietorship. Defendant CHUNG
described this business on his 1995 federal income tax return
as "public relations with government officials and China
business."

2. On or about August 14, 1996, defendant JOHNNY
CHUNG filed with the Internal Revenue Service a U.S.
Individual Income Tax Return Form 1040 for the 1995 calendar
year in which he stated that his taxable income for that year
was $14,216 and the amount of income tax due and owing
thereon was $2,134.

3. Defendant JOHNNY CHUNG knew that his taxable
income for that year was substantially in excess of that
stated in his tax return. A substantial additional tax was
due and owing to the United States upon that additional joint
taxable income.

4. On or about August 14, 1996, in the Central
District of California, and elsewhere, defendant JOHNNY CHUNG
willfully attempted to evade and defeat a material part of
the income tax due and owing by him to the United States for
the calendar year 1995 by filing, and causing to be filed, a
false and fraudulent income tax return for the 1995 calendar
year.

In violation of Title 26, United States Code,
Section 7201.
CONGRESSIONAL RECORD

[18 U.S.C. §§ 1344 and 2(b)]

1. The allegations contained in paragraph 1 of Count One of this Information are hereby realleged as if set forth at length herein.

2. At all times relevant to this Information:

a. The deposits of the Republic National Bank of New York ("Republic National") were insured by the Federal Deposit Insurance Corporation.

b. The Republic Consumer Lending Group, Inc. ("Republic Consumer") was a subsidiary of Republic National (together "Republic").

c. C.M. Information Inc. ("C.M. Information") was a California corporation with its place of business in Santa Fe Springs, California. Defendant JOHNNY CHUNG was a vice president of C.M. Information.

d. The Cal Land Group Inc. ("Cal Land") was a California corporation with its place of business in Rosemead, California. Cal Land was a mortgage broker. Its clients included individuals who wanted to obtain loans from banks that would be secured by mortgages on their residences.

a. Cal Land would obtain information regarding its clients' finances and employment history from its clients and submit that information to banks engaged in making loans secured by residential mortgages. These banks relied on this information in determining whether to lend money to Cal
Land's clients.

1. In or about January 1997, in the Central district of California, and elsewhere, defendant JOHNNY CHUNG knowingly and willfully executed and attempted to execute a scheme and artifice to obtain money and other property owned by and under the custody and control of Republic by means of false and fraudulent pretenses, representations and promises.

2. It was part of this scheme and artifice to defraud that defendant JOHNNY CHUNG transferred his property interest in his residence in Artesia, California, ("the Artesia residence") to Katharina Chung and others.

3. It was part of this scheme and artifice to defraud that Katharina Chung, acting at the direction of defendant JOHNNY CHUNG, applied for a loan secured by a mortgage on the Artesia residence through Cal Land. As part of this application, Katharina Chung, acting at the direction of defendant CHUNG, submitted a written statement to Cal Land which stated in substance and in part that she was employed by C.M. Information as a controller earning at least $49,300 a year, when in fact she was not so employed.

4. It was part of this scheme and artifice to defraud that defendant JOHNNY CHUNG, without authorization, signed the name of the president of C.M. Information on this document.

5. Cal Land submitted this document to Republic consumer as part of the loan application. In or about
February 1997, Republic approved the loan in the amount of $157,500, which was secured by a mortgage on the Artesia residence.

All in violation of Title 18, United States Code, Sections 1344 and 2(b).
CONGRESSIONAL RECORD

18 U.S.C. § 371; 2 U.S.C. §§ 441a, 441f & 437g(d)

1. The allegations contained in paragraph 1 of
Count One of this Information are hereby realleged as if set
forth at length herein.

The Federal Election Campaign Act

2. At all times relevant to this Information, the
Federal Election Campaign Act, Title 2, United States Code,
Section 431 et seq. ("FECA") governed contributions of money,
property and services to political committees, including the
campaign committees of candidates in federal elections.
Among other things, the FECA specifically provided that
individuals were prohibited from:

a. Contributing more than $1000 per election cycle
to any candidate in a federal election or to his/her campaign
committee for the purpose of influencing a federal election.
A primary election and the subsequent general election were

treated as two separate election cycles; and

b. Making a contribution in the name of another

person to any candidate in a federal election or to any
political committee.

Clinton/Gore '96

3. At all times relevant to this Information, the
Clinton/Gore '96 Primary Committees, Inc. ("Clinton/Gore '96")
was a political committee authorized to support President
Clinton and Vice President Gore in their campaign for re-

6
election. As such, contributions to Clinton/Gore '96 were subject to the provisions contained in the FECA.

THE CONSPIRACY

4. In or about September 1995, in the Central District of California, and elsewhere, defendant JOHNNY CHUNG did knowingly conspire and agree with others to:

a. Contribute, and cause to be contributed, funds exceeding the $1000 limit on campaign contributions to Clinton/Gore '96, in violation of Title 2, United States Code, Sections 441a and 437g(d); and

b. Contribute, and cause to be contributed, his own funds to Clinton/Gore '96 in the names of other persons ("conduits"), in violation of Title 2, United States Code, Sections 441f and 437g(d).

Means and Methods of the Conspiracy

5. Clinton/Gore '96 held a fundraising event in Century City, California on September 21, 1995. The cost for attending this event was $1000, which was the maximum amount under the FECA that one person could contribute to Clinton/Gore '96, as defendant JOHNNY CHUNG knew.

6. Defendant JOHNNY CHUNG attended this event with approximately twenty guests. On or about September 22, 1995, in order to pay for the attendance of his guests, defendant CHUNG and others agreed to an arrangement by which defendant CHUNG would contribute at least $20,000 of his own money to Clinton/Gore '96, which he disguised as contributions.
("conduit contributions") from other persons ("conduit contributors").

7. Defendant JOHNNY CHUNG instructed an AISI employees to recruit conduit contributors by asking them to write individual checks, drawn on their own checking accounts, in the amount of $1000 payable to Clinton/Gore '96.

8. At the direction of defendant JOHNNY CHUNG, cash was withdrawn from two of defendant CHUNG's personal bank accounts. The cash was delivered to defendant CHUNG and an AISI employee at AISI's offices.

9. Defendant JOHNNY CHUNG directed an AISI employee to have $1000 in cash delivered to each of the twenty conduit contributors in order to reimburse them for the $1000 checks they had written to Clinton/Gore '96.

10. An AISI employee, acting at the direction of defendant JOHNNY CHUNG, delivered the conduit checks to a Clinton/Gore '96 representative and caused the twenty conduit contributors to be reimbursed with $1000 in cash.

Overt Acts

11. In furtherance of the conspiracy and to accomplish its unlawful objects, defendant JOHNNY CHUNG and his co-conspirators committed and caused the commission of the following overt acts in the Central District of California and elsewhere:

a. On or about September 22, 1995, defendant JOHNNY CHUNG and an AISI employee received from another individual at
least $20,000 in cash drawn from defendant CHUNG's personal bank accounts.

b. On or about September 22, 1995, an AISI employee, acting at the direction of defendant JOHNNY CHUNG, asked others to make conduit contributions and to recruit others to make conduit contributions ("the conduit recruiters").

c. On or about September 22, 1995, an AISI employee, acting at the direction of defendant JOHNNY CHUNG, received at least twenty conduit contributions in the form of at least twenty individual checks for $1000 made payable to Clinton/Gore '96 from the conduit recruiters and others.

d. On or about September 22, 1995, an AISI employee, acting at the direction of defendant JOHNNY CHUNG, gave cash to some of the conduit recruiters so that those individuals could reimburse the conduit contributors they had recruited.

e. On or about September 22, 1995, an AISI employee, acting at the direction of defendant JOHNNY CHUNG, reimbursed those conduit contributors she had recruited with cash.

f. On or about September 22, 1995, an AISI employee, acting at the direction of defendant JOHNNY CHUNG, delivered at least twenty checks from conduit contributors to a representative of Clinton/Gore '96.

All in violation of Title 18, United States Code, Section 371.
COUNT I

(18 U.S.C. § 371; 2 U.S.C. §§ 441a, 441f & 437g(d)]

1. The allegations contained in paragraph 1 of Count
One and paragraph 3 of Count Three of this Information are
hereby realleged as if set forth at length herein.

Kerry Committee

2. At all times relevant to this Information, the
Kerry Committee was a political committee authorized to support
U.S. Senator John Kerry's campaign for re-election. As such,
the Kerry Committee was subject to the provisions contained in
the FECA.

THE CONSPIRACY

3. In or about September 1996, in the Central
District of California, and elsewhere, defendant JOHNNY CHUNG
did knowingly conspire and agree with others to:

   a. Contribute, and cause to be contributed, funds
      exceeding the $2000 limit on campaign contributions to the Kerry
      committee, in violation of Title 2, United States Code, Sections
      441a and 437g(d); and

   b. Contribute, and cause to be contributed, his own
      funds to the Kerry Committee in the names of other persons, in
      violation of Title 2, United States Code, Sections 441f and
      437g(d).

Means and Methods of the Conspiracy

4. On or about September 3, 1996, the Kerry Committee
held a fundraising event hosted by defendant JOHNNY CHUNG in
CONGRESSIONAL RECORD

Beverly Hills, California. The maximum amount that one person could contribute to the Kerry Committee under the FECA was $1000 for the primary election campaign and $2000 for the general election campaign, for a total maximum contribution of $2000, as defendant JOHNNY CHUNG knew. The cost for attending the Kerry Committee fundraising event was $2000.

5. On or about September 9, 1996, defendant JOHNNY CHUNG attended this event with four guests. In order to pay for the attendance of his guests, defendant CHUNG and others agreed to an arrangement by which defendant CHUNG would contribute $5,000 or his own money to the Kerry Committee disguised as contributions from other persons.

6. Defendant JOHNNY CHUNG and an AISI employee asked four individuals ("the four conduit contributors") to write individual checks drawn on their own accounts in the amount of $2000 payable to the Kerry Committee.

7. Defendant JOHNNY CHUNG and an AISI employee reimbursed the four conduit contributors with checks drawn from defendant CHUNG'S personal bank account.

Overt Acts

8. In furtherance of the conspiracy and to accomplish its unlawful objects, defendant JOHNNY CHUNG and his co-conspirators committed and caused the commission of the following overt acts in the Central District of California and elsewhere:

a. On or about September 9, 1996, defendant JOHNNY
CHUCK and an AISI employee delivered the conduit contribution
checks to a representative of the Kerry Committee.
All in violation of Title 18, United States Code,
Section 371.

HERA M. NAVELLA
United States Attorney

DAVID C. SCHIFFER
Assistant United States Attorney
Chief, Criminal Division

CHARLES C. LA BELLA
Supervising Attorney
Campaign Finance Task Force

MICHAEL T. MCCaul
JAMES MCKEOWN
JOHN SULLIVAN
Trial Attorneys
Campaign Finance Task Force
Criminal Division
U.S. Department of Justice
Exhibit 11
November 10, 1997

Honorable Henry A. Waxman
Ranking Minority Member
House Committee on Government Reform and Oversight
511 Ford House Office Building
Washington, D.C. 20515

Honorable Mr. Waxman,

I understand that you are conducting investigations into campaign financing these days. As an American of Chinese origin I am disturbed by attempts on the part of some people to question the loyalty of all Chinese Americans.

In particular, there is an attempt to pronounce guilt by association. For example, if a business person has contact with a Chinese government official that person is sometimes suspected of possible spy activity. I have been teaching China-business at Columbia for eighteen years. I have observed that since China is still in a transitional period communication with Chinese government officials is a routine business matter and is totally unrelated to a business person’s ideological or political inclination.

Moreover, in doing business with China contacts with State-owned enterprises are often inevitable, especially in sectors where such enterprises have not as yet been eclipsed by the rapidly growing non-state enterprises. There is, therefore, no direct correlation between U.S. firms doing business in China and attempts at illegal political influence. I am sure that this assessment is shared by most serious observers and should be made known to members of your committee for fair and correct interpretation of evidence.

Sincerely yours,

N. T. Wang
Senior Research Scholar and
Adjunct Professor of Business
### PERSONAL FINANCIAL STATEMENT

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>LIABILITIES</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>Amount</strong></td>
</tr>
</tbody>
</table>

**INCOME**

- **Property Taxes and Assessments Paid**
- **Federal and State Income Taxes Paid**
- **State and Local Real Estate Taxes Paid**
- **Educational Expenses Paid**
- **Other Income, from Your Own Business**
- **Estimated Living Expenses**
- **Total Income**

**EXPENDITURES**

- **Property Taxes and Assessments Paid**
- **Federal and State Income Taxes Paid**
- **State and Local Real Estate Taxes Paid**
- **Educational Expenses Paid**
- **Other Income, from Your Own Business**
- **Estimated Living Expenses**
- **Total Expenditures**

**TOTAL INCOME**

**TOTAL EXPENDITURES**
This page contains tables and forms, which appear to be related to financial or asset statements. The tables are structured to list various assets and liabilities, with columns for description, value, and other details. The forms include sections for signatures and dates. The content is typical of financial disclosure forms, possibly related to a financial report or statement.
### GRAND NATIONAL BANK

**SCHEDULE OF REAL ESTATE OWNED**

This schedule of real estate owned is to be attached to and made part of my loan application and financial statement dated **June 30, 1994**.

<table>
<thead>
<tr>
<th>PROPERTY ADDRESS AND DESCRIPTION</th>
<th>OWNERS</th>
<th>PURCHASE DATE</th>
<th>MARKET VALUE</th>
<th>LOAN AMOUNT</th>
<th>INT. RATE</th>
<th>ANNUAL CASH FLOW</th>
<th>NAMES AND ADDRESSES OF EACH LENDER WITH LOAN NUMBERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rental House</strong></td>
<td>T. Eleuthero</td>
<td>11/19/93</td>
<td>$40,000</td>
<td>$30,000</td>
<td>9.7%</td>
<td>10,000</td>
<td>California Mortgage</td>
</tr>
<tr>
<td><strong>Towel House</strong></td>
<td>T. Eleuthero</td>
<td>11/19/93</td>
<td>$30,000</td>
<td>$20,000</td>
<td>4.7%</td>
<td>9,000</td>
<td>Lake Ledge</td>
</tr>
<tr>
<td><strong>Bed &amp; Breakfast, Ca.</strong></td>
<td>T. Eleuthero</td>
<td>11/19/93</td>
<td>$40,000</td>
<td>$30,000</td>
<td>7.7%</td>
<td>9,000</td>
<td>Grand Netl. Bank</td>
</tr>
<tr>
<td><strong>Condo, San Francisco, Ca.</strong></td>
<td>T. Eleuthero</td>
<td>11/19/93</td>
<td>$40,000</td>
<td>$30,000</td>
<td>6.5%</td>
<td>9,000</td>
<td>Grand Netl. Bank</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:**

**BORROWER NAME**

**BORROWER SIGNATURE / DATE**
March 24, 1998

By Telecopy and U.S. Mail

Richard D. Bennett, Esq.
Chief Counsel
Committee on Government Reform and Oversight
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D. C. 20515-6143

Dear Mr. Bennett:

As we understand it, your Committee is seeking information concerning the status of contributions received by the Democratic National Committee ("the DNC") from Panda Estates Investment Inc. and its President, Jessica G. Elinitiarta. You should be aware that the DNC previously has provided documents to your Committee concerning these contributions. As those documents indicate, Ms. Elinitiarta personally contributed $100,000.00 to the DNC by check dated February 19, 1996; Panda Estates Investment Inc. contributed $100,000.00 to the DNC by check dated July 12, 1996, and $50,000.00 by check dated July 29, 1996.

A review of information relating to these contributors indicates that Ms. Elinitiarta 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. Elinitiarta 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. Elinitiarta confirmed that Ms. Elinitiarta 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. Elinitiarta...
Richard D. Bennett, Esq.  

March 24, 1998

"personally or through her business interests, * * * have been lawful and properly documented." In the same statement they have also publicly confirmed that Ms. Elinitarta 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." For your convenience, I am enclosing a copy of the May 21, 1997 statement issued on behalf of Jessica Elinitarta and her father, Mr. Ted Sioeng.

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.

I trust the foregoing satisfies your need for information.

Sincerely,

Judah Best

JB: bz

Enclosure
CONGRESSIONAL RECORD

AKIN, GLIMPS, STRAUSS, HAUER & FELD, L.L.P.

ATTORNEYS AT LAW

AUSTIN
DALLAS
HOUSTON
NEW YORK
PHILADELPHIA
SAN ANTONIO

WASHINGTON, D.C.

STATEMENT ON BEHALF OF
JESSICA ELIOTIARTA AND TED SIOENG

FOR IMMEDIATE RELEASE: Contact: Mark J. Meddough
MAY 23, 1997 (202) 287-4611

Steven R. Rue
(202) 287-4344

For the past several weeks, Jessica Eliotia and her father, Ted Sioeng, have been the victims of numerous false and unsupported claims of wrongdoing associated with political contributions. These allegations have been part of a wave of unsubstantiated claims and innuendo directed at Asian-Americans who have participated freely in the political process.

Jessica Eliotia has been a permanent resident of the United States for more than five years and has resided in California for more than ten years. 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 Southern California and throughout the United States.

Any political contributions she has made, personally or through her business interests, have been in response to direct solicitations by office-seekers and their fund raisers. All of her contributions have been lawful and properly documented. While Ms. Eliotia has sponsored many civic projects and activities for the benefit of the Asian-American community in Southern California, she has made no political contributions on behalf of, or at the direction of, any foreign government.

Ted Sioeng is a successful international businessman whose children have moved to the United States where they have become permanent legal residents, attended school and started families and successful businesses. Mr. Sioeng is not, and has not been, a political agent of the Chinese or any other government. Since his children moved to the United States more than ten years ago, Mr. Sioeng's family has made extensive contributions to the social and cultural fabric of the Asian population in the Los Angeles area. His 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.

Mr. Sioeng and Ms. Eliotia have been victimized by a stream of baseless allegations, innuendo and false statements. They remain hopeful that the current frenzy of accusations and groundless speculation will not permanently harm the ability of Asian-Americans to participate fully and freely in political and civic life.

###
Exhibit 12
Date: August 7, 1996

To: Mr. Michael Hsu
Special Assistant
Taipei Economic and Cultural Representative Office in the United States

From: John R. Bolton
President, National Policy Forum

Re: Receipt for donation from the Pacific Cultural Foundation

Amount received: $25,000

Date: 8/5/96

Donor: Pacific Cultural Foundation

The National Policy Forum is organized under section 501(c)(4) of the Internal Revenue Code as a non-profit, tax-exempt organization. As such, corporate contributions to the Forum are not deductible as charitable giving for federal tax purposes. The Forum and its contributors are not subject to the Federal Election Campaign Act, and the names of financial donors will not be made public. For your records, our tax identification number is 52-1827887.

Thank you so much for your generous contribution!
National Policy Forum
259 1/2 Pennsylvania Avenue, S.E., Washington, D.C. 20003
A Republican Center for the Exchange of Ideas

Haley Burbar
Chairman

Date: August 7, 1996

To: Mr. Michael Hsu
Special Assistant
Taipei Economic and Cultural Representative Office in the United States

From: John R. Bolton
President, National Policy Forum

Re: Donation from the Pacific Cultural Foundation

Dear Michael:

Thank you so much for forwarding the generous contribution from the Pacific Cultural Foundation. A formal thank you from Haley will follow but I wanted to express our gratitude as well as respond to your request for the following information, which is enclosed:

1. Agenda of seminar
2. Confirmation list of attendees
   *Speakers
   *Members of Congress
3. Minutes of the seminar
4. Receipt
5. Transcript from NPF trade conference held in May 1995. "Trade and the Economy: Reasserting America's Competitive Edge."

In addition, I have enclosed several volumes of Common Sense: A Republican Journal of Fact and Opinion. Thanks again, Michael, and we look forward to working with you. Please feel free to contact me directly or Dianne Harrison at 202/544-2900.

Looking forward to seeing you in San Diego.

NPF 003204
Exhibit 13
May 28, 1996

Mr. Haley Barbour  
Chairman  
Republican National Committee  
310 First Street, SE  
Washington, DC 20003

Dear Haley:

I certainly appreciated the opportunity to visit with you recently and discuss Chevron’s contributions to the Republican Party and related organizations. Pursuant to that discussion, I have enclosed checks $25,000 for the National Policy Forum and $15,000 for the remainder of the funds for the RNC that we agreed to. The latter, covers what we had budgeted for a table at the Convention Gala. In addition to that, we have advised Gerry Parsky that we will shortly forward an additional contribution $10,000 to the San Diego Host Committee.

Haley, I again want to express Ken’s and my appreciation for your willingness to recognize the totality of our efforts on behalf of the Party by extending Season Ticket status to Chevron.

Sincerely,


Enclosures

cc: Mr. K. T. Derr
ADDITIONAL VIEWS OF HON. THOMAS M. BARRETT

I agree with chapters I, IV, and V of the minority views.

THOMAS M. BARRETT.