

JOHN HUANG MOVES FROM COMMERCE TO THE DNC

This section of the report summarizes John Huang's movement from the Department of Commerce to the DNC. In examining the hiring of Huang, at least three important themes arise that are revisited later in the 1996 campaign fund-raising matter. First, there is evidence that the President of the United States personally played a central role. President Clinton not only spoke to Huang and others about the potential of raising money in the Asian-American community, but the President recommended to the DNC that it hire Huang. Second, there is evidence that even before his hiring, DNC officials were concerned that Huang might not comply with federal campaign finance laws, and thus they insisted on an unprecedented, individualized training session with the DNC's general counsel. These concerns may have been prompted, in part, by DNC officials' probable knowledge that Huang had violated the Hatch Act while he was an employee of the Department of Commerce.¹

Third, despite these concerns, the DNC established a structure that could promote fund-raiser abuses, in part by offering Huang an incentive bonus for raising large amounts of money.

In compiling information on this topic, the Committee's task was made significantly more difficult by Huang's refusal to cooperate. Without his testimony, the Committee has been forced to piece together the specifics of Huang's move to the DNC from various sources. Many of the witnesses provide only partial information and claim not to have much recollection of specific events

¹ While Huang was still at the Commerce Department, he solicited contributions for the DNC, thereby violating the Hatch Act. Recognizing this violation of the law, the DNC tried to protect Huang by falsely attributing contributions to his wife, Jane Huang. Certain DNC officials, including Deputy National Finance Director David Mercer, were probably aware of Huang's illegal fund-raising and helped conceal it by using Jane Huang's name, rather than John Huang's, for tracking DNC contributions solicited by John Huang. *See* the section of this report concerning Huang's fund-raising at the Commerce Department.

or dates. Some of the witnesses provide conflicting testimony. Moreover, there is very little documentary evidence on this topic. The Committee has received only a few relevant calendars or phone logs and a handful of meeting notes.

The DNC Is Asked to Hire Huang

C. Joseph (“Joe”) Giroir has known the President and First Lady since the mid-1970s, when Hillary Rodham Clinton joined the Rose Law Firm in Little Rock, Arkansas.² Giroir was the Managing Partner of the Rose Firm and was credited with a great deal of its growth in the 1970s and 1980s.³ He was also one of the first securities lawyers in Arkansas, and helped take public some of Arkansas’ best-known companies, such as Tyson Foods, Wal-Mart, Inc., and Beverly Enterprises.⁴

One of Giroir’s biggest clients was Stephens Inc., a prominent investment banking firm in Little Rock. It was through Giroir’s role as attorney for Stephens that he first met Mochtar and James Riady.⁵ In 1978, Mochtar Riady hired Stephens to assist in the Lippo Group’s acquisition of an American banking institution. In 1983, Giroir and Stephens helped the Riadys acquire a controlling interest in Worthen Banking Corporation, a bank holding company based in Little Rock.⁶ As a result of that acquisition, Giroir and Mochtar Riady became members of the board of directors

² Deposition of C. Joseph Giroir, Jr., April 30, 1997, p. 26

³ *Id.* at p. 11.

⁴ *Id.*

⁵ *Id.* at p. 32.

⁶ *Id.* at pp. 33-34.

of Worthen Bank and James Riady was named the bank's president.⁷ Giroir also first met John Huang during this period, after James Riady hired Huang to serve as the bank's vice president.⁸

Giroir's business association with the Riadys and the Lippo Group ended in 1987 or 1988 after the Riadys sold their interest in Worthen Bank and moved Lippo's banking operation to the West Coast. Until early 1993, Giroir maintained a purely social relationship with the Riadys and spoke to them only two or three times a year.⁹

Following the 1992 election of Bill Clinton, however, Giroir and the Riadys became very close business partners. Even though Giroir had never been an international businessman, he and the Riadys established several joint ventures designed to match Lippo with American companies that wanted to invest in East Asia. The first of these joint ventures was Arkansas International Development Corporation ("AIDC I"), which Giroir incorporated in Arkansas on April 20, 1993.¹⁰ Giroir owned all of the stock of AIDC I, but the company was merely a nominee for an operating entity named Arkansas Joint Venture Company ("AJVC"). Giroir and P.T. Masindo, a subsidiary of the Lippo Group, jointly owned AJVC.¹¹ The Committee has learned that Lippo, acting through P.T. Masindo, provided all of the \$50,000 capitalization for Giroir's company (AIDC I).¹² In addition, between 1993 and 1995, Lippo funded all the developmental expenses for the joint venture, including

⁷ *Id.* at pp. 37-38.

⁸ *Id.* at p. 41.

⁹ *Id.* at pp. 47-48.

¹⁰ *Id.* at p. 15.

¹¹ *See id.* at pp. 16-20.

¹² *Id.* at pp. 15-16.

entertainment and travel expenses. Giroir estimated that these expenses totaled \$300,000 to \$400,000 in 1993, \$400,000 to \$600,000 in 1994, and \$600,000 to 700,000 in 1995.¹³ Giroir testified that he also performed services for Lippo for which he was compensated outside of the joint venture. Giroir indicated that, in the aggregate, he received roughly \$500,000 per year in compensation from Lippo.¹⁴

In 1995, Giroir incorporated a second joint venture with the Lippo Group in the Cayman Islands, Arkansas International Development Corporation, II (“AIDC II”).¹⁵ P.T. Masindo, the Lippo subsidiary, again provided essentially all of the start-up capital for the joint venture. In exchange for Giroir providing AIDC II all of his rights to the assets of AIDC I, the Lippo subsidiary agreed to fund AIDC II with \$1 million in 1995, \$1 million in 1996 and \$500,000 in 1997.¹⁶ AIDC II, and therefore Lippo, paid Giroir a salary of \$360,000 per year. In addition, Lippo gave Giroir the authority to take a discretionary bonus whenever he desired.¹⁷

Through Giroir and AIDC II, Lippo attempted to gain influence by hiring people with access to the Clinton Administration. For example, on May 23, 1995, AIDC II hired Paul Barry, an old

¹³ *Id.* at pp. 15-19. Giroir testified that these developmental expenses also included personal loans that he was authorized to take from the joint venture and that the largest of these loans was \$350,000. He indicated that he has since paid the joint venture back for those loans and currently owes approximately \$50,000. *Id.* at p. 19.

¹⁴ *Id.* at pp. 17, 19.

¹⁵ *Id.* at p. 20.

¹⁶ *Id.* at pp. 20-21. Giroir testified that he contributed only \$30,000 to the initial capitalization of AIDC II. *Id.* at p. 20.

¹⁷ *Id.* at p. 21.

friend of President Clinton's from Little Rock, who was a registered lobbyist in Washington, D.C.¹⁸ Giroir ostensibly hired Barry to "seek out and make preliminary investigations concerning business deals that people he had contact with desired to enter into . . . to enter the Asian market."¹⁹ Giroir testified, however, that AIDC II never entered a joint venture with a company sponsored by Barry. Nevertheless, Lippo -- through AIDC II -- paid Barry a \$7,000 per month retainer from July 13, 1995 until January of 1997.²⁰

Similarly, in July 1995, Lippo hired -- through AIDC II -- Mark Middleton.²¹ From January 1993 until February 1995, Middleton served as Special Assistant to President Clinton and Deputy to White House Chief of Staff, Thomas "Mack" McLarty. After Middleton established his own international business consulting firm, Commerce Corp. International, AIDC II hired Middleton to perform the same prospecting function for which Barry had been hired. Lippo paid Middleton a retainer of \$12,500 per month.²² As with Barry, AIDC II never consummated a joint venture with any of the clients that Middleton recommended.²³

During the summer of 1995, Huang spoke to Giroir about his desire to become more involved in the fund-raising for the Presidential campaign. Giroir summarized, "I don't remember the exact evolution of the conversation, but it was that he [Huang] was unhappy, would like to be involved in

¹⁸ *Id.* at p. 228.

¹⁹ *Id.* at p. 229.

²⁰ *Id.* at pp. 229-31. In 1997, Giroir reduced Barry's retainer to \$2,000 per month.
Id.

²¹ *Id.* at p. 232.

²² *Id.* at p. 234.

²³ *Id.* at pp. 234-35.

the fund-raising aspect of the campaign and thought that he would be more effective, and either he asked or I volunteered to help him try to make a move to an appropriate position.”²⁴

Giroir followed through, contacting his friend from Arkansas, Truman Arnold. At that time, Arnold, who is a successful businessman and longtime friend of President Clinton, was the Finance Chairman of the Democratic National Committee. During their meeting, which took place in June or July 1995, Giroir recommended to Arnold that the DNC hire Huang as a fund-raiser specializing in the Asian-American community.²⁵ Giroir told Arnold that there was a “reservoir of support in the Asian American community. . . [that] could also be translated into financial support” and that Huang was the person to coordinate it.²⁶ Arnold remembered the meeting differently, testifying that Giroir just mentioned that Huang would be available to assist the DNC as a volunteer, but saying nothing about fund-raising in the Asian-American community.²⁷ Regardless of whether the Asian-American community was discussed, Arnold thought that it was important enough to pass information about Huang on to Don Fowler, National Chairman of the DNC, and Richard Sullivan, National Finance Director of the DNC.²⁸

Giroir subsequently learned that Arnold had resigned his DNC position, and in August 1995, he visited Fowler in Washington, D.C.²⁹ Giroir informed Fowler about his previous discussion with

²⁴ *Id.* at p. 76.

²⁵ *Id.* at p. 77

²⁶ *Id.*

²⁷ Deposition of Truman Arnold, May 16, 1997, pp. 163-65.

²⁸ Deposition of Richard Sullivan, June 4, 1997, pp. 216-17; Arnold deposition, p. 166.

²⁹ Giroir deposition, p. 108.

Arnold, and requested to speak to the new DNC finance chairman as soon as one had been selected.³⁰ During a 15 minute meeting with Fowler and Sullivan in Fowler's office, Giroir pointedly advocated that the DNC hire Huang as a fund-raiser, mentioning Huang's successful fund-raising during the 1992 campaign.³¹ Sullivan had the clear sense that Giroir had come to Fowler's office for the sole purpose of recommending that the DNC hire Huang.³² Despite Giroir's presentation, Fowler did not commit to hiring Huang and told Giroir that they would think about it.³³ Sullivan explained in his deposition that Fowler's noncommittal response to Giroir's proposal may have been motivated by Fowler's personal feelings towards Giroir.³⁴

Sullivan's characterization of Fowler's reaction to Giroir, while not particularly significant, is a good example of the difference in tone and substance between Sullivan's deposition testimony and his hearing testimony. In his deposition, Sullivan testified that Giroir was "too strong in his recommendation, and it just rubbed Don the wrong way."³⁵ Sullivan also testified that Fowler told him that he did not like Giroir.³⁶ However, in his hearing testimony, Sullivan told a different story. Sullivan first characterized Giroir's presentation as a "soft sell" rather than a "hard sell."³⁷ He then

³⁰ *Id.* at pp. 108-109.

³¹ Deposition of Richard Sullivan, June 4, 1997, pp. 212-216.

³² *Id.* at pp. 213-214.

³³ Deposition of Don Fowler, May 21, 1997, p. 170.

³⁴ Deposition of Richard Sullivan, June 4, 1997, p. 219.

³⁵ *Id.*

³⁶ *Id.*

³⁷ Testimony of Richard Sullivan, July 9, 1997, p. 17.

said that Fowler took Giroir's presentation "in stride."³⁸ Asked directly if Fowler felt that Giroir was "too strong in his recommendation," Sullivan avoided giving a direct answer. He testified,

He -- I would say that he -- he just wasn't enthu -- he just wasn't -- wasn't enthusiastic. I wouldn't say that -- Mr. Giroir had a very direct manner about him, and I think that I would characterize it as Mr. Giroir was very direct and to the point. And that may have thrown Chairman Fowler a little bit, but I wouldn't say that -- I would say that he was -- I would just say that he took it in stride and said we'll look into it.³⁹

Later in his hearing testimony, Sullivan was confronted with his deposition testimony. Only then did Sullivan acknowledge that "the pushing of Mr. Giroir in that meeting was pretty strong."⁴⁰

On September 13, 1995, two important meetings occurred regarding Huang moving to the DNC. In the morning, Giroir hosted a meeting between James Riady, the head of Lippo Group, and Fowler at Riady's suite at the Four Seasons Hotel in Washington, D.C. Fowler was accompanied by Sullivan. There is some disagreement about whether Huang attended. Giroir stated that Huang was not at the meeting.⁴¹ However, Sullivan believed that Huang was present, recalling that Huang stood in the back of the room.⁴² Fowler concurred, testifying that he was "almost certain" that Huang was present.⁴³

³⁸ *Id.* at p. 18.

³⁹ *Id.*

⁴⁰ *Id.* at p. 148.

⁴¹ Giroir deposition, p. 135.

⁴² Deposition of Richard Sullivan, June 4, 1997, p. 241.

⁴³ Fowler deposition, p. 186.

According to Giroir, the purpose of the meeting was for Riady to “get to know and intermix” with Fowler.⁴⁴ Sullivan testified that the meeting was “clearly between Don and James [Riady] ... my interpretation was that James wanted to get to know Don; that he thought Don was a player.”⁴⁵

While introductions may have been one purpose of the meeting, much of the discussion in Riady’s suite revolved around fund-raising -- both the need for the DNC to raise money for its upcoming advertising campaign and about untapped Asian-American support for the Democratic Party. Fowler indicated that the DNC had “an immediate need to raise money.”⁴⁶ Giroir recalled that Fowler mentioned a DNC advertising campaign that was going to cost more than \$5 million.⁴⁷ In addition, Giroir testified that they had a 15-20 minute conversation in which both he and Riady expressed their view that “there was a reservoir of support in the Asian-American community, votes as well as financial support, and that if they could focus their attention on that reservoir, that it would be beneficial to the Democratic Party.”⁴⁸ Giroir told Fowler that he believed that Huang would be the person best able to “orchestrate” the Asian-American effort.⁴⁹ Fowler did not recall much about the meeting, except that it was a “pleasant meeting” and that Giroir expressed his desire that the DNC

⁴⁴ Giroir deposition, p. 131.

⁴⁵ Deposition of Richard Sullivan, June 4, 1997, p. 241.

⁴⁶ Giroir deposition, pp. 135-136.

⁴⁷ *Id.* at pp. 136-37.

⁴⁸ *Id.* at p. 97.

⁴⁹ *Id.* at p. 98.

hire Huang.⁵⁰ Fowler testified that he was noncommittal about hiring Huang, since the DNC did not have any openings at that time.⁵¹

In the late afternoon of September 13, Giroir, the Riadys, and Huang met with President Clinton and Bruce Lindsey in the Oval Office.⁵² The meeting lasted for about 20 minutes.⁵³ Giroir described the meeting as a social call, and said that he could not recall any of the topics discussed during the meeting.⁵⁴ Giroir testified, for instance, that he did not hear any discussion about DNC fund-raising, but also acknowledged that the meeting was “bifurcated [with] different people talking to different people.”⁵⁵

Lindsey, who was the only other meeting participant deposed by the Committee, stated that the only thing that he could remember about the Oval Office meeting was that “something was said”

⁵⁰ Fowler deposition, p. 170.

⁵¹ *Id.*

⁵² Deposition of Bruce Lindsey, July 1, 1997, pp. 106-107; Giroir deposition, pp. 78-79. Giroir’s unusual account of how he arranged this meeting bears noting. According to Giroir, several days before the meeting, he attended some White House event and, while shaking the President’s hand, informed him that James and Eileen Riady were part of an Indonesian trade group that would be in Washington, and that the President may want to visit with them. Clinton asked Giroir to call Nancy Hernreich, the President’s secretary, and schedule such a visit, if possible. Giroir did so, and, on the day of Riady’s visit to Washington, was able to get a visit scheduled. Giroir then called the Riadys, who was staying at the Four Seasons, and drove over to pick them up for the meeting. John Huang just happened to be in the Four Seasons’ lobby, and he accompanied the group to the Oval Office meeting. *See* Giroir deposition, pp. 79-86; 110-17.

⁵³ Schedule of the President, September 13, 1995 (Ex. 1).

⁵⁴ Giroir deposition, p. 87.

⁵⁵ *Id.* at pp. 89-90.

about Huang's desire to leave the Commerce Department and move to the DNC.⁵⁶ Either Riady or Huang indicated that he thought that Huang "could do a good job at the DNC, [p]rimarily . . . working with the Asian-Pacific American community."⁵⁷ Lindsey recalled that during the discussion about Huang moving to the DNC, the "President indicated that it sounded like a good idea to him."⁵⁸

Lindsey's recollection that Huang or Riady told the President about Huang's desire to move to the DNC is backed up by Huang himself. In October 1996, Huang had a conversation with DNC General Counsel Joe Sandler about this September 13, 1995 White House meeting. Sandler testified, "[Huang] indicated to me that the basic purpose of the meeting was to visit, social in nature, and that the main substantive point that he recalled being discussed -- he gave me the impression that the point that Mr. Riady wanted to convey to the President was . . . that Mr. Huang's abilities were being wasted at Commerce. In effect, he [Riady] said something to the effect that he was a pencil pusher and that he should be utilized in some other way."⁵⁹

Either on his own, or prompted by the President, Lindsey called Huang the next day. After asking Huang if he really wanted to move to the DNC, Lindsey scheduled a meeting with Huang for the following day, September 15.⁶⁰ The meeting occurred at the White House from about 11:00 to 11:30 a.m.⁶¹ Lindsey again asked Huang if he wanted to leave Commerce and go to the DNC.

⁵⁶ Lindsey deposition, p. 114.

⁵⁷ *Id.* at p. 115.

⁵⁸ *Id.* at p. 118.

⁵⁹ Deposition of Joseph Sandler, May 30, 1997, p. 21.

⁶⁰ Lindsey deposition, pp. 120-123.

⁶¹ Entry Report Electronic Mail to Bruce Lindsey, September 15, 1995 (Ex. 2).

Lindsey testified that “[Huang] said yes. Well he said if that’s where the President thinks I would be the most good, you know, do the most good, and I said well, John, that’s not my question. I’m trying to find out what you want, you know, where you want to go, and he said yes, he did want to go.”⁶² Lindsey recalled that “John may have indicated at some point that he thought he could raise money in the Asian-Pacific community . . . It was just one of the talents he thought he had and one of the things he thought he could bring to the DNC.”⁶³ Lindsey also said that he could not recall whether James Riady’s name came up, but opined, “it’s hard to imagine that somehow James’ name wouldn’t have come up.”⁶⁴ Before the end of the meeting, Lindsey told Huang that he would mention this conversation to White House Deputy Chief of Staff Harold Ickes.⁶⁵

Afterwards, Lindsey went to see Ickes and told him that Huang “had indicated an interest in going to the DNC.”⁶⁶ At the same time, Ickes was also hearing about Huang’s interest from the President. According to Ickes, at around the same time, September 1995, the President specifically mentioned that he had spoken to Huang. Ickes remembered the President telling him that Huang was “prepared to go to work at the DNC or the Reelect, wherever the President or any of his people felt that he could be best used.”⁶⁷ According to Ickes, the President then asked Ickes “to follow up on

⁶² Lindsey deposition, pp. 122-23.

⁶³ *Id.* at p. 129.

⁶⁴ *Id.* at p. 123.

⁶⁵ *Id.* at p. 124.

⁶⁶ *Id.*

⁶⁷ Deposition of Harold Ickes, June 26, 1997, p. 115

it with John Huang.”⁶⁸ Following those instructions, Ickes called Huang and set up a meeting at the White House for October 2, 1995.

Meanwhile, Giroir continued to push for Huang’s move to the DNC. After learning that Marvin Rosen would be the new DNC Finance Chair, Giroir had Middleton set up a meeting with Rosen. Rosen recalled that Middleton called him and asked if he “would meet with him and a person who was possibly interested in helping the DNC raise some money.”⁶⁹ They set up a meeting for September 26, 1995.

In the afternoon before the Rosen meeting, Giroir made an impromptu visit to the DNC to see Fowler.⁷⁰ Fowler had only a vague recollection of the meeting, stating that they discussed “the possibility of [Giroir’s] making a contribution, and while I have no specific clear memory, I think we probably discussed Mr. Huang again.”⁷¹ Giroir’s follow-up letter to Fowler mentions “pending matters” and also assures Fowler that when Fowler’s daughter travels to Indonesia, the Riadys’ Lippo Group “would like to host her and give her whatever assistance possible.”⁷²

Later that day, Giroir, Middleton, and Huang met Rosen in the lobby of the Willard Hotel in Washington D.C. At the meeting, which Rosen said lasted about 15-20 minutes, Giroir repeated his

⁶⁸ *Id.*

⁶⁹ Deposition of Marvin Rosen, May 19, 1997, p. 129.

⁷⁰ Schedule for Don Fowler, September 26, 1995 (Ex. 3); Fowler deposition, pp. 184-185.

⁷¹ Fowler deposition, p. 186.

⁷² Letter from Joseph Giroir to Don Fowler, September 27, 1995 (Ex. 4). Fowler did not remember talking with Giroir about the Lippo Group. Fowler deposition, p. 182.

pitch about Huang.⁷³ Rosen testified that he was told, “that [Huang] had been helpful in ‘92, and that [he] had various connections in the Asian-American community that he felt he could be very helpful in getting money from.”⁷⁴ Rosen recalled that Huang said very little during this meeting.⁷⁵ Giroir followed this meeting with a letter, dated September 27, 1997, reiterating his belief that Huang “would be an excellent selection for an assistant to you.”⁷⁶

On October 2, 1995, Ickes met with Huang at the White House. While Ickes recalled that the meeting lasted “at the most 10 to 15 minutes,” WAVES records show that Huang was in the White House for about an hour, from 3:22 p.m. to 4:21 p.m.⁷⁷ Ickes testified that Huang talked about his background, and indicated that he would go to the DNC or the Clinton/Gore campaign, whichever Ickes thought was best. Ickes said that “given the nature of the situation, it was probably better for him to go to the DNC.”⁷⁸ Ickes and Huang also talked about Huang’s current Commerce salary and the fact that a DNC salary would be significantly lower. Huang, according to Ickes, “did not seem concerned about salary.”⁷⁹ Ickes testified that he had no recollection of any discussion with Huang about a bonus for raising more than a certain amount of money.⁸⁰

⁷³ Giroir deposition, p. 103

⁷⁴ Rosen deposition, p. 134.

⁷⁵ *Id.* at p. 135.

⁷⁶ Letter from Joseph Giroir to Marvin Rosen, September 27, 1995 (Ex. 5).

⁷⁷ WAVES records for John Huang, October 1995 (Ex. 6); Deposition of Harold Ickes, June 26, 1997, p. 117.

⁷⁸ Deposition of Harold Ickes, June 26, 1997, p. 118.

⁷⁹ *Id.* at p. 120.

⁸⁰ *Id.*

According to Ickes' notes of this meeting, Huang told him that he had already met with Rosen.⁸¹ Huang was likely referring to the September 26 meeting at the Willard Hotel. Ickes explained to Huang that he would call both Rosen and Fowler and tell both of them that Huang was interested in coming to the DNC. Ickes testified that he is sure he spoke to Rosen but cannot recall if he successfully reached Fowler. According to Ickes, "I am confident I talked to Marvin because I think I recall Marvin saying to me that he knew John Huang and thought that he would be a real asset in dealing with Asian Americans, both from a political point of view as well as raising money."⁸² Rosen also remembers his conversation with Ickes, stating, "He [Ickes] asked me if I would interview John Huang."⁸³ Rosen recalled that Ickes might have indicated that he had already called Fowler about Huang.⁸⁴

After his meeting with Huang, Ickes reported back to the President. Ickes could not remember whether he made a "formal report," but he "undoubtedly said to [the President], look I met with John, he's interested in going over there . . . he's working it out."⁸⁵

During the latter half of October 1995, Rosen had a number of conversations with Middleton about Huang. According to a letter from Middleton to Giroir, dated October 19, 1995, Rosen called Middleton on October 18 and asked about Huang's starting date.⁸⁶ In the letter, Middleton

⁸¹ Notes of Harold Ickes, October 2, 1995 (Ex. 7).

⁸² Deposition of Harold Ickes, June 26, 1997, pp. 125-26.

⁸³ Rosen deposition, p. 138.

⁸⁴ *Id.*

⁸⁵ Deposition of Harold Ickes, June 26, 1997, p. 128.

⁸⁶ Letter from Mark Middleton to Joe Giroir, October 19, 1995 (Ex. 8).

characterized his conversation with Rosen as follows: “In short, it appears that the arrangement is moving forward and there is strong interest in John becoming a part of the team.” Middleton also informed Giroir that he had relayed the inquiry to Huang, who was “going to call Marvin.”⁸⁷ A few days after that conversation, on Monday, October 23, Middleton called Rosen at the DNC, leaving a message that he would like to set up a meeting between himself, Rosen, Giroir, and Huang.⁸⁸ According to Rosen’s DNC call sheet, the meeting was set for Middleton’s office on October 24.⁸⁹ Rosen testified that he recalled being in Middleton’s office, but does not know if it was for this meeting.⁹⁰ Rosen also stated that he does not remember meeting Giroir a second time and he is not sure if he met Huang a second time before Huang’s coming to the DNC.⁹¹

By early November 1995, the DNC had still not hired Huang, nor had Huang come to the DNC for any type of formal job interview. That all changed very quickly. On November 8, 1995, the DNC held a fund-raising event at the Historic Car Barn in Washington D.C. During that event, President Clinton asked Rosen about Huang’s status.⁹² Rosen told the Committee that when he responded to the President that the DNC was in the process of interviewing Huang, the President said

⁸⁷ *Id.*

⁸⁸ Rosen call sheet, October 24, 1995 (Ex. 9).

⁸⁹ *Id.*

⁹⁰ Middleton refused to cooperate with the Committee’s investigation, and asserted his Fifth Amendment privilege against self-incrimination in refusing to testify, so his memory of events could not be probed.

⁹¹ Rosen deposition, pp. 156-57.

⁹² Don Van Natta, “President Is Linked to Urgent Enlisting of Top Fund-Raiser,” New York Times, July 7, 1997, p. A1. In his deposition, Rosen could not recall exactly where the event was at which the President inquired about Huang. Rosen deposition, p. 140.

something to the effect of “good” or “Huang comes highly recommended.”⁹³ In his deposition, Rosen testified that he had a brief conversation with the President about Huang. Asked whether the President “spoke approvingly about Mr. Huang,” Rosen replied, “I believe as part of a conversation, [the President said] something along the lines that he come highly recommended or something, but I did believe that it was an approving comment at the time.”⁹⁴ Rosen immediately told Fowler and Sullivan about the President’s comment.⁹⁵

While the President had already mentioned Huang’s hiring to Lindsey and Ickes, this appeared to be the first time that he had communicated directly with DNC officials. According to Fowler, Rosen said that the White House was in favor of the DNC hiring Huang.⁹⁶ As would be expected, the President’s interest brought the immediate attention of Sullivan and Fowler.⁹⁷ Fowler instructed Rosen and Sullivan to bring in Huang for an interview.⁹⁸ According to Sullivan, this response from Fowler appeared to be a change of heart from his earlier position with respect to Huang. Sullivan described how when Rosen had previously brought up Huang’s name after Ickes had called, Fowler had said “I didn’t like that guy Giroir.”⁹⁹ Sullivan inferred that Fowler had not wanted to hire Huang

⁹³ Memorandum of Interview of Marvin Rosen, April 25, 1997, p. 10.

⁹⁴ Rosen deposition, p. 141.

⁹⁵ Deposition of Richard Sullivan, June 4, 1997, p. 222.

⁹⁶ Fowler deposition, p. 188.

⁹⁷ Deposition of Richard Sullivan, June 4, 1997, p. 222-223.

⁹⁸ *Id.* at p. 223.

⁹⁹ *Id.* at p. 222.

because he did not like Giroir.¹⁰⁰ That all changed after the President's personal interest became even clearer.

It appears that one day after the President made his comment about Huang, Rosen called Huang to arrange an interview. According to Rosen's call sheets, Rosen received a phone message from Huang on November 9, 1995.¹⁰¹ Rosen explained that he called Huang to set up an interview, and that is what the November 9 phone call was probably about.¹⁰² On November 13, 1995, Huang came to the DNC and met with Rosen and Sullivan.¹⁰³ Rosen testified that the meeting lasted about a half hour.¹⁰⁴ When asked in his deposition what was said at the meeting, Rosen responded, "I don't recall specifically what was said, but we went into the -- Mr. Huang's coming to the DNC and fund-raising for the DNC, and I believe what was said to Mr. Huang was a reiteration that in mine and Mr. Sullivan's mind that neither of us had the ability to offer him a job and that decision had to be made by Mr. Fowler."¹⁰⁵ Rosen did not describe the meeting in any greater detail. Fowler wasted no time following the interview. According to Sullivan, Fowler made a decision on the same day, November 13, 1995, to hire Huang.¹⁰⁶ Huang formally started at the DNC about three weeks later.¹⁰⁷

¹⁰⁰ *Id.*

¹⁰¹ Rosen Call Sheet, November 9, 1995 (Ex. 10).

¹⁰² Rosen deposition, p. 153.

¹⁰³ Testimony of Richard Sullivan, July 9, 1997, p. 101.

¹⁰⁴ Rosen deposition, p. 141.

¹⁰⁵ *Id.*

¹⁰⁶ Testimony of Richard Sullivan, July 10, 1997, p. 108.

¹⁰⁷ The precise date on which Huang started working for the DNC is in dispute; in any event, it appears that Huang started working as a fund-raiser for the DNC prior to

DNC Concerns About Huang

Even before Huang became a part of the DNC fund-raising team, senior officials of the DNC had concern about Huang's ability to understand and comply with the various fund-raising guidelines. Sullivan traced his nervousness about Huang to a few different factors. He recalled that in 1992, an Asian individual had embarrassed the Republican National Committee by borrowing \$500,000 and then donating it to the RNC in order to sit next to President Bush at an event.¹⁰⁸ When pressed during his deposition, Sullivan also stated that his previous dealings with another Asian-American donor, Johnny Chung, had made him "nervous."¹⁰⁹ Sullivan explained that in March 1995, Chung "showed up at the DNC and . . . said that he would make a contribution to us of \$50,000 if I would get he and five members of his entourage into a radio address with the President. They were all from China. . . I had a sense that he might be taking money from them and then giving it to us, you know. That was my concern. So I said — I said — I said I wouldn't do it."¹¹⁰ Sullivan linked the Chung incident to Huang, in part, because Sullivan remembered that he had heard Chung mention Huang's name and so he assumed that the two men knew each other.¹¹¹

In his deposition, Sullivan recounted that he rejected this offer from Chung despite the fact that the DNC had previously accepted, according to Sullivan, about \$100,000 from Chung during the

leaving the Commerce Department's payroll. *See* the section of this report on Huang's fund-raising at the Commerce Department.

¹⁰⁸ Deposition of Richard Sullivan, June 4, 1997, p. 227.

¹⁰⁹ *Id.* at p. 228.

¹¹⁰ Deposition of Richard Sullivan, June 4, 1997, pp. 228-29.

¹¹¹ *Id.* at pp. 229-30.

past year.¹¹² As is described in another section of the report, Sullivan’s principled stance regarding Chung was fruitless, as Chung simply bypassed Sullivan and used Chairman Fowler’s office to get himself and his group into the radio address. Chung contributed \$50,000 to the DNC at the time of the address, and ultimately contributed \$366,000 to the DNC, all of which has been returned.¹¹³

Sullivan apparently felt so strongly about his concerns that he communicated them to Rosen even before the two of them met with Huang. In his deposition, Rosen stated that he could not recall the substance of his conversations about Huang, nor did he identify any concerns about hiring him.¹¹⁴ Notwithstanding Rosen’s purported lack of memory, Sullivan recalled that Rosen himself enunciated another concern about Huang -- that he was coming from the Commerce Department. According to Sullivan, “Ron Brown was an aggressive Commerce Secretary. There was always this criticism that we were getting about, you know, the ties between the DNC and Commerce . . . [M]y interpretation was Marvin had a sense that we need[ed] to be careful with somebody coming from Commerce, also.”¹¹⁵ Accordingly, Sullivan proposed, and Rosen agreed, that Huang should have an extensive training session with the DNC’s general counsel, Joseph Sandler.¹¹⁶

When Huang came to the DNC for his November interview, Sullivan communicated this proposal to Huang. Sullivan explained, “In that very meeting, I also vividly remember — I think I said, John, the first thing we want -- if you should come to work here, the first thing we want to do

¹¹² *Id.* at p. 228.

¹¹³ *See* the section of this report on Johnny Chung.

¹¹⁴ Rosen deposition, pp. 141-43.

¹¹⁵ Deposition of Richard Sullivan, June 4, 1997, p. 235.

¹¹⁶ *Id.* at p. 230.

is sit down and have an extended training and briefing period for a number of hours with our counsel, Joe Sandler, as to what's right, what's wrong, what's appropriate, what's inappropriate, what's legal, what's illegal, and I want you to work with Joe to be careful on that front.”¹¹⁷

Sullivan further testified, “We talked then and there about it — if you [Huang] had any question, you know, please work closely with Joe Sandler. I mean, Marvin and I both had a sense that — that he needed to be trained well and needed to be — you know, that an — Asian effort both made us a little nervous at that point.”¹¹⁸ When asked in his deposition, “Was it unusual for you to make such a big point about a new fund-raiser being — needing to have extensive training and discussions with the general counsel?” Sullivan responded, “Yes.”¹¹⁹

When asked about his concerns about Huang, Sullivan yet again was much less forthcoming in his hearing testimony than he had been in his deposition testimony. During his hearing appearance, Sullivan stated that he was not concerned about Huang's potential actions in raising illegal contributions, and that his request for “special training” was motivated by other reasons.¹²⁰ Asked to describe those other reasons, Sullivan simply stated that Huang did not have “full-time experience raising money on a professional level.”¹²¹ It was only later in his testimony, after being confronted with his deposition transcript, that Sullivan acknowledged that he was concerned about Huang's

¹¹⁷ *Id.* at pp. 226-27.

¹¹⁸ *Id.* at p. 227.

¹¹⁹ *Id.* at p. 228.

¹²⁰ Testimony of Richard Sullivan, July 10, 1997, p. 45

¹²¹ *Id.* at p. 46.

understanding of the law.¹²² Sullivan also admitted at that point that the incident with Chung had played a role in his insistence on training for Huang.¹²³

In any event, Rosen and Sullivan then met with Fowler in order to discuss the Huang situation. Once again, Rosen testified that he could not recall the conversation.¹²⁴ According to Sullivan, the conversation was primarily between Rosen and Fowler, with Sullivan listening.¹²⁵ Sullivan testified that Rosen explained to Fowler that both Sullivan and he felt that it was worth giving Huang “a shot.”¹²⁶ Rosen also told Fowler that “the first thing he wanted [Huang] to do was to sit down and have an extensive training session with a lawyer, lawyers.”¹²⁷ Fowler, who according to Sullivan, shared some of their concerns about Huang, agreed with that idea.¹²⁸

Fowler met personally with Huang, and then told Sullivan that the DNC should make the formal offer to Huang.¹²⁹ Once again, Huang came to the DNC to meet with Rosen and Sullivan.¹³⁰ At this meeting, the DNC confirmed the specifics of Huang’s compensation and title. There was also more discussion about the need for Huang to meet with Sandler. Sullivan testified that Rosen and

¹²² *Id.* at p. 68.

¹²³ *Id.* at p. 70.

¹²⁴ Rosen deposition, pp. 142-43.

¹²⁵ Deposition of Richard Sullivan, June 4, 1997, p. 233.

¹²⁶ *Id.*

¹²⁷ *Id.*

¹²⁸ *Id.* at p. 234.

¹²⁹ *Id.* at pp. 236-37.

¹³⁰ *Id.* at pp. 237-38.

he told Huang, “We want you to have extensive discussions as to what’s legal and what’s illegal, what kind of legal contributions you can take and what’s illegal, what’s appropriate, what’s inappropriate. And we want you to — anything — if there is any kind of --you know, anything that has any possibility of a question to check with Joe.”¹³¹ According to Sullivan, Huang agreed.¹³²

DNC Finance officials were harping on the need for Huang to have special, extensive training with Sandler; however, they also approved an arrangement that, at a minimum, encouraged Huang to cut corners in raising money. That arrangement included an incentive bonus if Huang was successful in raising money. Besides the troubling nature of this compensation package, the Committee finds it disturbing that no DNC official mentioned the incentive until Sullivan’s deposition in early June 1997.

The Committee deposed Rosen on May 19, 1997,¹³³ but Rosen said that he could not recall much of the substance of his November interview with Huang. However, a few weeks later, when the Committee took Sullivan’s deposition, the Committee learned additional facts about this meeting, including details of Huang’s compensation.

In contrast to Ickes’ testimony that Huang “did not seem concerned about salary,”¹³⁴ Sullivan remembered that Huang asked to be paid approximately what he was making at the Commerce

¹³¹ *Id.* at pp. 239-40.

¹³² *Id.* at p. 240. As will be discussed, Sullivan later confirmed that this private session never took place. Sandler, however, maintained that no one asked him to provide extensive training for Huang, nor did he ever do so.

¹³³ Rosen had been interviewed by the Committee on April 9, 1997.

¹³⁴ Deposition of Harold Ickes, June 26, 1997, p. 120.

Department.¹³⁵ In response, Rosen offered Huang an incentive plan -- that Huang would receive a base salary and then a bonus payment based on his success at raising money. Sullivan testified in his deposition:

Somehow it was his salary, potential salary was discussed, and Marvin came up with the idea that of -- John said that he wanted to be paid somehow, some way be paid what he was making at Commerce. He didn't mention exactly how much. Marvin said, well, what if we -- somehow they came to the consensus agreement that he would be paid a salary of \$60,000 and that if he were successful at some point, he would be given a lump sum payment of whatever needed to get him to his Commerce Department salary.¹³⁶

Sullivan understood that Huang was making between \$80,000 and \$120,000 at Commerce and so the difference between those amounts and \$60,000 (Huang's base DNC salary) would comprise the incentive portion of Huang's DNC compensation package.¹³⁷ In other words, Huang would have an incentive component "somewhere in the \$50,000 to \$60,000 range" if he was successful in raising money for the DNC.¹³⁸

Besides talking about salary, Rosen, Sullivan, and Huang discussed other issues relating to Huang's employment with the DNC at this November interview. Huang explained, for instance, that he wanted a "special title, given his status, age, unique position."¹³⁹ Rosen testified that Huang "felt

¹³⁵ Deposition of Richard Sullivan, June 5, 1997, p. 6.

¹³⁶ Deposition of Richard Sullivan, June 4, 1997, p. 226.

¹³⁷ Deposition of Richard Sullivan, June 5, 1997, p. 5.

¹³⁸ *Id.*

¹³⁹ *Id.* at p. 226.

he needed some credibility.”¹⁴⁰ After some discussion, they all agreed that Huang would be the Vice Finance Chairman, a title created for Huang that no other DNC employee held.

Following this meeting with Huang, Rosen informed Fowler about Huang’s request for a special title and the details of Huang’s incentive compensation package. Fowler approved both items.¹⁴¹ Sullivan admitted in his deposition that he thought it was “little odd” that Fowler approved Huang’s compensation arrangement without any further discussion.¹⁴² Nevertheless, Sullivan did not say anything. He testified, “It was above my head. I mean, what was I to say.”¹⁴³ Huang returned to the DNC again, and the specifics of his compensation and title were confirmed.¹⁴⁴ Sullivan indicated that the incentive portion of Huang’s compensation package was never reduced to writing.¹⁴⁵

Confirmation of the existence of the incentive arrangement -- and its importance to Huang -- is shown by what occurred after Huang left the DNC. Even after the controversy burst and accusations swirled around Huang, he still sought to collect his lump sum payment. Sullivan testified, for instance, that in the “past couple of months” (referring to the months before Sullivan’s June 1997 deposition), Sullivan heard from his former assistant Scott Freda that Huang was asking for his bonus

¹⁴⁰ Rosen deposition, p. 148.

¹⁴¹ Deposition of Richard Sullivan, June 4, 1997, pp. 235-36.

¹⁴² *Id.* at p. 236.

¹⁴³ *Id.*

¹⁴⁴ *Id.* at pp. 237-38.

¹⁴⁵ Deposition of Richard Sullivan, June 5, 1996, p. 8.

payment.¹⁴⁶ Sullivan also recounted an inquiry from B.J. Thornberry, the Executive Director of the DNC, “I remember her [B.J. Thornberry] calling down after John sort of went into hiding or whatever you want to — went underground — whatever you want to call it. She asked — I vaguely remember her asking me was there an agreement where he would get a — was there an agreement between he and Marvin where he would get a lump sum payment after the election. I said, yes.”¹⁴⁷

Sullivan changed his testimony concerning Huang’s compensation between his deposition and his hearing appearance. In his deposition, Sullivan emphasized just how unusual was the incentive compensation arrangement. He volunteered that it was “unprecedented.”¹⁴⁸ In his hearing testimony, however, Sullivan told a different story. First, he avoided confirming that Huang was the person who asked for the incentive arrangement, instead testifying that salary was not an issue for Huang, and that Rosen simply volunteered it “out of respect to John’s situation in life.”¹⁴⁹

Sullivan then downplayed the significance of the arrangement. He described it as “merely that at some point later in the year, if things were working out, the DNC would pay him a share to get him up to whatever he was making at the Commerce Department.”¹⁵⁰ Asked what “working out” meant, Sullivan avoided giving a direct answer. He testified, “I didn’t -- I didn’t -- I’m not sure. You should ask -- Marvin made the agreement with him. I was an observer, and I’m not sure what exactly I [sic]

¹⁴⁶ *Id.* at p. 7. Freda still works at the DNC, and is currently the Chief of Staff of its Finance Division.

¹⁴⁷ *Id.*

¹⁴⁸ Deposition of Richard Sullivan, June 4, 1997, p. 230.

¹⁴⁹ Testimony of Richard Sullivan, July 10, 1997, p. 64.

¹⁵⁰ *Id.* at p. 63.

meant.”¹⁵¹ Later, when he was asked directly if the arrangement was “unusual,” Sullivan ducked the question. He answered, “Senator, you have to take it in larger context of which I touched upon, which was that salary wasn’t important to John.”¹⁵²

During the hearing, Sullivan also minimized his reaction to the salary structure. Asked if he was comfortable with the compensation package, Sullivan replied, “I was -- sure. I mean, it was not a common arrangement, but I was comfortable with it.”¹⁵³

Conclusion

The circumstances surrounding Huang’s hiring by the DNC were unusual. DNC officials were lobbied by close associates of the President, such as Giroir and Middleton, to hire Huang. Ultimately, the President himself intervened to help Huang move from the Commerce Department to the DNC, after meeting with Huang and James Riady, Huang’s patron and long-time friend and supporter of the President.

Top DNC officials were sufficiently concerned about the possibility that Huang’s fund-raising could run afoul of the law that they requested special, individualized legal training for Huang. Whether this training occurred is a matter of controversy, as will be seen.

Although prudently directing that Huang be given special training, DNC officials conferred an “unprecedented” incentive compensation package on Huang, one likely to encourage aggressive fund-raising. As will be seen, Huang was an extraordinarily aggressive fund-raiser who violated a variety of federal laws.

¹⁵¹ *Id.*

¹⁵² *Id.* at p. 64.

¹⁵³ *Id.* at p. 63.