

JOHN HUANG'S ILLEGAL FUND-RAISING AT THE DNC

This chapter covers a number of events that occurred during John Huang's tenure at the DNC. It does not attempt to paint a comprehensive picture of Huang's activities at the DNC; rather, it illustrates some important points. First, as discussed previously, DNC Finance officials were concerned enough about Huang's potential to raise funds illegally that they insisted that he receive a personal training session from DNC General Counsel Joe Sandler. Although Richard Sullivan declares that he was informed that such training occurred, Sandler claims that no one ever asked him to provide such training, nor did he do so. These contradictory accounts are typical of the confusion and lack of responsibility or accountability in the DNC's fund-raising operation.

Second, the concerns about Huang were not just theoretical, but arose in reality as early as his first fund-raising event in February 1996. At that time, DNC Treasurer Scott Pastrick was concerned about foreign nationals at the event, and asked Sandler to review checks from it. Subsequently, the DNC returned two checks from the event in March 1996. These returns -- which stood out on the DNC's Federal Election Commission report for the relevant time period -- should have put DNC officials on notice that their early concerns about Huang had materialized quickly. Not only did the DNC ignore this warning sign, but DNC officials also did not volunteer any information about these early returns in this investigation. It was not until a few days before the opening of the Committee's hearings in July 1997 -- and months after the Committee had served the DNC with its subpoena -- that the Committee received documentary evidence of the return of funds that Huang had raised in February 1996. Until July 1997, none of the DNC officials who had been deposed -- such as Richard Sullivan, Marvin Rosen, or Joe Sandler -- had mentioned anything about these returns.

Third, Huang's solicitation and collection of a \$250,000 contribution from Cheong Am America in April 1996 should have provided even more warning signs for DNC officials. It was clear to anyone who cared enough to look that this contribution was illegal. Nevertheless, DNC officials were so obsessed with raising money that, at a minimum, they failed to ask obvious questions about the source of the money collected. The story of the Cheong Am contribution shows the unprofessional manner in which Huang operated. It also demonstrates the shameless selling of the President -- as the DNC arranged a five minute photo-op in exchange for a quarter million dollar contribution.

Fourth, DNC officials were uncomfortable with the guest list for a July 30, 1996 event organized by Huang. The guest list consisted of a small group of foreign nationals and the President. Nevertheless, DNC officials allowed the event to go forward. Only afterwards did they make the decision not to allow Huang to organize any more fund-raising events attended by the President.

Fifth, Huang attempted to launder political contributions to the DNC. In August 1996, a time when there was significant pressure on Huang to perform, Huang approached a Washington area businessman and asked to use his organization to launder contributions, the source of which was not disclosed. Although Huang was rebuffed, and the deal was never consummated, the incident demonstrates how far Huang would go to raise money for the DNC.

Finally, even at the conclusion of this investigation, there is still little known about what Huang did on a day-to-day basis. The Committee deposed numerous people at the DNC, including Huang's supervisors, co-workers, and office-mates. These individuals claimed to have little or no interaction with Huang, and in any event, shed little light on what he did every day. Huang did not

have an assistant or a secretary, nor did he leave many documents at the DNC.¹ As discussed, Huang himself refused to speak to the Committee. Accordingly, it is still not possible for the Committee to paint a comprehensive picture of Huang's activities at the DNC.

Contradictory Testimony on Whether Sandler Trained Huang

As described previously, DNC Finance Director Richard Sullivan, among others, was concerned enough about John Huang to insist on an individual training session between Huang and DNC General Counsel Joseph Sandler. Sullivan also testified that he was informed by both Huang and Sandler that such a session took place soon after Huang began work at the DNC. Nevertheless, Sandler insisted that such a session never occurred.

According to Sullivan, immediately after Sullivan and Rosen had interviewed Huang for the first time in November 1995, Rosen asked Sandler to come to Rosen's office.² Sullivan and Rosen informed Sandler that, pending Don Fowler's approval, it looked like Huang would be coming to the DNC. They explained to Sandler that they had told Huang that the first thing they wanted him to do was to have an extensive training session with Sandler, so that Huang would learn the rules governing

¹ Sam Newman, a DNC fund-raiser who shared an office with Huang for a few months, testified that Huang sat at a desk, but did not use any of the drawers, or any other space in the office, to maintain files or documents. Newman stated that Huang recorded all his notes and meetings in a bound writing tablet, which he carried with him. According to Newman, when Huang left the office each day, he left behind no notes, files, or any possessions whatsoever. Deposition of Samuel Newman, July 17, 1997, pp. 111-122.

² Deposition of Richard Sullivan, June 5, 1997, p. 24.

fund-raising.³ Sullivan explained, “We asked Joe [Sandler] to make sure that happened and expressed our desire for that. Joe said certainly.”⁴

A few days after Huang started at the DNC, Sullivan went to Sandler’s office and inquired whether Sandler had, in fact, sat down with Huang and discussed fund-raising rules. According to Sullivan, Sandler answered yes, and indicated that he had spent an hour or two with Huang.⁵ Sullivan testified: “He [Sandler] said that he had had an extensive session with John; that he felt comfortable with his knowledge of the rules; with the way he described his future conduct and was comfortable with his general knowledge of fund-raising rules and regulations.”⁶ Asked whether Sandler provided any more detail about his session with Huang, Sullivan responded, “I believe that he [Sandler] mentioned that he had obviously emphasized to him that the thing that you had to be careful about was, the foreign subsidiary rule and just making sure that you were not taking contributions from non-U.S. citizens or green card holders.”⁷

Sullivan heard about this training session from Huang as well as from Sandler. Within a week after Huang started working at the DNC in December 1995, Sullivan asked Huang if he had already sat down with Sandler, whether Huang felt comfortable with the rules as they related to foreign subsidiaries and non-U.S. citizens, and whether Huang was comfortable in taking any questionable

³ *Id.* at pp. 24-25.

⁴ *Id.* at p. 25.

⁵ *Id.* at p. 27.

⁶ *Id.* at p. 26.

⁷ *Id.* at pp. 26-27.

contributions to the counsel's office for review.⁸ Sullivan testified that Huang responded "[v]ery positively. He said, absolutely I had a great session. We got along well. I feel very comfortable. I mean, John was not a man of great words, but — I feel comfortable and I see no problem with working closely with Joe to answer any questions that may arise."⁹

The uncommon nature of the individual training session further enhanced Sullivan's memory about this issue. After explaining that Huang was the only "student" in the training session with Sandler, Sullivan remarked that it was "very uncommon" for a fund-raiser to have a private training session with the general counsel.¹⁰ Sullivan testified, "I don't remember anyone else ever having a private session with the general counsel."¹¹ Rosen also confirmed Huang's private session with Sandler. Rosen testified, "I knew that early on, Mr. Huang had met with Mr. Sandler about the rules of getting money from foreign owned corporations in the United States or resident aliens or whatever."¹²

Sullivan testified that in the ensuing months, both Sandler and Huang confirmed that they were following up on their initial session. Sullivan testified that on "random times" in the "first couple months of [Huang's] employment," he asked Sandler if Huang was vetting his checks with him, and Sandler responded "yes."¹³ Sullivan also stated that during that same time period, he asked

⁸ *Id.* at pp. 27-28.

⁹ *Id.* at p. 28.

¹⁰ *Id.* at p. 29.

¹¹ *Id.*

¹² Deposition of Marvin Rosen, May 19, 1997, p. 268.

¹³ Deposition of Richard Sullivan, June 5, 1997, p. 37.

Huang on numerous occasions if he was working with Sandler to vet all checks that were of questionable legality. Huang responded affirmatively.¹⁴

Sandler told the Committee a completely different story. During his deposition, Sandler was asked in seriatim whether Richard Sullivan, Marvin Rosen, Don Fowler, or “anyone else in the world” asked him to give Huang specialized or individualized training at the time that Huang came to the DNC. Sandler responded, “no” to each query.¹⁵ Sandler then testified that regardless of whether anyone asked him to give such training, he did not, in fact, conduct any specialized training for Huang in the beginning of December 1995.¹⁶

When confronted with Sullivan’s conflicting testimony, Sandler’s only explanation was that in February 1996 he met with Huang and reviewed checks collected in connection with Huang’s first event, an Asian-American fund-raiser at the Hay-Adams Hotel in Washington, D.C.¹⁷ Sandler explained that he may have had a conversation with Sullivan following this meeting with Huang. Sandler testified that he “probably would have referred to my feeling that Mr. Huang . . . seemed to understand the rules applicable to fund-raising for the DNC, in particular, in connection with issues of citizenship and legality on contributions from U.S. subsidiaries of foreign corporations or foreign-owned corporations.”¹⁸ This explanation, however, cannot resolve the discrepancy between Sullivan

¹⁴ *Id.* at p. 33. The issue of vetting at the DNC is fully discussed in another chapter of this report. *See* the section of this report on the DNC’s dismantling of its vetting procedures.

¹⁵ Deposition of Joseph E. Sandler, August 21, 1997, pp. 13-14.

¹⁶ *Id.* at pp. 14-15.

¹⁷ *Id.* at p. 15.

¹⁸ *Id.* at p. 17.

and Sandler's accounts, as this February 1996 meeting occurred nearly three months after Sullivan alleged that the individual training session took place.

Not only is there a dispute about whether Huang received any private training from Sandler, but the DNC general counsel's office cannot even confirm that Huang received any group training about fund-raising regulations and guidelines. Neil Reiff, DNC deputy general counsel and the person who organized group training for Finance Division employees, testified, "I can't recall ever being involved in a training session with Mr. Huang. I couldn't even tell you whether he attended one of our training sessions. I cannot tell you right here I know that he ever participated in any training that I was involved in."¹⁹ Sandler pointed to a copy of DNC fund-raising guidelines found in Huang's files, but otherwise could not confirm any training of Huang. He testified that he was not aware of any particular training that Huang received.²⁰

Concerns about Huang Materialize: DNC Returns Checks from His First Event

As mentioned above, Huang's first event was an Asian-American fund-raiser at the Hay-Adams Hotel in Washington, D.C. on February 19, 1996. The event raised a significant amount of money (over \$700,000, though budgeted for \$500,000) and was considered a success. Nevertheless, the event also raised early warning signs which should have put DNC officials on notice that their initial concerns about Huang were not misplaced. First, a top DNC official not only noticed, but also expressed concern about, this event's potential for producing illegal contributions from foreign nationals to the DNC. Second, two checks raised in connection with the event were returned a month later, apparently because the checks were from foreign sources and thus violated campaign laws.

¹⁹ Deposition of Neil Paul Reiff, June 20, 1997, pp. 111-112.

²⁰ Deposition of Joseph E. Sandler, May 30, 1997, p. 129.

Following this February event, DNC Treasurer Scott Pastrick approached Sandler and requested that Sandler meet with Huang to review checks from the event. Asked why Pastrick recommended this meeting, Sandler testified, “I think that he had some concern to make about the foreign national — potential foreign national issues in this group because it had not been well known to the DNC.”²¹ In his deposition, Pastrick never mentioned anything about this conversation with Sandler or about any concerns that he had about Huang. Asked if he participated in or overheard any conversations regarding concerns about Huang, Pastrick pointed to an “odd” comment by Rosen in mid to late October 1996 that Huang’s activities were being checked by the DNC General Counsel’s office.²² Otherwise, Pastrick testified, he had no other such conversations.²³

As for the actual meeting, Sandler explained that he sat down with Huang for about 45 minutes and systematically discussed the checks that Huang had brought with him. Sandler stated that Huang had “firsthand knowledge” of the donors, and so Sandler felt that there was no need to do any additional review of the particular checks.²⁴ Sandler said that he relied on Huang’s explanation about the citizenship status of individuals or the ownership of a corporation.²⁵ According to Sandler, there was no request at that time for him to go over general fund-raising guidelines with

²¹ *Id.* at p. 101.

²² Deposition of Robert Scott Pastrick, May 7, 1997, pp. 97-98.

²³ *Id.* at p. 98.

²⁴ Deposition of Joseph E. Sandler, May 30, 1997, pp. 102-103.

²⁵ *Id.* at p. 103.

Huang, nor did he do so.²⁶ Sandler admitted that he took some notes of his meeting with Huang, but stated that he had looked for the notes and could not find them.²⁷

Sandler testified that “he could not recall any other occasion where he [Huang] came to me with a group of checks.”²⁸ Sandler’s testimony differs from the testimony of his deputy, Neil Reiff, who explained that he passed by Sandler’s office “on a couple of occasions” in the spring of 1996, and saw Huang meeting with Sandler.²⁹ While Reiff did not participate in these meetings, he understood them to be for the purpose of reviewing specific contributions, “because I saw John with checks in his hands when I walked by Joe’s office. You could see him holding checks.”³⁰

In fact, the DNC soon returned checks that Huang raised from the Hay-Adams event. A few days before the start of the Committee’s public hearings in July 1997, the Committee received documents showing that some of the Huang-solicited contributions had been returned as early as March 1996. The documents received reflected that, in connection with the Hay-Adams event, Huang had collected two separate \$12,500 checks made payable to the Democratic National Committee. Both checks were dated February 26, 1996, and were written on an account at General Bank in California. According to DNC check tracking forms, which appear to have been filled out by Huang, one contribution is attributed to Shu-Lan Liu and one is attributable to Yun-Liang Ren.

²⁶ Deposition of Joseph E. Sandler, August 21, 1997, p. 19.

²⁷ Deposition of Joseph E. Sandler, May 30, 1997, pp. 133-134.

²⁸ *Id.* at p. 127.

²⁹ Reiff deposition, p. 113.

³⁰ *Id.* at p. 114.

The address and telephone number is the same for both: 410 S. San Gabriel Blvd. Suite 10, San Gabriel, CA 91776 and (818) 821-5338.³¹

About one month later, on March 26, someone at the DNC filled out two expenditure request forms to have the DNC issue checks refunding these contributions.³² While it is unclear who actually filled out the forms, they indicate that the two separate \$12,500 expenditures were requested by Huang. On the line for “purpose of expenditure,” the same description is written for both -- “Contribution Refund (see attached).”³³ It is unclear, however, what may have been attached to these requests. Photocopies of the checks and check tracking forms are numbered consecutively, but there also may have been a written internal note or other document explaining why the contributions were to be refunded.³⁴ Nothing of the sort was produced to the Committee. On the expenditure request for Ren, there is a handwritten notation “Neil” which likely refers to DNC deputy general counsel Neil Reiff. It is unknown who made that notation, and, because the documents had not been produced before Reiff’s deposition, he was not asked about the forms.

The Committee also obtained the relevant DNC report to the Federal Election Commission. On the Itemized Disbursements Schedule B page of the report, which was for the first quarter of 1996, the DNC listed both of these returned contributions.³⁵ “Contribution refund” is listed as

³¹ DNC check tracking forms for Shu-Lan Liu for \$12,500 and Yun-Liang Ren for \$12,500 (Ex. 1).

³² DNC Expenditure Request Forms, March 26, 1996 (Ex. 2).

³³ *Id.*

³⁴ *Id.*

³⁵ FEC Schedule B (Ex. 3).

“purpose of disbursement.” However, there is no further explanation. The DNC also listed seven other contribution refunds on the Schedule. These two \$12,500 refunds clearly stand out from the seven other entries. One of the seven was for \$2,000 and the remaining were all for under \$500.³⁶

The Committee learned that Ren and Liu are a married couple, and that they run an international trading group based in China. According to a family member in California, both Ren and Liu are currently living in China. Attempts to reach them by telephone in California and China were unsuccessful.

Until July 1997, the Committee was under the impression that the first check raised by Huang and returned by the DNC was the Cheong Am contribution, which was solicited in April 1996 and returned in September 1996. In its public statements, the DNC had never made reference to any Huang-solicited contributions that were returned earlier. Moreover, in all the interviews and depositions conducted by the Committee until the Committee’s receipt of the documents -- and these depositions included almost all of the major DNC officials -- no witness had made any reference whatsoever to any Huang-solicited contributions that were returned before the widely reported return of the Cheong Am contribution.

During the first two sessions of Sandler’s deposition in May 1997, for instance, he described the meeting that he had with Huang after Huang’s first event. In his testimony, Sandler explained that Huang had firsthand knowledge of the donors, and Sandler did not ask Huang to return any of the checks that they discussed. During those sessions of his deposition, Sandler did not identify any

³⁶ *Id.*

contributions from the event that the DNC returned before the Debevoise & Plimpton review of all DNC contributions in the fall of 1996.³⁷

The Committee deposed Reiff on June 20, 1997, before the Committee had received the Ren and Liu documents, so Reiff was not asked directly about them; however, Reiff was asked numerous questions about his interaction with Huang, and all of his answers suggested that he had no involvement in the Ren and Liu contributions. Reiff testified, “Other than passing him [Huang] in the hall politely, I had pretty much no interaction with Mr. Huang direct [sic],” and “[o]ther than the social interaction, I never provided any legal advice to Mr. Huang.”³⁸ Reiff also stated that he never participated in any meetings with Huang, nor could he recall ever being involved in a training session with Huang.³⁹ Moreover, Reiff acknowledged in his deposition that he had primary responsibility for the final preparation of FEC reports.⁴⁰ The fact that these two contributions stand out on the FEC report and that Reiff’s name (“Neil”) is listed on the documents leave the Committee to wonder what Reiff may have known about these returned contributions.

During the third session of his deposition, which took place on August 21, 1997, and thus after the Committee received the documents, Sandler was confronted with the Ren and Liu returned contributions. After acknowledging that he had reviewed these particular documents in preparation for this session of his deposition, Sandler testified, “I don’t know much about the circumstances

³⁷ Debevoise & Plimpton was the principal outside law firm retained by the DNC to defend it in this investigation.

³⁸ Reiff deposition, p. 111.

³⁹ *Id.*

⁴⁰ *Id.* at p. 12.

surrounding these, but it is apparent that from the face of the documents that they were checks that Mr. Huang attributed to the Hay-Adams event; that they were initially deposited, but then within a month, maybe three weeks, Mr. Huang requested that the checks be refunded.”⁴¹

Asked whether the Ren and Liu checks were among the checks that Sandler reviewed after the Hay-Adams event, Sandler responded, “I don’t specifically recall. It’s possible, but I don’t specifically recall. It’s very possible that it was.”⁴² Sandler also said that he did not remember whether Huang had consulted with him in March 1996 about the Ren and Liu contributions.⁴³

While no one at the DNC admitted to having contemporaneous knowledge of these returned contributions, the fact remains that these Huang-solicited contributions were returned by the DNC in March 1996, only a few months after Huang had arrived at the DNC, and within a month of Huang’s first fund-raising event. Nevertheless, DNC officials did not institute any closer monitoring of Huang’s fund-raising, allowing him to continue to raise money unabated until the fall of 1996. Because of the intense pressure emanating from the White House to raise money, the DNC ignored these early indications and failed to screen subsequent Huang-solicited contributions until it was too late. In fact, within weeks of the return of these contributions, Huang solicited another illegal contribution -- \$250,000 from Korean citizen John K.H. Lee, a topic that will be discussed next.

Additionally, these Ren and Liu contributions tie into another aspect of the Committee’s investigation -- the coordination between the DNC and various nonprofit groups.⁴⁴ The Committee

⁴¹ Deposition of Joseph E. Sandler, August 21, 1997, p. 23.

⁴² *Id.* at p. 24.

⁴³ *Id.*

⁴⁴ *See* the section of this report on misuse of nonprofit organizations.

subpoenaed bank records for Ren and Liu, which show that on May 13, 1996, they jointly wrote a \$25,000 check to a non-profit group, Vote '96.⁴⁵ It seems more than just coincidental that the check is not only for \$25,000, which is the total of the two returned contributions, but it is dated May 13, which is the date of Huang's second major fund-raiser -- an event at the Sheraton Carlton Hotel.

The Return of the Cheong Am Contribution

On April 8, 1996, Huang collected for the DNC a \$250,000 contribution from John K.H. Lee, a South Korean businessman. The contribution technically came from Lee's newly incorporated U.S. company, Cheong Am America, Inc. The intermediary between Huang and Lee was Michael Mitoma, an international business consultant and, at the time of the contribution, the mayor of Carson, California.

After the Los Angeles Times inquired about the legality of the Cheong Am contribution in September 1996, the DNC acknowledged that it was illegal, and returned it. The return of this contribution led to additional press attention, and is generally noted as the beginning of the 1996 campaign finance scandal that triggered the Committee's investigation.

The DNC has pointed to the return of this contribution as an example of how it swiftly reacted to any indicia of illegal contributions. At the time of the return, a DNC spokesperson also explained the illegal contribution by commenting, "Our fund-raiser understood that the company had been in existence in the U.S. for some time, and was led to believe that the company's principals, including its chairman, were U.S. citizens or permanent residents."⁴⁶

⁴⁵ Check to Vote '96 from Shu-Lan Liu and Yun-Liang Ren, May 13, 1996 (Ex. 4).

⁴⁶ Alan C. Miller, "Democrats Return Illegal Contribution," *Los Angeles Times*, September 21, 1996, p. A16.

The actual facts reveal a much different story. It was obvious to anyone who cared to look that Cheong Am America, Inc. was a newly-formed U.S. company with no current operations. It was also obvious that the company's chairman, John K.H. Lee, was a Korean citizen. Nevertheless, the acceptance of this contribution, and the way the DNC both solicited and vetted it, reveals the DNC's standard operating procedure. In their zeal to raise money, DNC officials at best neglected to ask the obvious questions, and at worst deliberately looked the other way. Furthermore, the Cheong Am contribution provides a good overview of the selling of the President, as John Huang and his colleagues at the DNC shamelessly arranged a photo-op with the President in exchange for a \$250,000 contribution from a foreign national.

This contribution had its genesis in the desire of an elected official to provide economic development for his community. In March 1996, Michael Mitoma heard from a friend about a South Korean businessman who was thinking about opening an electronics factory in California. As the mayor of Carson, California, a small city located adjacent to Los Angeles, Mitoma saw an opportunity to bring much needed jobs to his city. Mitoma traveled to South Korea and met with the Korean businessman, John K.H. Lee. According to Mitoma, Lee "constantly talked about meeting the President, asked if I knew the President personally, and if I could assist in arranging a meeting between he and President Clinton."⁴⁷ Mitoma needed an interpreter to speak to Lee, as Mitoma did not speak Korean and Lee did not speak English.

Mitoma realized that successfully arranging a meeting with President Clinton would enhance the chances of convincing Lee to locate a factory in Carson. Accordingly, upon his return to the U.S., Mitoma tried the direct approach. He called the White House three times, but never received

⁴⁷ Testimony of Michael Mitoma, September 5, 1997, p. 126.

a return call.⁴⁸ Faced with this lack of response, Mitoma began to explore other avenues. Mitoma explained, “One of the suggestions was why don’t you talk to the DNC because there’s a series of fund-raisers that are being held, and that might be a way to meet the President. So I did call the DNC to see about that possibility.”⁴⁹ Mitoma was referred to Huang.

Mitoma explained to Huang that he had a South Korean businessman who was interested in meeting the President. Huang responded by listing a “menu” of events, from large dinners of several hundred people at \$5,000 per person to “exclusive” dinners at “\$50,000 a plate.”⁵⁰ When Mitoma relayed this information to Lee, Lee stated that he wanted to buy all the seats, even at \$50,000 each, so that he could have a one-on-one dinner with the President.⁵¹ Huang rejected this proposal, telling Mitoma that others would need to attend the dinner.⁵² At that time, Huang also explained that he was working on setting up a small dinner and that there were five seats remaining. After checking with Lee, Mitoma confirmed to Huang that Lee would pay \$250,000 for the five seats.⁵³ Eventually, Huang informed Mitoma that the date of the dinner would be April 8, 1996.

In early April, Huang asked for, and Mitoma sent him, information on the five attendees.⁵⁴ Besides Lee and Mitoma, the other three attendees were Won Ham, Lucy Ham and Young Chull

⁴⁸ *Id.* at pp. 126-127.

⁴⁹ *Id.* at p. 127.

⁵⁰ *Id.* at p. 128.

⁵¹ *Id.* at p. 129.

⁵² *Id.*

⁵³ *Id.* at pp. 129-130.

⁵⁴ Faxes to John Huang from Michael Mitoma, April 3, 1996 (Ex. 5).

Chung. Lucy Ham was the friend who had put Mitoma in touch with Lee. She and her husband, Won, were both U.S. citizens living in Los Angeles. Chung was Lee's partner and lived in South Korea. Mitoma explained that he was concerned at that time because he had received no written materials for this event, and had also not been informed about the time, place, or dress code.⁵⁵ Since Lee was flying from Korea to Washington, D.C. for the sole purpose of meeting the President, Mitoma wanted to make sure that the event was actually going to happen.⁵⁶ Even without the final details or confirmation, Lee, Chung, the Hams, and Mitoma all met in Washington, D.C. on April 7, 1996. Mitoma finally succeeded in contacting Huang during the morning of April 8, 1996, which was the same day as the planned dinner. After telling Mitoma to be at the Sheraton Carlton Hotel at 6:00 p.m., Huang began "hedging on the dinner" and suggested that instead of dinner, Lee may just have a private meeting with the President.⁵⁷ In any event, Mitoma, Lee, and the others arrived at the Sheraton Carlton at about 5:45 p.m. There was no one there to greet them, nor were there any signs announcing the event. Lee's group waited in the lobby for over an hour, unclear about what was happening, before Huang arrived to greet them.⁵⁸ After some brief pleasantries, Huang collected the \$250,000 check and said that he would return. About 15 minutes later, Huang brought over Fowler, Sullivan, and Peter Knight to meet Lee.⁵⁹ Lucy Ham translated, as Lee spoke no English.

⁵⁵ Mitoma testimony, p. 132.

⁵⁶ See Fax to John Huang from Mike Mitoma, April 4, 1996 (Ex. 6).

⁵⁷ Mitoma testimony, p. 134.

⁵⁸ *Id.* at p. 137.

⁵⁹ *Id.* at p. 138.

After another 15 minute wait, Lee’s group was ushered into a smaller room, and then, all of a sudden, the President appeared.⁶⁰ Mitoma testified, “[The President] was being briefed by John Huang and several other people. And then he came over to our group and we chatted briefly with the President. You know, I explained to him the same thing, you know, that Chairman Lee is going to establish a factory. . . in Carson.”⁶¹ A photographer then took a series of pictures.⁶²

After the President moved along, Huang told Mitoma that they had just had their private meeting with the President and that there would be no dinner. As Mitoma explained, he was able to convince Lee that “it was not such a great idea to eat American food and sit with a bunch of stuffy people for 45 minutes in a conversation that he would not understand.”⁶³ Mitoma, Lee, and the others left the hotel and went out for dinner by themselves.

While Lee seemed content with his brief conversation and picture with the President, Mitoma was deeply disappointed by the way that he had been treated. He described the experience to the Committee as “the most unprofessional thing I’ve ever seen,” and added that he felt that Huang had been “unscrupulous” and had strung him along simply to get Lee’s \$250,000 check.⁶⁴

A review of relevant documents confirms Mitoma’s view of the haphazard nature of the Lee event. On April 8, the day of the scheduled dinner, Huang faxed Sullivan two pages of handwritten

⁶⁰ *Id.* at p. 139.

⁶¹ *Id.*

⁶² *Id.* at p. 140.

⁶³ *Id.*

⁶⁴ Interview of Michael Mitoma, September 4, 1997.

notes about Lee, Cheong Am, and the other participants.⁶⁵ Sullivan then wrote a memo from himself and Huang to Doug Sosnik and Karen Hancox at the White House. Sullivan wrote, “Mayor Michael Mitoma, Mayor of Carson, California, and the following would like to meet with POTUS this evening before our first dinner.” After identifying the others and explaining that the purpose of the meeting was to discuss the possibility of Cheong Am establishing a factory in Carson, Sullivan concluded, “Mayor Mitoma has requested five minutes.”⁶⁶ In addition to demonstrating that the DNC was aware that Cheong Am was merely considering establishing a factory in the U.S., Sullivan’s memorandum also shows that as of the day of the “dinner,” the DNC had not even cleared any meeting with the White House. Moreover, there is no mention of an exclusive dinner with the President -- there is just a request for “five minutes.”

It is also clear that the DNC simply tried to fit the Lee meeting into a evening already crowded by two fund-raising dinners. According to Fowler’s schedule for April 8, 1996, there were two scheduled dinners at the Sheraton Carlton that night -- an earlier Presidential dinner for Gala co-chairs and vice chairs, and a later Presidential dinner with a smaller group of contributors.⁶⁷ The schedule allotted a ten minute travel break, from 7:40 to 7:50 p.m., between the two dinners.⁶⁸ While Sullivan’s memo asked for a meeting before the first dinner, it appears that Mitoma and Lee were shoe-horned into this ten minute period between the two dinners.

⁶⁵ Fax from John Huang to Richard Sullivan, April 8, 1996 (Ex. 7).

⁶⁶ Memorandum to Doug Sosnik and Karen Hancox from Richard Sullivan and John Huang, April 8, 1996 (Ex. 8).

⁶⁷ April 8, 1996 schedule of Donald L. Fowler, p. 3 (Ex. 9).

⁶⁸ *Id.*

The Cheong Am contribution also demonstrates that Huang and others at the DNC never raised any questions about the contribution's foreign origin. Mitoma had explained to Huang that Lee was a Korean businessman who was considering starting a business in Carson. Mitoma explained further that his efforts to arrange for a meeting between Lee and the President were directly connected to his larger endeavor to secure Lee's investment in Carson. Mitoma told the Committee that he was certain that Huang understood that Lee was both a foreign national and had not yet begun to conduct business in the United States.⁶⁹ Moreover, the information that Mitoma sent to Huang on April 4, 1996, also should have cast doubt on the legality of the contribution. While the information on Won and Lucy Ham specifically indicates that they are American citizens, Lee's resume gives a Korean address and makes no mention of citizenship or U.S. immigration status.⁷⁰ Huang, however, raised no questions at the time.

Huang's knowledge of Lee's citizenship, and therefore his inability to contribute legally to the DNC, is further demonstrated by Huang's record keeping on the contribution. In filling out the DNC's check tracking form for the \$250,000 contribution, Huang does not include any reference to Lee, despite the fact that Lee was clearly the principal of Cheong Am, and signed the check to the DNC.⁷¹ Instead, Huang listed Won Ham -- someone he knew was an American citizen -- as the contributor.⁷²

⁶⁹ Mitoma interview, September 4, 1997.

⁷⁰ Ex. 5.

⁷¹ Copy of check and check tracking form for donation by Cheong Am America to DNC, April 8, 1996, (Ex. 10).

⁷² *Id.*

Besides these indications, a simple check of the California incorporation records would have shown that Cheong Am was incorporated at the end of February 1996.⁷³ Thus, even without the bank records showing that the Cheong Am America bank account was funded by a transfer of \$1.3 million from Korea on March 26, 1996,⁷⁴ it was obvious that Cheong Am America had not been in operation long enough to generate the U.S. income needed to make a U.S. political contribution.

A few days after the April 8 event, Huang showed the \$250,000 Cheong Am check to Sullivan. Sullivan was surprised, since he had been expecting personal contributions from the Hams, who were American citizens, and not a corporate check.⁷⁵ Sullivan testified: “I remember looking at it with him [Huang] and saying, are you okay with this and have you vetted this with Sandler and he responded, yes.”⁷⁶ In the fall of 1996, after the news accounts of the Cheong Am contribution broke, Sullivan called Huang again and asked him the same question. According to Sullivan, Huang reiterated that he had vetted the check with Sandler immediately after receiving it in April 1996.⁷⁷

⁷³ State of California Certificate of Incorporation for Cheong Am America, February 28, 1996 (Ex. 11).

⁷⁴ Assorted bank records of Cheong Am America. (Ex. 12). Bank records reflect the following money trail: On March 26, 1996, Cho Hung Bank in Seoul, South Korea wired \$1.3 million to the California Cho Hung Bank. On April 4 & 5, it appears that the \$1.3 million was deposited into a newly opened Cheong Am America, Inc. account at California Cho Hung Bank. On April 5, \$300,000 (minus a \$3 service fee) was wired into a new Cheong Am America, Inc. account at Hanmi Bank in Los Angeles. The \$250,000 contribution to the DNC, as well as other related checks such as payment for the group’s stay at the Four Seasons and for photos, came from this account.

⁷⁵ Deposition of Richard Sullivan, June 5, 1997, p. 52.

⁷⁶ *Id.*

⁷⁷ *Id.* at p. 53.

Sullivan testified that he did not speak to Sandler about the Cheong Am check in April 1996. It was not until November 1996 that Sullivan and Sandler discussed it. At that time, Sullivan asked Sandler if he had vetted the Cheong Am check, and Sandler responded no. Moreover, in something that Sullivan “found odd,” Sandler told Sullivan that he was not even aware of the Cheong Am check.⁷⁸ When Sullivan asked Sandler whether he had seen the check on the FEC report, Sandler, in Sullivan’s words, “just shorted it off. He [Sandler] said, you know, I just don’t recall ever knowing about Cheong Am. . . John never brought it to my attention and I was never aware of Cheong Am America, Inc.”⁷⁹

Asked whether he believed Sandler or Huang was telling the truth, Sullivan was reluctant to accuse either one of lying. “I’d rather not have to answer that question directly”⁸⁰ Without being direct, however, Sullivan did make it clear which person he believed. He stated, “I guess I want to think about why John would lie at the time, given the concerns that had been expressed earlier in the year. Let me state that. I can’t think of -- I am also perplexed by why John would have lied at the time. Let me also state that, I am perplexed why Joe would not acknowledge the existence of this contribution, given the fact that it was reported on the Federal Election Committee report.”⁸¹

July 1996 -- Even More Warning Signals

As with all DNC fund-raisers, there was constant pressure on Huang to raise additional money. On July 4, 1996, Fowler wrote a handwritten note to Huang, stating, “John, We’re making

⁷⁸ *Id.* at p. 54.

⁷⁹ *Id.*

⁸⁰ *Id.* at p. 58-59.

⁸¹ *Id.* at p. 55.

progress, but we have to do better. Thank you for your good work. Best Wishes, Don.”⁸² In his deposition, Fowler stated that he could not recall why he wrote this note to Huang, and that the phrase “we’re making progress but we have to do better” was “just a general admonition.”⁸³ Fowler also maintained that it was not unusual for him to write this type of note, and that at the time, he still believed that Huang “was better than an average fund-raiser for the DNC.”⁸⁴

During the month of July 1996, Huang was responsible for organizing two different DNC fund-raising events -- a July 22 event at the Century City Hotel in Los Angeles and a July 30 dinner at the Jefferson Hotel in Washington D.C. Neither of these events turned out the way DNC officials had hoped. In fact, DNC officials were so troubled by the latter event -- including the list of guests at the event -- that they made a decision not to give Huang any more events with the President.

The July 22 event was designed to be a large fund-raising event with Vice President Gore as the featured guest. The ticket price was approximately \$500 or \$1,000. Many of the attendees were the same people who attended the Hsi Lai Temple fund-raiser in April 1996.⁸⁵ Huang had predicted that the event would raise about \$1 million. In fact, in response to Harold Ickes asking in late June how fund-raising looked for July, Sullivan responded, “We’ve got a couple of things going. One of

⁸² Handwritten note from Don Fowler to John Huang dated July 4, 1996 (Ex. 13) (emphasis added).

⁸³ Deposition of Don Fowler, May 21, 1997, p. 207.

⁸⁴ *Id.* at p. 208; *see also id.* at p. 198.

⁸⁵ Another chapter of this report provides a detailed discussion of the Hsi Lai Temple event.

them
community event in Los Angeles.”⁸⁶

Despite Huang’s predictions, the Century City event turned out to be much less successful. According to Sullivan, by the end of July, the DNC had only collected \$200,000 to \$300,000 from it.

Huang and
Richard Hancox of the White House had called with some dates for fund-raising dinners when
Sullivan and Rosen approached Huang. They asked him, “Do you think you would
do another dinner? Do you think you can pull together another four to 500 [thousand
dollars]?”⁸⁸

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Based on his conversation with Huang, Sullivan expected a dinner “along the lines of
Huang’s] previous ones, about five, \$10,000 a couple.”⁹⁰
Five days before the July 30 dinner, Huang gave Sullivan the invitation list. Dismayed to see that it
only
showed
Sullivan, Rosen looked at the list and then stated, “That’s
fine. It’s
of too late to do anything else. Make sure you send the list over to the White

Deposition of Richard Sullivan, June 5, 1997, p. 88.

Id. at p. 70.

Id. at p. 66.

Id. at p. 67.

⁹⁰ *Id.*

House.”⁹¹ It is clear that, despite DNC officials’ concerns about potential illegalities, they opted to proceed with the Jefferson Hotel dinner, apparently in the belief that raising some amount of money was better than none. Sullivan recalled that there was not enough time to cancel the Huang event and to organize another event in its place.⁹² Apparently, White House officials felt the same way. Sullivan recounted that he did, in fact, send the attendee list to the White House.⁹³ Hancox then called Sullivan back and said that the list was fine.⁹⁴

While the Committee has not received copies of any correspondence between the White House and the DNC with respect to this event, the DNC has produced the list of attendees at the event.⁹⁵ Besides President Clinton and DNC officials Fowler, Sullivan, Rosen, and Huang (and Mrs. Huang), four businessmen and their families attended. They were Mr. Ken Hsui, along with his wife Betty and daughter Dorothy; Dr. James L.S. Lin, along his wife Zu-Ying and son Thomas; Mr. James Riady and his wife Aileen; and Mr. Eugene Tung-Chin Wu, and his wife Shirley.⁹⁶

Sullivan and Rosen both made brief appearances at the dinner. Sullivan said that he went for about five minutes, said hello to Huang, and made sure that everything was okay. Sullivan believed

⁹¹ *Id.*

⁹² *Id.* at p. 72.

⁹³ *Id.* at p. 68.

⁹⁴ *Id.* at p. 83.

⁹⁵ DNC list of attendees for July 30 event at The Jefferson Hotel (Ex. 14).

⁹⁶ *Id.*

that he may also have met Jam

⁹⁷ Rosen recounted that he also was introduced

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Either

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displeasure with Huang. First, they were upset because the dinner was not “productive.”⁹⁹

of r at five or ten thousand dollars per couple, the Jefferson Hotel event had been a

private gathering that could not satisfy the party’s need for federal money. Sullivan explained, “The

that it was a small dinner meant that it was our sense that John would not produce a lot of -- I

idn’t think a lot of dollars were going to come out of that event anyway just by the nature of who

there. It wasn’t along the lines of what we were really pushing for in July and August o

1996.”¹⁰⁰ Compounding their distress that the Jefferson event simply would not generate enough

money Rosen and Sullivan felt that Huang had let them down. Both men believed, according to

Sullivan, that “John is not living up to what he had voluntarily come to us and said he could do.”

Sullivan

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became

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could do.”

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Rosen deposition, p. 97.

⁹⁹ Deposition of Richard Sullivan, June 5, 1997, p. 70.

¹⁰⁰ at p. 60.

¹⁰¹ at p. 73.

¹⁰² at p. 72.

Second, Sullivan and Rosen were concerned by the actual attendees at the dinner. As Sullivan explained, “[W]e are not all that pleased with the fact that he put a couple of foreign nationals into a small dinner with the President. . . we were not happy with that because of the possible perception. The press has made a big deal about, oh, you know, why did you have them in when you knew you weren’t going to get money from them. Well, we knew that too, but we were just worried about the perception.”¹⁰³ This was not the first time that Rosen and Sullivan had such a discussion. Sullivan testified that after Huang’s second major event, the May 13, 1996 fund-raising dinner at the Sheraton Carlton Hotel in Washington, D.C.,¹⁰⁴ Rosen and he had a conversation about the fact that “there may have been some foreign nationals in the room.”¹⁰⁵ According to Sullivan, “I think there was a little concern from the May dinner, but we said . . . people have the right to bring a guest with them to the dinner if they are making the contribution. The important thing is that John is vetting his checks with Joe.”¹⁰⁶

In the light of these concerns, Sullivan said that Rosen made the decision after the July 30 Jefferson Hotel event not to give Huang any additional events with the President.¹⁰⁷ Rosen, who was deposed before Sullivan, provided the Committee with much less detail about the conversations surrounding the Jefferson Hotel event. While he recalled having a conversation with Sullivan after the dinner, Rosen did not mention any concern about foreign nationals or any decision to stop giving

¹⁰³ *Id.* at p. 73.

¹⁰⁴ *See* the section of this report on Yogesh Gandhi.

¹⁰⁵ Deposition of Richard Sullivan, June 5, 1997, p. 62.

¹⁰⁶ *Id.* at p. 63.

¹⁰⁷ *Id.* at p. 70.

events with the President. For instance, when asked if he recalled any concerns being expressed before the dinner,

Rosen

can remember discussing the fact that

three young children there, and talking

more and get more involvement of various people and I remember

and subsequently

Rosen agreed with the metaphor that the DNC would have hoped to get “more bang for the buck” out of a fund-raising event attended by the President.¹⁰⁹

Huang Seeks to Launder DNC Contributions

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more Presidential

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Hotel events were not generating the predicted amounts of money

or readily surmise, that his DNC superiors were not pleased with his recent performance

Moreover, at this time period, there was increasing pressure on DNC fund-raisers to raise hard

money. Without discussing the specifics of election financing, the fact that it was getting closer to

election

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staffers certainly knew about

our federal dollars, about our federal dollar push. Marvin and I had held staff

meetings and talked about it.”

¹⁰⁸ Rosen deposition, p. 98.

¹⁰⁹ at p. 99.

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It is in this environment that Huang had lunch with Rawlein Soberano, a Washington, D.C. businessman and the head of the Asian American Business Roundtable (“AABR”), a group in Washington that assisted Asian-Americans in procuring contracts with the federal government. At a lunch in late July or early August 1996, Huang asked Soberano to launder campaign contributions through his association (and its members) in exchange for a fifteen percent kickback. If successfully laundered, these contributions could be turned into the much desired hard money or federal contributions. In any event, Soberano quickly terminated the conversation and never took up Huang on his offer.

Soberano provided background in his testimony to the Committee. He stated that he had met Huang on a few occasions before 1996.¹¹¹ Then, in late June 1996, at an Organization of Chinese Americans conference in San Francisco, Soberano saw Huang and learned that Huang had moved from the Commerce Department to the DNC.¹¹² During the summer of 1996, Soberano was in the process of trying to identify sponsors or people who could provide names of potential sponsors for the upcoming AABR annual event.¹¹³ In connection with that responsibility, Soberano called Huang and set up a lunch with him at the Mayflower Hotel in Washington, D.C. Soberano could not identify the exact date of the lunch, but recalled that it was either the last week of July or early August 1996. This range of dates is supported by Huang’s travel schedule. DNC records indicate that Huang was in California from July 10 through July 23 and in New York City from August 10 through August

¹¹¹ Testimony of Rawlein Soberano, September 16, 1997, p. 199.

¹¹² *Id.* at p. 200.

¹¹³ *Id.* at p. 201.

During the interim few weeks, Huang was likely in Washington, D.C., especially since he planned and attended the Jefferson Hotel event on July 30, 1996.

Soberano entered around the AABR. In response to Huang's question, Soberano described the organization's purpose and membership, which at that time numbered approximately 360.¹¹⁵ Huang then asked about AABR's budget, to which Soberano responded, "[Y]ou won't believe this. We are on a shoestring budget."¹¹⁶ Soberano explained, "We really did not have a budget, per se, because we all depended on the generosity of the members to provide it space."

Near the end of the deposition, Soberano testified that he remembered Huang asking him, "I want to know how you can give me \$300,000 and I can give it back to us later, and you can give 15 percent for the organization," but that is

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Although Soberano testified that he remembered Huang's question, but as Huang continued, and when Soberano's response never took place, Soberano saw Huang's "face drop"

¹¹⁴ DNC expense reports and receipts (Ex. 15).

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Deposition of Rawlein Soberano, May 13, 1997, p. 33.

¹¹⁷ Soberano testimony, p. 203.

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and knew that Huang was serious.¹¹⁹ Soberano explained to the Committee, “In the Asian culture, we have what we call the nonverbal communication, and sometimes — and we are very concerned about people losing face. I made him to lose face when I turned him down.”¹²⁰ Soberano and Huang had no further conversation about Huang’s proposal and they awkwardly ended the lunch a few minutes later. Soberano has not spoken to Huang since their lunch.¹²¹

Soberano cut off the conversation immediately, and thus he never asked Huang to elaborate on his offer. In his deposition and hearing testimony, Soberano resisted making any assumptions about Huang’s reference to “we,” particularly since Huang never explicitly mentioned the DNC or the Democratic Party.¹²² At the same time, however, Soberano conceded the obvious. He testified, “But when you look at it, I mean I know what he meant, but I wouldn’t want to put words in his mouth.”¹²³ Soberano acknowledged that he knew that at the time of the lunch, Huang was working as a “major fund-raiser” at the DNC.¹²⁴

The fact that Soberano had lunch with Huang is corroborated by Jerry Parker, the Vice-President of the PrinVest Corp. During the relevant time period, Soberano was consulting for PrinVest, and working in its office, which is located near the Mayflower Hotel. During an interview with Committee staff, Parker stated that there is no doubt in his mind that Soberano walked by his

¹¹⁹ *Id.* at p. 204.

¹²⁰ *Id.*

¹²¹ *Id.* at p. 205.

¹²² Soberano deposition, p. 116.

¹²³ *Id.*

¹²⁴ Soberano testimony, pp. 200 & 225.

office one day and mentioned a meeting with John Huang. Parker was less sure about whether Soberano's comment took place before or after the meeting with Huang, but he thinks that it was before, and that Soberano said he was going to a meeting with Huang. Soberano's comment stuck in Parker's memory, because Parker knew Huang, having trained him at a local Washington, D.C. bank during the 1970's.¹²⁵

Conclusion

Huang's approach to Soberano should not be viewed with surprise -- it is the logical outgrowth of his fund-raising odyssey. Huang came to the DNC amid curious circumstances, and his tenure at the DNC was rife with warning signs -- which were recognized but then ignored. These signs were ignored because DNC officials were consumed by raising an unprecedented amount of money under pressure from the White House.

The evidence shows that at the same time that the President of the United States was prodding DNC officials to hire Huang, Huang was already raising money in violation of the Hatch Act. DNC officials apparently recognized the illegality and took steps to cover the paper trail by substituting Jane Huang's name for John Huang's on DNC check tracking forms.¹²⁶ Moreover, DNC officials expressed concern about Huang right from the start. They were nervous that Huang did not understand, and would not comply with, the various fund-raising laws. Accordingly, they insisted that he have a private training session with DNC general counsel Joe Sandler. Nevertheless, they also offered Huang an incentive arrangement for raising money.

¹²⁵ Interview of Jerry Parker, July 1, 1997.

¹²⁶ *See* the section of this report on Huang's fund-raising at the Department of Commerce.

Once Huang arrived at the DNC, DNC officials continued their schizophrenic behavior. On the one hand, they were worried about the large number of foreign nationals that Huang seemed to have at his events. On the other hand, they recognized that Huang was raising a large amount of contributions and so they were reluctant to take any actions -- until it was too late. The Cheong Am contribution is a good example of how the DNC had to know that the contribution was from a foreign source, and thus illegal, but still accepted it because it was too easy to pass up -- \$250,000 for a five minute photo-op with the President.

Finally, the Committee is troubled by the discrepancies in testimony from DNC officials. Senior DNC officials directly contradict each other on such important points as whether Huang ever received individualized training. Moreover, there are various examples, including the return of Huang-solicited contributions in March 1996, where DNC officials did not provide the Committee with highly relevant information in a timely manner. Even recognizing that memories fade over time, it would seem that DNC officials who were closely involved in the events the Committee was investigating should have a greater command of detail than they claim to have. Huang's assertion of his fifth amendment privilege against self-incrimination made the Committee's investigation of his activities difficult, and this difficulty was magnified by DNC officials' conflicting accounts and alleged failures of memory.