

CHARLIE TRIE'S CONTRIBUTIONS TO THE PRESIDENTIAL LEGAL EXPENSE TRUST

I. INTRODUCTION

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

In March 1996, Trie personally delivered almost one half million dollars in checks and money orders to the Trust. Trust representatives and White House officials recognized almost immediately that the donations were highly questionable and appeared, at least in part, to have been coerced from members of a controversial Buddhist sect. However, rather than simply returning the suspect donations and publicly reporting such returns -- which had been the Trust's historical practice -- the Trust, in consultation with senior White House officials, hid the

returned donations by changing the format of the Trust's bi-annual public disclosure form. This avoided public disclosure of any information concerning the Trie donations prior to the 1996 presidential election.

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

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

Trust donations from the Buddhist sect, he was successful in gaining admission to a White House coffee with the President for Wang Jun, a Chinese arms merchant. The President subsequently admitted his meeting with Wang Jun was highly improper.

Likewise, during this same time frame, Trie was being considered for a Presidential appointment to the Commission on U.S. Pacific Trade and Investment Policy. In fact, he was named to the Commission within four weeks after he delivered the first batch of donations to the Trust. Finally, on the very same day that he delivered the first batch of donations to the Trust, a letter authored by Trie was sent by former White House aide Mark Middleton to the President expressing Trie's concern and advice regarding Taiwan/China relations. The letter sparked a flurry of activity at the National Security Council and eventually resulted in a detailed written response signed by the President. This was particularly curious given the fact that Middleton apparently was the person who directed Trie to the Trust in the first place. Middleton has asserted his Fifth Amendment rights and has refused to cooperate with the Committee.

II. The Presidential Legal Expense Trust -- Background

The Trust was established on June 28, 1994 to raise funds to help the President and First Lady pay personal legal bills arising from lawsuits and investigations initiated after Mr.

Clinton became President.² The Trust was governed by a number of guidelines concerning the source and types of contributions that could be accepted. The guidelines generally followed Federal Election Commission rules governing donations to federal candidates. The following is a list of some of the requirements regarding donations to the Trust as included in the February 22, 1996 bi-annual report of the Trust:

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

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

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

4. Anonymous contributions will not be accepted.

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

6. The Trust will acknowledge contributions and make

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

periodic public reports of the Trust contributors.³

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

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

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

banking firm.⁴

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

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

III. Charlie Trie's March 21, 1996 Visit to the Trust

⁴Deposition of Michael Cardozo, May 7, 1997, pp. 5-7.

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

⁶Id.

⁷See Ex. 2.

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

According to Cardozo's testimony, Trie first called Cardozo on March 20, 1996 at his business office to set up the initial meeting.⁸ Cardozo informed Trie that he could answer any questions about the Trust over the telephone, but Trie insisted that they meet in person. The two met the next day at Cardozo's office at G. William Miller & Co., which was located across the street from the offices of the Trust. Trie began their meeting by telling Cardozo about his personal background and the fact that he had owned a Chinese restaurant in Little Rock that was frequented by then-Governor Clinton. Trie told Cardozo that he had heard about Mr. Clinton's mounting legal bills and had set

⁸Trie's background and connection to the DNC are discussed above in the section on Charlie Trie's fundraising for the DNC.

about trying to help. Trie then retrieved a manilla envelope from beside his chair, turned it up over the table, and according to Cardozo, "out came a mound of checks and money orders."⁹ According to Trie the total amount of the checks and money orders was \$460,000.¹⁰

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

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

⁹Deposition of Michael Cardozo, May 7, 1997, p. 34.

¹⁰Id.

¹¹Id. at p. 35.

¹²Id. at pp. 38-39.

¹³Id. at pp. 43-44.

period of time to review the checks and money orders more closely.¹⁴

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

Upon Trie's return from his lunch at the Palm, Cardozo and Schwartz returned the deficient checks to him. Trie appeared confident that he could cure the deficiencies.¹⁷ During this discussion, Trie stated that he did not want his name mentioned in connection with the contributions. Trie told them that he was going to be appointed to a federal commission and was not sure that he was eligible to make a donation.¹⁸ Trie even balked at the idea of mailing the valid checks and money orders to the bank

¹⁴Id. at p. 38.

¹⁵Id. at p.48.

¹⁶Id. at p.54-55; Deposition of Sally Schwartz, May 6, 1997, p.40.

¹⁷Deposition of Michael Cardozo, May 7, 1997, pp. 54-55.

¹⁸Id. at pp. 41-42.

because he did not want to put his name and return address on the envelope. Accordingly, Trie and Schwartz personally delivered the contributions to the Trust's lock box at NationsBank.¹⁹ After depositing the funds in the Trust's lock box, the Trust decided to put them into an interest bearing money market account, commingled with other contributions. The donations were listed as "unrestricted" on internal Trust accounting documents, and were deemed accepted according to the Trust's own accounting procedures.²⁰

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

At some point during the March 21st meeting, Trie stated that he had gotten Cardozo's name from Susan Levine and had been directed to Levine by Mark Middleton.²¹ Susan Levine is an acquaintance of Cardozo's, and has worked at both the DNC and the White House during the Clinton Administration.²² Middleton formerly worked at the White House as an advisor to former White House Chief of Staff Thomas "Mack" McLarty. After leaving the White House, Middleton formed Commerce Corp., International, a

¹⁹Deposition of Sally Schwartz, May 6, 1997, pp. 41-42.

²⁰Deposition of Michael Cardozo, May 7, 1997, pp. 241-245; Profit and Loss Statement for the Trust, June 12, 1996 (Ex. 3).

²¹Deposition of Loren Berger, June 23, 1997, pp. 44-45.

²²Deposition of Michael Cardozo, May 7, 1997, pp. 30-31.

company focused on international trade with Asia. Middleton is currently under investigation regarding his business transactions in Asia, his fund raising for the Clinton Birthplace Foundation and his connections to Trie. It has been widely reported in the press that Middleton and Trie were very close and traveled together to Taiwan.²³

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

In addition to steering Trie to the Trust, Middleton also helped Trie communicate with the President concerning China/Taiwan policy. Although Trie did not tell Cardozo or Schwartz with whom he was having lunch at the Palm on March 21st, National Security Council documents obtained by the Committee indicate that his appointment was almost certainly with

²³"Mark Middleton; White House Staff," USA Today, February 27, 1997, p. 6A..

Middleton.²⁴ Trie's lunch appointment at the Palm was at noon. Middleton's office is across the street from the Palm. At 1:14 pm on the 21st -- minutes after Trie's lunch ended -- Middleton faxed a letter from Trie addressed to the President to Maureen Lewis at the White House who handles the President's personal correspondence. The letter was faxed from Middleton's office. These facts suggest that the letter was passed from Trie to Middleton at the Palm. The cover sheet of the fax stated in part, "Dear Maureen: As you likely know, Charlie is a personal friend of the president from LR. He is also a major supporter. The president sat beside Charlie at the big Asian function several weeks ago."²⁵

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

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

National Security Council prepared a draft response to Trie's

²⁴Letter from Charlie Trie to the President with fax cover sheet from Mark Middleton, March 21, 1996 (Ex. 4).

²⁵Id. at p. 1.

²⁶Id. at pp. 2-3.

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

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

In addition to this exchange on China/Taiwan policy, Trie also received two other favors from the White House at or about the time of his donations to the Trust. First, as discussed in more detail above in the section on Charlie Trie, Trie was appointed by the President to the Commission on U.S. Pacific Trade and Investment Policy -- an act which required the President to expand the Commission's size by signing an executive order. Trie was appointed to the Commission despite the fact that his qualifications did not remotely match those of the other

²⁷Letter from the President to Charlie Trie and supporting memoranda, April 22, 1996 (Ex. 5).

members named to the Commission.²⁸ Trie's appointment was also not made official until four weeks after his delivery of the donations to the Trust.

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

IV. April 4, 1996 White House Meeting with the First Lady and Harold Ickes

Following Trie's first visit on March 21, 1996, Cardozo and the Co-chairs of the Trust decided that the President and First

²⁸List of names and occupations of members of the Commission, November 8, 1995 (Ex. 6).

²⁹See previous portion of the section regarding Charlie Trie's fundraising for the DNC.

³⁰"Sen. Thompson to Subpoena Delayed White House Files," The Washington Post, July 31, 1997.

Lady should be informed of the visit in order to notify them of the contributions as well as to see if they knew Trie.³¹

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

...when people drop large sums of money off in manila envelopes in Washington, D.C., you've got to be very careful

³¹Id. at p. 50.

³²Deposition of Michael Cardozo, May 7, 1997, p. 102.

about how you handle those funds.³³

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

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

Exhibit no. 2.

This entry noted the total contributions received in the six month reporting period as well as the contributions which were

³³Id. at p. 73.

³⁴Id. at pp. 73,75.

³⁵Id. at p. 78.

³⁶Handwritten notes of Harold Ickes, April 4, 1996 (Ex. 7).

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

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

³⁷Deposition of Michael Cardozo, May 7, 1997, pp. 141-142.

³⁸Testimony of Cardozo, July 30, 1997, p. 28.

³⁹Meaning that he raised or contributed at least \$100,000; see section of the report regarding White House control of the DNC.

V. The Trust Investigates the Trie Donations

In the weeks following Trie's initial visit and Cardozo's April 4 meeting at the White House, Sally Schwartz reviewed the checks and money orders more closely to determine whether they met the Trust's guidelines. She found that some of the money orders were sequentially numbered (meaning they had been purchased at one location), but were filled out by people from different parts of the country. In addition, a number of the checks had the same misspelling of the word "presidential," -- spelled instead "presidencial." She also found that some of the checks were written by one person on behalf of another in violation of the Trust's guidelines.⁴⁰

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

⁴⁰Deposition of Sally Schwartz, May 6, 1997, pp. 66-67.

⁴¹Id. at p. 137.

A. The Trust Hires Investigative Group Inc.

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

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

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

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

Ronald Olson, an attorney from Los Angeles, suggested that "someone in the California Asian community and I would think the Taiwanese would be very, very prominent in this...I think I would

⁴²Transcript of Trustees' conference call, April 22, 1996, p. 2 (Ex. 8).

⁴³Id. at p. 4. Mr. Cardozo responded, "Well I think we can ask the Investigative Group to do that and I think at some point we can ask Mr. Trie to come to a meeting and share with him some of our concerns..." Id.

try to get beyond Mr. Trie."⁴⁴ Yet, despite the fact that these legitimate questions and concerns were raised by the Trustees, IGI was never requested to look into any of these matters.

Following the April 22 Trustee conference call, Cardozo and Darryl Libow, counsel for the Trust, met with Terry Lenzner and Garrick Tsui of IGI. Cardozo explained the events that had transpired at the Trust and asked IGI to investigate the Trie-related contributions.⁴⁵ However, the one person Cardozo specifically instructed IGI not to talk to was Charlie Trie.⁴⁶ Cardozo explained that one reason for this instruction was that the Trust was limited to a \$5,000 investigation budget.⁴⁷ However, he acknowledged that Trie's office in Washington, D.C. was only blocks from IGI and, thus, a visit by an IGI investigator would have cost very little,

Mr. Tipps: And on the matter of cost-by the way, Mr. Trie's office was at the Watergate office building, right?

Mr. Cardozo: That's what his business card said.

Mr. Tipps: Right. And IGI-I am not from Washington, but I believe it is on Connecticut Avenue?

Mr. Cardozo: That's correct.

Mr. Tipps: And that is about a \$5 cab ride?

⁴⁴Id. at p. 1.

⁴⁵Deposition of Terry F. Lenzner, June 23, 1997, pp. 13-14.

⁴⁶Id. at p. 14.

⁴⁷Deposition of Michael Cardozo, May 7, 1997, pp. 98, 104.

Mr. Cardozo: That's correct.⁴⁸

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

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

⁴⁸Cardozo testimony, p. 36.

⁴⁹Deposition of Michael Cardozo, May 7, 1997, p. 104.

⁵⁰Handwritten notes from Loren Berger, undated (Ex. 9).

closely associated with the Lippo Group and the Riady family, and Giroir was active in trying to place John Huang at the DNC. The Committee's complete findings regarding Giroir are included elsewhere in this report.

B. The Rose of the Ching Hai Buddhist Sect

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

The Ching Hai Buddhist organization is headed by the Supreme Master Suma Ching Hai. According to IGI's findings and other published information, the Supreme Master studied Buddhism in Taiwan, where she maintains her headquarters. Aside from leading the sect, she also designs her own line of clothes and conducts fashion shows.⁵¹ She encourages her followers to make donations to and purchase items from Ching Hai. Notwithstanding her teachings to her followers to focus on the spiritual and not the material, IGI found that Suma Ching Hai generally travels and lives in an opulent style. Indeed, IGI reported that she is

⁵¹Final report of IGI, stamped "Draft," May 15, 1996, p. 5 (Ex. 10).

considered a fraud by many other Buddhist groups.⁵² IGI also reported on certain unconventional practices within the sect, such as the sale of the Supreme Master's bathwater to her followers (which she apparently claims has curative properties).⁵³

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

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

⁵²Id. at p. 4.

⁵³Id.

⁵⁴Berger deposition, p. 24.

⁵⁵Ex. 10.

⁵⁶Berger deposition, p. 24.

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

C. Testimony of Zhi Hua Dong

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

⁵⁷Testimony of Zhi Hua Dong, July 31, 1997, p. 151.

Dong testified that he and his wife met the Supreme Master Suma Ching Hai at Kennedy International Airport along with other sect members.⁵⁸ Dong's wife, Tracy Hui, drove Charlie Trie and the Supreme Master into Manhattan. Dong followed in another vehicle. Upon arriving at the Ritz Carlton Hotel in midtown, Dong went up to the Supreme Master's room where he delivered the money orders he had been asked to purchase. At that time the Supreme Master explained to him that they were helping President Clinton raise funds for his personal legal expenses. Trie, who was to be initiated into the sect at the meeting, was also in the room and wrote down the full name of the Trust so that people would be able to spell it correctly on their money orders and checks. Before leaving, Dong observed the Master removing \$20,000-25,000 from the stack of money orders for sect-related expenses.⁵⁹

During the meeting that night, which was held at the Inn at 57th Street, the Supreme Master addressed about 150 new initiates, all U.S. citizens, and told them that President Clinton was a good person and needed their help. After requesting them to contribute to the Trust, the Master turned to leave the room and to go downstairs to a private meeting. When some of the new initiates tried to follow her, she turned and in

⁵⁸Deposition of Zhi Hua Dong, June 17, 1997, p. 49.

⁵⁹Dong testimony, p. 153.

an angry tone told them to stay put and attend to business.⁶⁰ When one of the followers tried to ask a "spiritual question," she angrily told him that it was not the time for spiritual questions.⁶¹ According to Dong, her tone made some of the members uncomfortable,

The voice was very strong, very strong, you know, from my perspective, I feel some energy coming out, and her tone, you know, could make people uncomfortable...there is one person stand up, after Master talked, stand up, asked a spiritual question regarding the practice. Master was very angry...It's a very strong voice. That could irritate people.⁶²

Immediately following the event, Dong went back to the Master's room at the Ritz-Carlton and helped count the funds that had been raised. Between sixty and one hundred of the blank money orders had been filled out by individuals who did not pay for them.⁶³ The Master added a number of checks and money orders from another meeting, and, according to Dong, the total amount finally given to Trie could have been more than \$400,000.⁶⁴

Dong had never met Trie prior to the New York meeting, and he testified that from the way Trie talked, he was under the

⁶⁰Dong Deposition, p. 79-80.

⁶¹Dong testimony, p. 170.

⁶²Dong deposition, p. 112.

⁶³Dong testimony, p. 158.

⁶⁴Id. at p. 161.

impression that he worked directly for President Clinton.⁶⁵ This was the only time Dong was aware of the Supreme Master ever asking for support for a political figure.⁶⁶ Four days after this New York meeting -- on March 20 -- Trie called Cardozo to set up their initial meeting.⁶⁷

Dong testified that in May, 1996, Trie called him and asked him if they could meet at the airport while Trie was changing planes in New York. At this meeting Trie was very upset because the Trust was investigating the source of the contributions. He told Dong that the Trust was being "very cautious" because it was "an election year."⁶⁸

Several weeks after the event, Dong contacted the Ching Hai headquarters in Taiwan requesting that he and his fellow members be reimbursed for the \$70,000 in money orders that they had purchased with their own money. Dong testified that up to this point he had received little or no reimbursement from the individual members. Dong and the other members who had advanced funds for the money orders were eventually reimbursed by the sect in three wire transfers, one for \$20,000 from Taiwan, one for \$30,000 from Cambodia where the sect had a chapter, and the

⁶⁵Id. at p.163-164.

⁶⁶Dong deposition, p. 114

⁶⁷Id. at p. 24.

⁶⁸Dong testimony, p.163.

balance in a wire transfer from Los Angeles chapter.⁶⁹

VI. May 9, 1996 White House Meeting

After receiving the initial investigative report from IGI, including information about the Ching Hai Buddhist group, Cardozo scheduled another meeting at the White House for May 9, 1996 to again discuss the Trie donations.⁷⁰ The meeting was attended by Cardozo, Schwartz and Libow on behalf of the Trust, and Harold Ickes, Jack Quinn, White House Counsel, Bruce Lindsey, Deputy White House Counsel, Cheryl Mills, Deputy White House Counsel, Evelyn Lieberman, Deputy Chief of Staff, and Maggie Williams, Chief of staff to the First Lady, on behalf of the White House. Cardozo did not know why it was necessary to meet with so many senior members of the White House staff, especially in light of his insistence that the Trust operated independent of the White

⁶⁹Id. at p.165.

⁷⁰On April 24, 1996, Trie visited the Trust for the second time. He met with Cardozo and Schwartz and brought a shopping bag with him. Cardozo testified that when he saw Trie approach he thought to himself "Oh my God, he's got a million dollars." In fact, Trie had an additional \$179,000 for the Trust. Because the Trust was investigating the first batch of donations, Cardozo refused to accept the donations. Because IGI had been specifically instructed by Cardozo not to interview Trie, they had instead prepared a list of questions to be asked of Trie at the April 24 meeting in order to gain a better understanding of the source of the donations. However, neither Cardozo nor Schwartz asked any of IGI's questions at the meeting. Deposition of Michael Cardozo, May 7, 1997, pp. 129-130.

House.⁷¹ The White House apparently made the decision as to which staff members would attend.

During the May 9 meeting, Cardozo explained the key facts surrounding Trie's donations to the Trust, and called upon Libow, the Trust's attorney, to provide the group with a summary of IGI's findings regarding Ching Hai and its leader, Suma Ching Hai. Libow described IGI's findings in great detail including their conclusion that at least some of the donations may have been coerced.⁷²

The group discussed the pros and cons of returning the donations and the type of press coverage such a story would

⁷¹Id. at p. 115.

⁷²Id. at pp. 155-156. IGI's conclusion was ultimately proven correct when in July Cardozo received a letter from Ching Hai member David Lawrence. Cardozo circulated the letter to all of the people who had attended the May 9 meeting, as well as Mrs. Clinton. The Lawrence letter confirmed that in fact many of the donors did not contribute their own funds:

Unfortunately as you suspected, the funds were raised by the efforts of a concerned party who was unaware of some of the terms mentioned in your letter. In particular, none of those in the private association involved in the fund raising knew that the individual U.S. citizen donors were required to use only their own funds. In my case, \$500 given by money order was advanced by the association or its leader and not reimbursed by me. We were led to believe that reimbursement was optional. I am sure that none of the members or leadership of the association knew otherwise. In addition, I was not made aware of the other terms mentioned in your letter. I was not aware that the Trust "will make periodic public reports of fund contributors."

Letter from David Lawrence to the Trust, July 5, 1996, p. 2 (Ex. 11).

generate.⁷³ Mills raised the question of whether returning the money would be seen as some sort of discriminatory act against Asian-Americans, but in the end the group supported the Trustees preliminary recommendation to return the money.⁷⁴

Significantly, Cardozo testified that soon after the meeting started Bruce Lindsey entered the room, heard Trie's name mentioned, and commented that he knew Trie from Little Rock and that he knew Trie was "involved with the Democratic Party."⁷⁵ Ickes was present when the comment was made, but said nothing in response.⁷⁶ Furthermore, despite the fact that Ickes was supervising the President's re-election effort from the White House, he apparently failed to make any inquiry into Trie's fundraising activities with the DNC.

A. Ickes' Failure to Notify the DNC

Lindsey was correct on May 9th that Trie was "involved" with the Democratic Party. In fact, he was a Managing Trustee of the DNC (meaning he contributed or raised at least \$100,000). Ickes' was also involved with the DNC. In fact, according to some witnesses, Ickes was calling the shots on a day to day basis at

⁷³Deposition of Michael Cardozo, May 7, 1997, p. 161-163.

⁷⁴Id. at p. 155.

⁷⁵Id. at p. 175.

⁷⁶Id.

the DNC.⁷⁷ Yet, despite his leading role with the DNC, Ickes failed to notify anyone at the DNC that a major DNC donor and fund raiser was involved in highly questionable fund raising for the Trust. According to DNC Chairman Don Fowler, "If we had known about the problems with Trie earlier, we could have done something. I wish that I had known that."⁷⁸ Instead, the DNC was ultimately forced to return \$645,000 in funds contributed or raised by Trie.⁷⁹ Indeed, the first time Ickes mentioned the issue to anyone at the DNC was during a telephone conversation with B.J. Thornberry, Executive Director at the DNC, in October, 1996 -- after the fundraising controversy had broken in the press. Ms. Thornberry raised questions with Ickes regarding whether John Huang had been truthful with the DNC.⁸⁰ Ickes responded by telling her that if she had those concerns she should also check out Charlie Trie and talk to Bruce Lindsey about him.

Q What did Mr. Ickes say to you?

A Mr. Ickes said two things to me. He said that

⁷⁷Deposition of Donald Fowler, May 21, 1997 pp. 61-62. A complete discussion of Ickes' role in the DNC can be found in the section of this report on White House control of the DNC.

⁷⁸"What Clinton Knew," Los Angeles Times, December 21, 1997, Sec. A, p. 1.

⁷⁹Deposition of David Mercer, May 14, 1997, p. 240.

⁸⁰Deposition of B.J. Thornberry, May 20, 1997, p. 114.

if I had concerns about John Huang that I also might want to check out contributions from Charlie Trie, and he said also that I might want to have the same conversation with Bruce Lindsey.⁸¹

Mr. Ickes was not alone in his failure to follow up on Trie's actions with regard to the Trust. White House personnel, including the President, not only failed to notify the DNC of Trie's questionable fundraising practices with the Trust, but continued to have contact with him. Only four days after the May 9 White House meeting, the President sat next to Trie at the head table of a \$5,000 per person dinner in Washington.⁸² In August, 1996, two months after the Trust decided to return the Trie-related donations, the President accepted \$110,000 from Trie at an event celebrating the President's 50th birthday.⁸³ In addition, as noted above, the President proceeded to appoint Trie to a federal trade commission and had the NSC prepare a personal response to foreign policy questions raised by Trie, both after Cardozo informed the White House and the First Lady about the questionable Trust donations.

VII. Trie's Final Meeting with the Trust

On May 17, 1996, Trie visited the Trust for the third and

⁸¹Id. at p. 114.

⁸²"What Clinton Knew," Los Angeles Times, December 21, 1997, Sec. A, p. 1.

⁸³Id.

final time. Cardozo asked Schwartz to meet with Trie alone because Cardozo no longer wished to have any dealings with him.⁸⁴ During the meeting, Trie acknowledged that he was indeed a member of the Ching Hai sect and that he had encouraged the Supreme Master to help him raise money for the Trust.⁸⁵ Trie also had additional donations which he said totaled \$150,000 -- bringing the total to \$789,000 -- that he wished to deliver, but Schwartz refused to accept them because by the Trust had yet to make a determination regarding the first delivery of funds.⁸⁶

VIII. The Trie-Related Contributions Are Returned

The decision to return the Trie-related contributions was finalized in June, 1996, and the Trust began mailing contributions back to the contributors.⁸⁷ However, it did so with a twist. Notwithstanding IGI's findings about the involvement of the Ching Hai sect and the likely coercion exercised on sect members, the Trust sent a cover letter along with the returned contributions instructing the donors that they could re-submit their contributions if they met the Trust's

⁸⁴Deposition of Michael Cardozo, May 7, 1997, p. 190-192.

⁸⁵Deposition of Sally Schwartz, May 6, 1997, p. 211.

⁸⁶Id. at p. 210.

⁸⁷Return letter from the Trust to a contributor, June 26, 1996 (Ex. 12); The White House was informed of this decision as the option had been discussed at the May 9 White House meeting.

guidelines.⁸⁸ In other words, despite the fact that the Trust knew the donations had been, at least in part, coerced, it was still willing to accept the same money from the same donors.

Loren Berger, the IGI investigator who authored the IGI report, testified before the Committee that she had a theory as to why the Trust sought to have the donations recontributed in this manner. She knew that any contributions accepted in the first six months of 1996 would be made public in the bi-annual report filed in July 1996, prior to the election. However, if the donations were returned and the donors then re-submitted their contributions during the second half of 1996, the "recontributions" would not be made public until the next reporting period -- January 1997, after the election. Berger theorized that by returning the contributions and allowing them to be re-submitted after the first reporting period of 1996 had passed, the Trust could effectively receive the funds and avoid making them public until after the election.⁸⁹ The only flaw in Ms. Berger's theory was that the bi-annual report had historically disclosed not just contributions, but returned contributions as well, which would mean the story would have

⁸⁸Id.; Deposition of Michael Cardozo, May 7, 1997, p. 212; Exhibit no. 12.

⁸⁹Berger Deposition, pp. 84-85. Cardozo denied any such plan, although he was unable to offer any logical explanation for why the Trust would agree to accept tainted funds from the original donors, knowing that the donations had been coerced in the first place.

become public prior to the election anyway. However, as discussed below, the Trust changed its public reporting method to avoid disclosing the return of the Trie-related contributions.

IX. The Bi-Annual Report is Changed to Keep the Trie Donations Secret

Work on the mid-1996 bi-annual report began in the first week of July 1996. The purpose of the report was to record the activities of the Trust for the first half of 1996 and to make them public at a press conference held in August. All previous bi-annual reports submitted by the Trust since its inception had listed "total contributions" received by the Trust during the six month period and subtracted "ineligible contributions" that had been returned during that same period.⁹⁰ However, in mid-1996 the Trust changed the format of the bi-annual report so that only "contributions accepted" by the Trust were listed. The Trust eliminated the return line and rationalized that any contributions received and returned within the six month period were never "accepted" and, thus, need not be disclosed. This was a marked departure from the way returns had been accounted for historically.⁹¹

⁹⁰Ex. 2.

⁹¹Ex. 1.

Comparison of Exhibits 1 and 2.

Cardozo and Schwartz both admitted that the reason for the deletion of the return line in the mid-1996 bi-annual report was to keep the Trie-related donations from becoming public.⁹² The net effect of this accounting change was to treat the Trie-related contributions as if they had never occurred.⁹³

On August 14, 1996, the Trust held a press conference to release the bi-annual report. Cardozo was specifically asked by a reporter whether there were any contributions returned because they came from someone who was "unsavory or anything like that."

⁹²Testimony of Michael Cardozo, July 31, 1997, pp. 47-48; Deposition of Sally Schwartz, May 6, 1997, p.283.

⁹³Even though Cardozo admitted the effect of the change was to hide the existence of the Trie-related donations, he testified that the real reason for the change was to clarify the Trust's accounting procedures. Schwartz, however, admitted the reason for the change was the Trie-related contributors. Deposition of Michael Cardozo, May 7, 1997 p. 246; Deposition of Sally Schwartz, May 6, 1997, p.283.

Cardozo said, "No."⁹⁴ Cardozo testified that he gave this answer to protect the privacy of the donors and the credibility of the Trust.⁹⁵ In other words, if he had answered "yes," the Trie-related matter would have become public at that time.

In addition to the accounting change in the bi-annual report, the Trust also revised the Quarterly Report that was routinely sent to the President and which contained the names of the donors to the Trust for the previous three months. On April 25, the President received a list which included the Trie-related donors.⁹⁶ Three months later that report was "superseded" by a subsequent report which omitted the names of those donors.⁹⁷ The President, therefore, was not only aware of the original Trie-related donors, but was also aware that their donations had been returned.

That the White House knew of the accounting change in the bi-annual report is also beyond dispute. First, a simple comparison between the mid-1996 bi-annual report and all previous bi-annual reports would have disclosed the change. Moreover, it is inconceivable that the matter was not discussed at one of the

⁹⁴Transcript of August 14, 1996 press briefing, p. 19 (Ex. 13).

⁹⁵Deposition of Michael Cardozo, May 8, 1997, p. 10.

⁹⁶Original Quarterly Report sent April 25, 1996 (Ex. 14).

⁹⁷Supplemental Quarterly Report omitting the names of the Trie-related donors sent June 26, 1996 (Ex. 15).

White House meetings concerning the Trie contributions. In fact, Harold Ickes' notes from both the April 4th and May 9th White House meetings suggest that the matter of how to report the returned contributions was discussed.⁹⁸ Additionally, as addressed below, notes taken by Cardozo the day after the Trie contributions were finally made public suggest that White House counsel had approved of the manner of disclosure in the mid-1996 bi-annual report, and wanted to avoid any public disclosure of the Trie matter until at least after the election.

X. The Resubmitted Contributions are Returned/Trie's Growing Notoriety

During the period of August through October 1996, the Trust began receiving "recontributions" from the original Trie-related donors. Cardozo and Schwartz noticed that the occupations of many of the donors were inconsistent with the amounts they were giving. Students, hairstylists and others were making \$1,000 donations which once again raised the question of whether they were contributing their own funds.⁹⁹

On November 8, 1996, Cardozo conducted a conference call with the Trust's Co-Chairs regarding the re-submitted

⁹⁸Ex. 7.

⁹⁹Deposition of Michael Cardozo, May 7, 1997, p. 320-321.

contributions. They discussed the questions raised by the donors' occupations, the letter from David Lawrence which confirmed that Ching Hai members had signed checks and money orders using someone else's money, and Trie's recent notoriety in the press in connection with John Huang and the growing DNC fundraising controversy. The group decided to re-engage IGI to investigate the resubmitted contributions to determine whether they too should be returned. However, there was no discussion of making Trie's relationship to the Trust public during the conference call.¹⁰⁰

On November 14, 1996, Cardozo, Schwartz and Libow once again met at the White House with senior White House aides Jack Quinn, Cheryl Mills, Evelyn Lieberman and Bruce Lindsey. Cardozo informed them that IGI had once again been retained to examine the re-submitted contributions and that questions had been raised about the donors' occupations, as well as Trie's involvement with John Huang the DNC. Cardozo informed them that the Trust was inclined to return these contributions as well.¹⁰¹

While Cardozo testified that the impetus for returning the resubmitted contributions was the information about the donors' occupations, this does not square with the other evidence

¹⁰⁰Deposition of Michael Cardozo, May 7, 1997, pp.320-321.

¹⁰¹Deposition of Michael Cardozo, May 8, 1997, pp.77-78.

presented to the Committee.¹⁰² First, information regarding the occupations of the donors who were resubmitting contributions had surfaced as early as July.¹⁰³ Second, IGI investigator Loren Berger testified that there was no new information about the donors that the Trust did not have when it decided to return the first round of contributions in June 1996.¹⁰⁴ The real reason the Trust returned the "recontributions" appears instead to be the public notoriety Trie was receiving in the Fall of 1996 for his involvement in the DNC fundraising controversy and his relationship to John Huang and the Riady family. Yet, notwithstanding Trie's growing role in the fundraising matter, neither the White House nor the Trust, prior to the 1996 election, publicly disclosed the White House's substantial involvement with Trie or Trie's attempt to deliver over \$700,000 in laundered contributions to the Trust. Indeed, from handwritten notes taken by Cardozo subsequent to the election, it appears likely that the White House Counsel's office made a concerted effort to prevent any public disclosure of the Trie matter until after the election.

XI. Cardozo's Handwritten Notes

¹⁰²Id. at p. 30.

¹⁰³Id. at p. 14.

¹⁰⁴Berger Deposition, pp. 88-89.

As discussed more fully below, the Trust eventually was forced to disclose the Trie contributions at a press conference on December 16, 1996. On the following day, Cardozo received several telephone calls from the press and others which were reflected on call sheets provided to the Committee.¹⁰⁵ It is apparent from the call sheets and Cardozo's testimony that the press was questioning him about why Trie's relationship with the Trust had not been disclosed in mid-1996 with the bi-annual report. Cardozo's handwritten notes appear on some of the call sheets. In most instances the notes are written in the narrative form and contain lines drawn to a specific reporter. They look and sound like notes of a question being posed to Cardozo during a phone conversation. However, in one margin Cardozo wrote, "In June never came up. Investigation wasn't complete. WH Counsel: agreed w/ disclosure. Jack, Bruce, Cheryl-not disclose info until after election. Opposed disclosure."¹⁰⁶

¹⁰⁵Cardozo's handwritten notes on his telephone log, December 17, 1996, p. 5 (Ex. 16).

¹⁰⁶Id. at p. 5.

Exhibit no. 16.

During his testimony at deposition and before the Committee at public hearing, Cardozo speculated that the notes must have referred to some question posed by one of the reporters on that page. However, when pressed on the issue, he could not confirm this:

Q. Is it your testimony under oath, Mr. Cardozo, that this is a question posed to you by a reporter?

A. I don't know precisely what it refers to.¹⁰⁷

* * * *

MR. TIPPS: Mr. Cardozo, you and I talked about these notes in your deposition. Do you recall that?

MR. CARDOZO: Yes, I do.

MR. TIPPS: And you said here today that this was a reporter. Can you tell us which reporter on that exhibit asked you this?

MR. CARDOZO: No, I cannot be certain which reporter it was.¹⁰⁸

While Cardozo's speculation might be accurate, it appears from

¹⁰⁷Testimony of Michael Cardozo, July 31, 1997, p. 109.

¹⁰⁸Id. at p. 108.

the evidence, taken as a whole, that a much more likely interpretation is that Cardozo was simply talking with someone from the White House and lamenting all the questions he was being bombarded with from the press concerning the timing of the disclosure about Trie. The White House aide, in turn, was simply stating what he or she knew about that issue and Cardozo wrote it down. The notes are not written as though it is a question being posed to him from a reporter. Moreover, the notes are not connected with any particular reporter but are, instead, bracketed or walled off in a manner that suggests their separateness from the list of reporters. Additionally the notes themselves do in fact explain what was going on at the White House in the pre-election time frame. The phrase "In June never came up" likely refers to the fact that in June 1996 Trie had not become a public figure connected to the DNC fundraising controversy. The phrase "W.H. counsel: agreed on disclosure" likely refers to the fact that the White House counsel's office (many of whom were at the May 9 White House meeting) agreed with the method of disclosure used in the mid-1996 bi-annual report which omitted any reference to returned contributions. Finally, the phrase "Jack, Bruce, Cheryl-not disclose info until after election" speaks for itself. Cardozo admitted that this note referred to Jack Quinn, Bruce Lindsey and Cheryl Mills - all White House Counsel and all attendees at the May 9 White House meeting. Indeed, at the bottom of the this page of notes, also

in Cardozo's handwriting, are the names Mike McCurry and Lanny Davis, both senior White House aides who would have been privy to this information. Cardozo admitted during public hearing that he spoke to both of them.¹⁰⁹

XII. Trie's Relationship with the Trust is Made Public

The Trust and the White House kept the Trie story private until after the election, but their hopes of keeping it out of the public completely ended with a phone call in December from a reporter working on a story for NBC News. Once Cardozo realized the story was going to become public, he worked closely with the White House to make sure that it was released on their terms and with their spin.

A. Cardozo's Call From John Mattes

On December 2, while on a business trip to Los Angeles,

¹⁰⁹Id. at p. 110. Furthermore, this interpretation of Cardozo's notes is consistent with subsequent press reports indicating that the Trie-related contributions were kept away from key White House personnel for fear that they might make the story public. The Los Angeles Times has reported that Trie's relationship with the Trust was intentionally kept from Jane Sherburne, former Special Counsel to the President, and Mark Fabiani, former White House counsel in charge of press inquiries about Whitewater, until at least after the election because they were known to be advocates of disclosing negative stories rather than trying to hide them. Jane Sherburne was interviewed by the Committee and confirmed that she was not notified about the Trie-related contributions until after Trie's name surfaced in the press. Memorandum of interview of Jane Sherburne, September 19, 1997, p. 13.

Cardozo was informed by his office that he had received a telephone call from John Mattes. When Cardozo called him back, Mattes informed him that he was working on a story for NBC News regarding a large number of contributions from Asian-Americans to the Trust which had been returned. He also told Cardozo that the producer he was working with was a Mr. Oetgen. He was aware of the donors' association with Ching Hai, but gave no indication that he was aware of Charlie Trie's involvement.¹¹⁰

Cardozo told Mattes that he was in conference and would have to contact him later. Cardozo immediately called Cheryl Mills, Deputy White House counsel, and set up a meeting the next day at the White House to discuss the matter.¹¹¹

B. The December White House Meetings

On December 4, and December 11, Cardozo, Schwartz and Libow once again met at the White House with senior White House aides Quinn, Lindsey, Mills, Lieberman and Williams. The group discussed the telephone call from Mattes and logistically how the Trust should go about making the story public. In the December 4 meeting, Cardozo told the the White House employees about his call from Mattes and expressed his concern that if the story was to go public he wanted to make sure that the Trust was able to

¹¹⁰Deposition of Michael Cardozo, May 8, 1997, p.52.

¹¹¹Id. at p. 49.

tell the story from its perspective. Mills advised Cardozo to call Oetgen to see if Mattes was "for real" before making any arrangements to make the story public. This was the first meeting at which making the story public was discussed or even contemplated.¹¹²

Following the December 4 meeting, Cardozo called Oetgen and found out that Mattes was indeed working on a story for NBC. Both Cardozo and Oetgen were planning to be out of town in the near future, so they agreed that Oetgen would call back the next week to follow-up on the story. Oetgen, however, failed to call the next week.¹¹³ Nonetheless, as a result of the call from NBC, Cardozo, with help from the White House, proceeded with plans to make the Trie story public.¹¹⁴

Having determined that Mattes was "for real," another meeting was held at the White House on December 11 to decide how to disclose the story publicly. The White House aides determined that the best method was a press conference and they suggested that Cardozo contact Mark Fabiani, a former White House counsel who had handled press inquiries regarding Whitewater, for help in making logistical decisions.¹¹⁵

¹¹²Id. at p. 57.

¹¹³Id. at p. 56.

¹¹⁴Id. at p. 57.

¹¹⁵Id. at p. 67.

Following the meeting, Cardozo called Fabiani on two occasions and took notes of the conversations. Included in the notes is a reference to NBC which reveals that the call from Mattes was indeed the impetus behind the decision to go public -- "NBC changes everything, could come back with a lot more info."¹¹⁶ Another portion of Cardozo's notes states, "Trie is a big-time player, Daschle, Congress."¹¹⁷

Exhibit no. 17.

When asked what this meant, Cardozo said that Fabiani was aware that Trie was well known on Capitol Hill and had raised money for several Democratic members of Congress.¹¹⁸ Cardozo and Fabiani also discussed whether NBC should be contacted prior to the press conference since they were preparing a story, however NBC was not

¹¹⁶Cardozo's handwritten notes of conversation with Fabiani, December 12, 1996, p. 1 (Ex. 17).

¹¹⁷Cardozo's handwritten notes of conversation with Fabiani, December 11, 1996, p. 2 (Ex. 18).

¹¹⁸Deposition of Michael Cardozo, May 8, 1997, p. 100.

contacted.¹¹⁹

C. The December 16, 1996 Press Conference

Cardozo scheduled the press conference for December 16, 1996, less than two weeks after first speaking with Mattes.¹²⁰

With regard to the NBC story, the following exchange of questions and answers took place:

A PARTICIPANT: Are you aware, sir, of a story being prepared at this moment, prior to this calling of this conference today?

MR. CARDOZO: No.

A PARTICIPANT: In other words, are you trying to head off a story that was thought to be --

MR. CARDOZO: No.¹²¹

Cardozo did not explain to the press that the impetus for the press conference was the call from Mattes or that there had been no discussion and no intention whatsoever of making the donations public prior to that call. Cardozo later testified before the Committee that at the time this question was posed he did not think NBC was working on the story since Oetgen had not called him back.

¹¹⁹Id. at p. 88; Ex. 17.

¹²⁰Id. at pp. 66, 69-70.

¹²¹Transcript of December 16, 1996 press conference (Ex. 19) p. 38.

Although Cardozo was aware from press accounts that Trie's fundraising activities were being investigated by the Justice Department, he made no attempt to notify them of Trie's activities concerning the Trust until two days prior to the press conference.¹²²

XIII. CONCLUSION

As a result of its investigation into Trie's activities with the Trust, the Committee gained further insight into Trie's close relationship with the White House, and how, as a major fundraiser, Trie raised and laundered contributions for the benefit of the President and First Lady. The evidence uncovered by the Trust's own investigators reveals that the donations were laundered through members of a controversial Buddhist sect, many of whom were coerced into making the donations. The evidence also reveals that senior members of the White House staff were informed of this disturbing fact, yet still acquiesced in a plan to have the donations returned to the contributors, and then resubmitted to the Trust. This plan soon became untenable because of Trie's sudden notoriety over his relationship with John Huang and the growing DNC fundraising controversy. Rather than publicly disclosing Trie's involvement with the Trust, however, the White House sought to keep the matter secret until

¹²²Deposition of Michael Cardozo, May 8, 1997, p. 164.

after the presidential election. Moreover, despite all of the warning signs they were given, these same White House aides, particularly Harold Ickes and Bruce Lindsey, made no effort whatsoever to alert the DNC that a major DNC fundraiser was involved in money laundering with the Trust.

The investigation also demonstrated that Trie was granted several special favors by the White House at or about the same time that he was raising and delivering the questionable funds to the Trust. One question which remains unanswered is whether these favors -- the appointment of Trie to the trade commission, Wang Jun's invitation to meet personally with the President, or the personal reply letter from the President prepared by the NSC explaining U.S. foreign policy -- were linked in any way to the Trust donations. These same types of questions were raised by the Trustees in their initial meetings concerning Trie.

Inexplicably, neither the Trust nor the White House ever made any attempt to investigate these matters. Because Trie had fled to China during the course of the Committee's investigation and did not return until early February 1998, and Mark Middleton has asserted his Fifth Amendment privilege against self-incrimination, the Committee could not conclusively answer these questions.