

# WHITE HOUSE, DNC AND CLINTON-GORE CAMPAIGN FUNDRAISING EFFORTS INVOLVING THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

## INTRODUCTION

Labor unions and their political action committees spent more than \$119 million during the 1996 election cycle on political contributions to federal candidates, on political and issue advertising, and on other arguably campaign-related activities.<sup>1</sup> As part of its investigation, the Committee examined several allegations related to efforts by the White House, the DNC and the Clinton-Gore Campaign to raise political contributions from labor unions and to encourage labor expenditures favoring Democratic candidates. Such allegations included charges that the White House, the DNC, and/or the Clinton-Gore campaign undertook a range of potentially improper or illegal efforts to “cultivate” labor union officials and to encourage labor contributions. These alleged efforts included:

- misusing federal property and resources;
- participating in illegal “contribution swap” schemes involving the International Brotherhood of Teamsters (“IBT” or “Teamsters”);
- promising Administration assistance on specific policy matters as part of an effort to encourage political contributions; and
- granting extraordinary access to Administration policy makers.

In investigating allegations in these areas, the Committee issued document subpoenas to the AFL-CIO and the Teamsters’ union, and to several “tax-exempt” entities, including the National Council of Senior Citizens, Citizen Action, and Vote Now ‘96. The Committee also sought relevant documents from the DNC, the Clinton-Gore campaign, the White House, and

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<sup>1</sup> Jennifer Shecter, “Political Union: The Marriage of Labor & Spending,” *Center for Responsive Politics Report*, 1997

various individuals with potentially relevant information. The Committee conducted fifteen depositions and dozens of interviews relating to these allegations. On October 9, 1997, the Committee conducted a hearing to examine one facet of the Teamsters/DNC contribution swap schemes.

The Committee's investigative efforts were substantially limited by four factors. First, as described in detail elsewhere in this report, many of the entities subpoenaed refused to produce relevant documents to the Committee, citing a range of purported "First Amendment" objections to the Committee's requests.<sup>2</sup> Among the more significant non-compliant entities were the following:

- AFL-CIO - Refused to produce documents reflecting dealings with the White House, DNC and Clinton-Gore campaign. Refused to produce relevant materials from the files of Political Director Steven Rosenthal, Secretary-Treasurer Richard Trumka, President John Sweeney, and other individuals involved in AFL-CIO campaign-related activities.
- Teamsters - Refused to produce documents reflecting dealings with the White House, the DNC, or the Clinton-Gore campaign.
- National Council of Senior Citizens - Refused to produce documents relevant to the contribution swap allegations.
- Citizen Action - Refused to produce documents relating to the contribution swap schemes or any other campaign-related activities.<sup>3</sup>

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<sup>2</sup> See the section of this report on discussing subpoena compliance issues.

<sup>3</sup> As discussed more fully in another section of this report, the investigation's December 31, 1997 deadline precluded enforcement of the subpoenas issued to these entities.

Second, certain individuals asserted their Fifth Amendment right against self-incrimination and refused to testify. Among the persons invoking the Fifth Amendment were certain individuals associated with the Teamsters contribution swap schemes, including William Hamilton, formerly the Teamsters' Government Affairs Director.<sup>4</sup>

Third, certain witnesses questioned by the Committee provided inaccurate or misleading testimony regarding the matters under investigation. Such testimony is addressed later in this section.

Fourth, following consultation with the U.S. Attorney's Office for the Southern District of New York, the Committee agreed to limit the scope of its investigation in order to reduce the possibility of interfering with ongoing criminal prosecutions.<sup>5</sup> This limitation most significantly affected the Committee's investigation of certain aspects of the "contribution swap" schemes.

### **Fundraising Efforts by the White House, DNC, and Clinton-Gore Campaign Involving the Teamsters**

Through the 1980, 1984 and 1988 campaigns, the Teamsters supported Republican candidates for the Presidency of the United States.<sup>6</sup> In 1991, however, Ronald Carey was elected

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<sup>4</sup> Richard Trumka, Secretary Treasurer of the AFL-CIO, refused to comply with a deposition subpoena issued by the Committee and later reportedly asserted his Fifth Amendment rights before the U.S. Attorney for the Southern District of New York.

<sup>5</sup> At the request of the U.S. Attorney's Office, the Committee agreed that it would not subpoena or otherwise pursue testimony from several individuals, including Martin Davis, Jere Nash, Michael Ansara, Nathaniel Charny, Steven Protrulis, and Rochelle Davis.

<sup>6</sup> White House Document titled "Teamster Notes" (Ex. 1).

President of the IBT and the union's political leanings changed. Carey shifted IBT support to Democratic Party candidates and causes, and allocated significant resources to support Governor Clinton's 1992 campaign for the Presidency. A document produced to the Committee by the White House described this Teamsters' support as follows:

The Teamsters played an enormous role in the '92 campaign. They spent upwards of \$2.4 million in contributions to [Democratic] state coordinated campaigns, the DNC, the Clinton campaign, DCCC/DSCC and congressional candidates. They successfully educated and mobilized several hundred thousand of their members for the election and in many cases, local leaders and staff all across the country worked full time on the campaign.<sup>7</sup>

Following the 1992 campaign, however, the Teamsters' support for Democratic political campaigns tapered off. The DNC analyzed these circumstances as follows:

The Teamsters did not contribute anything to the DNC in 1993 or 1994, due largely to internal union politics. President Ron Carey is up for reelection in 1996 and is being strongly challenged by Jimmy Hoffa, Jr. It will not be any easier for them to contribute this cycle, but there is a new political director (Bill Hamilton), and we ought to find ways for them to contribute without the money going to the DNC (state parties, NCEC, etc).<sup>8</sup>

In early 1995, the White House determined that it would attempt to renew the Teamsters' interest in Democratic campaigns. Documents produced by the White House demonstrate the nature of this effort. In January or February, 1995, Harold Ickes considered several specific recommendations for encouraging interest by unions in President Clinton's and the DNC's

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<sup>7</sup> *Id.*

<sup>8</sup> Memorandum from Jim Thompson to Senator Dodd and Chairman Fowler, February 13, 1997 (Ex. 2).

upcoming 1996 campaigns.<sup>9</sup> These recommendations included inviting labor leaders to meet with the President and other Administration policy makers, and discussing Administration assistance on certain specific policy initiatives.

Early in 1995, Ickes reviewed a document titled “Teamster Notes” (produced to the Committee by the White House) containing the following analysis of the Teamster’s political activities:

In the early days of the Administration, [the Teamsters] worked to mobilize hundreds of thousands of Teamster families to contact members of Congress in support of the President’s economic plan (they sent 150,000 post cards to Arlen Specter alone.) When they are plugged in and energized they can be a huge asset. Over the past two years their enthusiasm has died down. They have been almost invisible at the DNC and other party committees . . . . With our proclamations on striker replacement . . . and our NLRB appointments (very important to Carey) we are in a good position to rekindle the Teamster leadership’s enthusiasm for the Administration, but they have some parochial issues that we need to work on.<sup>10</sup>

Ickes highlighted language in the document indicating that Bill Hamilton would be the “new director of government relations” for the IBT, and that “*He [Hamilton] will control the DRIVE (Teamster pac) purse strings.*”<sup>11</sup>

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<sup>9</sup> See Deposition of Harold Ickes, September 22, 1997, pp. 197-218. Ickes’ duties as Deputy Chief of Staff included service as the White House “point person” for organized labor, and the White House “point person” for the Clinton-Gore Campaign and the DNC. Testimony of Harold Ickes, October 8, 1997, pp. 8-9, 160.

<sup>10</sup> Ex. 1 (emphasis added by Ickes).

<sup>11</sup> *Id.* (emphasis added by Ickes). See generally Ickes deposition, September 22, 1997, pp. 121-132.

Later in the document (under the heading “Recommendations”), Ickes underlined portions of the following text:

It is in our best interest to develop a better relationship with Carey. . . . Carey is not a schmoozer -- he wants results on issues he cares about. The Diamond Walnut strike and the organizing effort at Pony Express are two of Carey’s biggest problems. We should assist in any way possible.<sup>12</sup>

In the months following his review of that document, Ickes met on three occasions with Bill Hamilton and other union representatives to discuss the Diamond Walnut Strike, the Pony Express matter, and other issues important to the Teamsters.<sup>13</sup> One such meeting was held in late March 1996, and included Hamilton, Ickes, Deputy Transportation Secretary Mort Downey, Labor Undersecretary Tom Glynn, Steve Silberman from Cabinet Affairs at the White House, and Steve Rosenthal, then Assistant Secretary of Labor for Policy.<sup>14</sup>

As set forth in a contemporaneous memorandum prepared by Hamilton, the “Outcomes” of the meeting included commitments by the Administration to take steps that could benefit the Teamsters on the Diamond Walnut strike, the Pony Express matter, and other issues. The memo states, in part:

**Diamond Walnut** -- Ickes said he met face-to-face with USTR Mickey Kantor last week and that Kantor agreed to use his discretionary authority to try to convince the CEO of that company that they should settle the dispute.<sup>15</sup>

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<sup>12</sup> Ex. 1 (emphasis added by Ickes).

<sup>13</sup> Internal Teamster Memorandum drafted by Bill Hamilton, March 27, 1995 (Ex. 3)

<sup>14</sup> *Id.* Rosenthal later became the PAC Director for the AFL-CIO.

<sup>15</sup> *Id.*

Jennifer O'Connor, Ickes' aide at the White House, testified that Ickes asked her to follow up with Mr. Kantor to see if Kantor had contacted the Diamond Walnut company. O'Connor telephoned Kantor's office and determined that Kantor had indeed made contact with Diamond Walnut.<sup>16</sup> O'Connor confirmed that the purpose of Kantor's contact with Diamond Walnut was an attempt to assist the Teamsters.<sup>17</sup> (By contrast, Ickes testified in his deposition that he was not aware of any steps ever taken by the Administration relating to the Diamond Walnut strike.<sup>18</sup>)

Other "Outcomes" listed in the Hamilton memo included Administration actions relating to Pony Express, to "regulatory changes in the administration of Section 13(c) of the transit act," to "NAFTA Trade Adjustment Assistance," and to "Amtrak labor protections."<sup>19</sup> On the Pony Express matter, the Labor Department agreed "to move expeditiously" on certain investigations, and the White House agreed "to try to set up a meeting for [Teamster officials] with the Fed[eral Reserve Board]." With respect to the other matters, Deputy Transportation Secretary Downey agreed to assist with potential regulatory changes "as a way to head off unwanted restrictions on labor protections . . . ;" Labor Undersecretary Glynn agreed "to see what could be done through the regulatory process to see that the trade adjustment assistance program is extended to drivers and other transportation workers;" Ickes agreed to look into a proposal potentially affecting

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<sup>16</sup> Deposition of Jennifer O'Connor, October 6, 1997, pp. 179-181.

<sup>17</sup> *Id.*

<sup>18</sup> Ickes deposition, September 22, 1997, p. 141.

<sup>19</sup> Ex. 3.

freight railroad workers, and “agreed to ask [White House Chief of Staff Leon] Panetta about bringing in the railroad CEO’s to lean on them.”<sup>20</sup>

The Administration’s efforts on these issues appear to have succeeded in rekindling the Teamsters’ enthusiasm for Democratic campaigns. Beginning in late 1995, the Teamsters launched a significant effort to assist Democratic Senate candidate Ron Wyden defeat Republican Gordon Smith in a special election to fill the seat vacated by Senator Packwood in Oregon.<sup>21</sup>

This close relationship between the White House and the Teamsters continued throughout 1996. As Hamilton noted in a March 14, 1996 memo regarding a possible Teamster endorsement of President Clinton’s campaign:

It’s also a fact that we ask for and get, on almost a daily basis, help from the Clinton Administration for one thing or another. In the absence of a better candidate, it doesn’t make sense to complicate our ability to continue doing so.<sup>22</sup>

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<sup>20</sup> *Id.*

<sup>21</sup> The Teamsters planned to supported the Wyden campaign through direct mailings, get-out-the-vote (GOTV) and voter registration efforts, distribution of yard signs and bumper stickers, operation of phone banks, and DRIVE (PAC) contributions. In addition, the Teamsters assigned two staff members to work full-time supporting the campaign. Bill Hamilton wanted “to make [the Oregon] campaign an unprecedented coordinated Teamster effort” to “[e]lect a Democrat to fill the vacant Packwood Senate seat.” Internal Teamsters Memorandum from Bill Hamilton to Al Panek, re: Oregon, October 19, 1995 (Ex. 4). The IBT also intended to run several “issue advertisements” on the radio critical of Gordon Smith. According to Bill Hamilton, these ads were “independent expenditure[s] aimed at influencing the . . . election.” Internal Teamsters Memorandum from Bill Hamilton to David Frulla, re: Oregon, January 2, 1996 (Ex. 5).

<sup>22</sup> Internal Teamster Memorandum drafted by Bill Hamilton re: Ron Carey’s comments at AFL-CIO meeting, March 14, 1996 (Ex. 6).



Similarly, in the text of what is titled “Political Action Speech to Local Union Leadership,” Hamilton wrote:

But let’s understand each other. We need Bill Clinton and Bill Clinton needs us.

Every day we get help in small ways from Bill Clinton -- he makes a phone call, he uses the veto threat, he makes an appointment. In the last few months:

- Stopped the NAFTA border crossings.
- Told his negotiators to open up Japanese airports to UPS planes, competitively disadvantaged to FedEx there. (We asked him to do it.)
- Killed a provision that Dole wrote into the budget bill to make it easy for newspapers to contract out our work.
- Guaranteed a veto on Davis-Bacon repeal.
- His NLRB has changed the rules to make it easier to get hearings and decisions toward single-cit [sic] unit determination.
- He stood up against cuts in OSHA, job training.
- He promised to veto the TEAM Act and FLSA changes.<sup>23</sup>

In an effort to further strengthen the relationship with the Teamsters, Carey and Hamilton were strongly encouraged by White House and DNC personnel to attend White House “coffees” and other events. At one such event, Hamilton met with the Vice President and discussed an issue arising under the North American Free Trade Agreement (“NAFTA”):

The White House has called several times to try to invite you [Ron Carey] to breakfast with the President, and we’ve begged off . . . . At a similar breakfast with the V-P last week I broached the issue of the [American Trucking Association’s] attempt to bring Mexican truckers into the U.S. as owner-operators on “business” visas. As a result, we’re following up with his staff and the State Department to head it off.<sup>24</sup>

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<sup>23</sup> Internal Teamster Document titled Political Action Speech to Local Union Leadership (Ex. 7) (emphasis in original).

<sup>24</sup> Internal Teamster Memorandum from Bill Hamilton to Ron Carey, April 29, 1996 (Ex. 8).

Hamilton and the Teamsters were ultimately successful in obtaining Administration assistance on the NAFTA cross-border trucking issue.<sup>25</sup> Indeed, the Administration delayed implementation of a previously planned executive action by more than one year. A December 19, 1996 internal Teamster memorandum from Hamilton to Carey indicates that the delay was tied both to the U.S. Presidential election and to Carey's internal bid for the Teamster presidency:

Yesterday was the one-year anniversary of the delay in the implementation of the NAFTA border cross truckings. Originally as of December 18, 1995, Mexican trucks and drivers were to be allowed to go anywhere with [sic] the state of their entry . . . . **The bottom line: now that their election and your [Ron Carey's] election is over, they are near a decision to go forward and open the border. . . . We might be able to wangle a further delay of 60 to 90 days on pure political grounds -- that doing it now undercuts your new election mandate.**<sup>26</sup>

The Administration's efforts to assist the Teamsters on all of the matters described above suggest a potentially serious problem. The documentary record indicates that Ickes and other Administration officials provided assistance to the Teamsters on specific policy matters *with the intention* of enticing the Teamsters to participate in Democratic campaigns and causes. Federal law prohibits any government official from "promising . . . special consideration" in connection

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<sup>25</sup> On December 4, 1995, Secretary of Transportation Federico Pena unequivocally stated "we're ready for December 18th", the original date set for Mexican trucks to gain free access to U.S. highways in the border states. *See* Transcript, speech given by Secretary Pena at a joint press conference with his Mexican counterpart on December 4, 1995 (Ex. 9). The anticipated action did not occur in 1995, or in 1996 for that matter. *See* Internal Teamster Memorandum from Bill Hamilton to Ron Carey, December 19, 1996 (Ex. 10). *See also* "Truckers, Supplier Press Clinton to Open Border," *Journal of Commerce*, December 19, 1996 (Reporting that DOT action was motivated by a desire to encourage Teamsters support for Democratic campaigns).

<sup>26</sup> Ex. 10 (emphasis in original).

with a government policy or program in return for “. . . support of or opposition to any candidate or political party. . . .” 18 U.S.C. § 600. That provision has been interpreted to outlaw efforts to “entice” future political support by promising government assistance.<sup>27</sup> In addition, 5 U.S.C. § 7323 prohibits a federal employee from “. . . us[ing] his official authority or influence for the purpose of interfering with or affecting the result of an election.” Further, these facts demonstrate a number of potential violations of 3 C.F.R. 100.735-4, requiring that executive branch employees “shall avoid any action . . . which might result in, or create the appearance of . . . [g]iving preferential treatment to any person; [or] . . . [m]aking a Government decision outside official channels.” The Committee recommends further investigation of these matters.

#### The Teamsters “Contribution Swap” Schemes

Despite the efforts of the White House and the DNC to “court” the Teamsters during 1995 and early 1996, by Spring 1996 the Teamsters’ leadership was “somewhat distracted” by the internal race for the Teamsters’ Presidency.<sup>28</sup> As a result, the Teamsters’ union was not participating in federal electoral politics at the same extraordinary level as it had in the 1992 campaign.<sup>29</sup> In May or early June 1996, a plan for a “contribution-swap scheme” between the Teamsters and the DNC was conceived. It was relatively simple: the DNC agreed to find a \$100,000 donor for Ron Carey’s campaign for reelection as Teamster president; in exchange, the

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<sup>27</sup> Memorandum Opinion for the Assistant Attorney General, Criminal Division, February 25, 1980.

<sup>28</sup> Deposition of David Dunphy, October 28, 1997, pp. 42-43.

<sup>29</sup> *Id.*

Teamsters' PAC director, Bill Hamilton, would steer approximately \$1 million to state Democratic parties.<sup>30</sup>

Involved in the initial discussions of the scheme were Martin Davis, a principal of an organization named "The November Group" (that simultaneously served as a consultant for both Carey and the DNC), and Terry McAuliffe, a former Clinton-Gore Campaign Finance Chairman who was engaged in special projects for the DNC during the summer months of 1996.<sup>31</sup> Martin Davis described the initial conversations regarding the proposed scheme as follows:

In the spring and summer of 1996, I informed individuals, including a former official of the Clinton-Gore '96 Re-election Committee and the Democratic National Committee, that I wanted to help the DNC with fundraising from labor groups including the Teamsters. I told them that I wanted to raise more money from the Teamsters than they originally anticipated. I also asked them if they could help Mr. Carey by having the DNC raised [sic] \$100,000 for the Carey campaign.

The people I was dealing with agreed to try to find a contributor for the Carey campaign. Mr. [Jere] Nash [a Carey campaign consultant ] and the Teamsters Director of Government Affairs [Mr. Bill Hamilton] knew of my efforts to leverage the planned Teamster contributions to Democratic party organizations in order to obtain contributions to the Carey campaign.<sup>32</sup>

Soon after the initial discussions, Laura Hartigan, the Finance Director for the Clinton-Gore campaign, and Richard Sullivan, the DNC's Finance Director, became involved. Sullivan's initial involvement occurred in May or June 1996. Sullivan had one or more conversations with

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<sup>30</sup> *United States of America v. Martin Davis*, U.S. District Court, Southern District of New York, Criminal Information 97 Cr., pp. 12-13. (Ex. 11).

<sup>31</sup> *Id.*; Deposition of Terrence McAuliffe, September 18, 1997, pp. 9-10.

<sup>32</sup> Martin Davis Guilty Plea allocution, U.S. District Court, Southern District of New York, September 18, 1997, pp. 25-26. (Ex. 12).

Hartigan and Davis and discussed the possibility that certain DNC contributors might qualify to give to Carey's campaign.<sup>33</sup> Sullivan has described his understanding of the proposed arrangement with Martin Davis as follows:

Martin Davis . . . told me that he was working with . . . Laura [Hartigan] to raise money from many of the labor unions. . . . He stated that . . . he would be working with Laura on this through the course of the- that he wanted to be helpful to the Democratic cause and that he would be working with Laura through the course of the next couple of months on various unions, and that- but that it would- it would be a personal favor to him if we could help him raise some money for Ron Carey's election.<sup>34</sup>

On or about June 12, 1996, Hartigan wrote a memorandum to Martin Davis, requesting Teamster PAC donations to specific state Democratic parties. Less than one week later, on June 17, Davis attended a small White House luncheon with the President and eight other guests.<sup>35</sup> According to a White House document discussing the background of the event's guests, Davis was "extremely active in supporting the campaign."<sup>36</sup> McAuliffe and Hartigan also attended the luncheon.<sup>37</sup>

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<sup>33</sup> Deposition of Richard Sullivan, September 5, 1997, pp. 80-88, 94.

Q: Was it your understanding that Laura Hartigan was suggesting that you help Ron Carey?

A: Um, yeah, it could be interpreted that way.

<sup>34</sup> *Id.* at pp. 85-86.

<sup>35</sup> This is the same luncheon attended by representatives of the Cheyenne and Arapaho tribes which is discussed in another section of the report.

<sup>36</sup> DNC Briefing Memorandum for June 17, 1996 DNC Presidential Luncheon, June 16, 1996 (Ex. 13).

<sup>37</sup> The Committee has interviewed several attendees at the luncheon. According to those attendees, guests were permitted during and after the luncheon to speak

Shortly following the White House luncheon, the Teamsters responded to Hartigan's June 12, request for Teamster funds. On June 21, Bill Hamilton instructed that DRIVE contribution checks be issued to state Democratic parties in amounts which corresponded with those requested by Hartigan.<sup>38</sup> On or about June 24 and 25, \$236,000 was transferred from Teamster DRIVE funds to the specified state Democratic parties.<sup>39</sup>

Referring to Hartigan's June 12, memorandum, Davis has stated:

In June 1996 I forwarded to the Teamsters a fax from the DNC requesting that the Teamsters make contributions to certain state Democratic parties totaling more than \$200,000. Within the next few weeks, I was informed by either the Clinton-Gore Committee or the DNC that they identified a donor who was willing to give \$100,000 to the Carey campaign through Teamsters for a Corruption Free Union [a Ron Carey campaign committee].<sup>40</sup>

In late June/early July 1996, the DNC took steps to locate a donor for Carey's campaign. Sullivan assigned responsibility for DNC fundraising in the Northern California region to DNC employee Mark Thomann. In connection with that new assignment, Sullivan instructed Thomann to follow-up on outstanding contribution commitments made by attendees of a June 9, 1996 DNC "Presidential Dinner" fundraiser at the San Francisco home of Senator Diane Feinstein and her

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with the President regarding matters concerning them. None of the guests interviewed was either privy to, or has a clear recollection of any conversations between Martin Davis and the President. Because the Committee has not been able to speak with Davis, it cannot be determined whether Davis ever discussed Teamster fundraising or Carey's campaign with the President.

<sup>38</sup> Memorandum from Bill Hamilton to Greg Mullenholz, June 21, 1996 (Ex. 14).

<sup>39</sup> Ex. 11, p. 20.

<sup>40</sup> Ex. 12, p. 26.

husband, Richard Blum.<sup>41</sup> Among the outstanding contribution commitments was one for \$100,000 made by Judith Vazquez.<sup>42</sup>

Vazquez's \$100,000 commitment was problematic. Vazquez is a Philippine national -- she is not an American citizen and does not hold a green card.<sup>43</sup> Thus, Vazquez could not legally contribute to the DNC. Nevertheless, Vazquez was invited to, and attended the June 9 fundraiser.<sup>44</sup>

Either contemporaneous with, or following the event, Vazquez or her friend and banker, Shirley Nelson, was informed that the \$100,000 Vazquez contribution should not be directed to

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<sup>41</sup> Deposition of Mark Thomann, pp. 20-21.

<sup>42</sup> The DNC's Invitation List describes Vazquez as "the richest female entrepreneur in the Philippines." DNC Briefing Memo for DNC Presidential Dinner, June 8, 1996 (Ex. 15). Vazquez's lawyers understood the dinner to carry a \$100,000/plate price tag. Transcribed Interview of Twila Foster (Vazquez's attorney), October 20, 1997, p. 10; Transcribed Interview of Noah Novogrodsky (Vazquez's attorney), October 13, 1997, p. 24. Vazquez made the \$100,000 commitment because she wanted to meet the President, and wanted to support his campaign. Novogrodsky Interview, p. 12; Deposition of Mark Thomann, September 23, 1997, p. 60.

<sup>43</sup> Deposition of Mark Thomann, pp. 29-30. The American subsidiary of Vazquez's company had no U.S. earnings and was also ineligible to contribute to the DNC. Testimony of Mark Thomann, October 9, 1997, pp. 9-10.

<sup>44</sup> Richard Blum submitted a Statement to the Committee asserting that he met with Vazquez prior to the fundraiser, realized she was a foreign citizen and invited her to attend the fundraising event simply as a "guest." Statement of Richard C. Blum (Ex. 16). Vazquez informed Committee staff in a telephone interview that she *did not* meet with Blum prior to the fundraiser.

the DNC.<sup>45</sup> Instead, they were told to direct the donation to Vote Now '96, a tax-exempt "Get Out the Vote" organization that focused on traditionally Democratic constituencies.<sup>46</sup>

When Thomann initially received his instruction to follow-up on the Vazquez contribution, he was given a DNC commitment sheet that identified Vote Now '96 as the intended recipient of the \$100,000 contribution. Shortly thereafter, Thomann received a telephone call from Richard Sullivan regarding Vazquez's contribution. In that telephone call, Sullivan told Thomann that there was to be "a change of direction," and that the contribution should be made to Carey's campaign committee, "Teamsters for a Corruption Free Union."<sup>47</sup>

Richard Sullivan called me and asked whether or not Judith was going to make a contribution to Vote '96 and my response in the initial part of the conversation was "I'm checking it out with counsel," the legalities out with counsel. Then he

apprised me of a change in direction and he brought up the possibility of Judith making a contribution to the Teamsters for a Corruption Free Union.

My first reaction was laughter, based on the fact that I couldn't quite grasp Teamsters for a Corruption Free Union. I had no idea what it was. He did tell me that it was the Ron Carey campaign, and I asked what the legalities were and he gave me the parameters of the contribution, whether or not she was capable of making a contribution, what the

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<sup>45</sup> Documents obtained by the Committee suggest that Blum directed that Vazquez's \$100,000 commitment should be channeled instead to Vote Now '96. See Novogrodsky notes from "7/30 conversation with Shirley Nelson" (Shirley "acknowledged that Vote Now '96 was the brainchild of 'Diane's [Senator Feinstein's] husband") (Ex. 17). By contrast, Thomann testified that he believed that Marvin Rosen, the DNC's Finance Chairman, suggested that Vazquez's donation be directed to Vote Now '96. Thomann deposition, pp. 28-29. Shirley Nelson corroborated Thomann's version of events in a telephone interview with Committee staff.

<sup>46</sup> *Id.*

<sup>47</sup> Thomann testimony, pp. 72-73.



parameters would be. He told me that it needed to be an individual and that individual could not have employees, and therefore asked whether or not Pacific Duvas, the American subsidiary [owned by Ms. Vazquez], had employees and if that was a potential source of a contribution.<sup>48</sup>

After speaking with Sullivan, Thomann contacted Vazquez, and requested that she redirect a portion of her \$100,000 contribution to Teamsters for a Corruption Free Union.<sup>49</sup>

Vazquez agreed to do so, and wrote to her banker, Shirley Nelson, with the following instructions:

I received a call from Mr. Mark Thomann, Finance Director of the Democratic National Committee with a request that our donation from DUVAZ Pacific Corporation be distributed as follows:

1. Fifty Thousand Dollars (\$50,000) to the Teamsters for a Corruption Free Union; and
2. Fifty Thousand Dollars (\$50,000) to Vote 1996.

These amounts are to be transferred immediately to the accounts of the parties concerned and are to be drawn from DUVAZ Pacific Corporation, CA# [account number]. . . .<sup>50</sup>

At this point in time -- July 12, 1996 -- it appeared that the DNC had succeeded in directing funds to Carey's campaign. The DNC, in fact, had control over precisely how and where the contribution from Judith Vazquez (a Philippine National) would be utilized, instructing her to whom she should write the checks.<sup>51</sup> Shortly after Vazquez's letter was sent, however,

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<sup>48</sup> Thomann deposition, p. 38. Thomann provided consistent testimony during the October 9, 1997 hearing. Thomann testimony, pp. 14-15.

<sup>49</sup> Thomann testimony, pp. 19-20.

<sup>50</sup> Letter from Judith Vasquez to Summit Bank, July 12, 1996 (Ex. 18).

<sup>51</sup> Thomann testimony, p. 20.

Vazquez's attorneys learned of her intentions to donate to the Carey campaign and intervened to stop the donation.<sup>52</sup>

When Vazquez's counsel received a copy of her July 12, 1996 letter, they acted immediately.<sup>53</sup> They determined that Vazquez could not legally donate to Teamsters for a

Corruption Free Union:

There were two very quick phone calls, and immediately, I concluded that Teamsters for a Corruption-Free Union could not receive a gift because they weren't a charity, and I told Mark Thomann that, . . . and I tried to put the brakes on this donation going because the directions in the July 12th letter seemed to suggest that this was a final outcome, and I had discovered that would be illegal.<sup>54</sup>

Vazquez's lawyers succeeded in stopping the donation to Teamsters for a Corruption Free Union.

Q: Is it your understanding that your law firm's legal advice was the reason that the \$50,000 donation to Teamsters for a Corruption-Free Union was not made?

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<sup>52</sup> Novogrodsky Interview, p. 34. Vazquez had retained attorneys at the firm of Jackson, Tufts, Cole & Black in San Francisco on a corporate law issue in June 1996. Part of the attorneys' work for Vazquez included an analysis, beginning in early June, of the legality of the donations that had been requested by the DNC. Foster Interview, pp. 7-9. By late June/early July, the lawyers had concluded that their client could only give to a charitable organization of some sort:

I made it clear to Mark Thomann that the only way we could think of to have our client give a donation would be to a charity . . . I told him very clearly and plainly that it was our legal conclusion that she couldn't give to things that were not 501(c)(3) organizations.

Novogrodsky Interview, p. 41.

<sup>53</sup> *Id.* at p. 83.

<sup>54</sup> *Id.* at p. 34.

A: Yes. We gave advice that she should not make it, and that advice was followed.<sup>55</sup>

After Thomann was informed by Vazquez's attorneys that the requested donation would be illegal, Thomann became uncomfortable:

And after we had determined that the Teamsters for a Corruption Free Union was not a possible source of - for a contribution, I was frankly very distraught and upset that I was put in this situation. . . .<sup>56</sup>

Thomann contacted Vazquez over the following days and discussed the situation. Their communications, and communications among Vazquez and her attorneys, resulted in two letters. First, on July 22, 1996, Vazquez wrote to her banker, asking that the \$100,000 in requested contributions be held temporarily "until everything is straightened out."<sup>57</sup> Then, on July 25, 1996, Vazquez wrote again to her bank, instructing that:

[A]s per the recommendation of the Finance Director of the Democratic Party, Mark Thomann, Duvaz Pacific Corporation [Vazquez's company] is donating the amount of US \$100,000.00 to "VOTE '96."<sup>58</sup>

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<sup>55</sup> *Id.* at p. 70.

<sup>56</sup> Thomann deposition, p. 47. Thomann provided consistent testimony during the October 9, 1997 hearing. *See* Thomann testimony, pp. 21-22.

<sup>57</sup> Letter from Judith Vasquez to Summit Bank, July 22, 1996 (Ex. 19).

<sup>58</sup> Letter from Judith Vasquez to Summit Bank, July 25, 1996 (Ex. 20). Allegations have been made that Vote Now '96 may have been used as a conduit to channel money to Carey's campaign. Although Vote Now '96 did in fact frequently provide grants to Project Vote and other GOTV organizations involved in various aspects of the contribution swap schemes, the Committee's investigation has not documented any link between Vote Now '96 and the Carey campaign. The Committee has not, however, examined financial or accounting records for Vote Now '96 and Project Vote.

At this time, Thomann became so uncomfortable with the situation that he decided to recuse himself entirely from the matter. Thomann testified:

Well, the most important thing is that I was in constant contact with Judith Vazquez' local counsel and Shirley Nelson, as well as Richard [Sullivan] to a certain degree, in regards to this Teamsters for a Corruption Free Union contribution. I asked that - after determining that it was not an appropriate contribution for her to be making, I had asked that I be left out of the collection of this contribution . . . .<sup>59</sup>

I had tremendous trepidation in regards to sending a contribution to a campaign - a labor campaign. I didn't know anything about it and I just felt that it was not appropriate.<sup>60</sup>

Thereafter, on July 31, 1996, Vazquez made a \$100,000 donation to Vote Now '96,<sup>61</sup> despite concerns raised by Vazquez's counsel about the DNC directing funds to a purportedly non-partisan tax exempt organization.<sup>62</sup>

After the Vazquez donation to Carey's campaign failed to materialize, Martin Davis resumed his discussions with Richard Sullivan and others regarding the contribution swap scheme:

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<sup>59</sup> Thomann testimony, p. 22. During this time, Thomann was also receiving significant pressure from Nathaniel Charney, a lawyer who represented Carey's campaign. Thomann had determined that Vazquez did, in fact, have employees and thus could not, as an individual, contribute to Carey's campaign. Thomann testified that he used that rationale as "my way out" with Charney, but that Charney replied by asking if Vazquez's husband could contribute to Carey's campaign. Thomann testimony, pp. 24-25.

<sup>60</sup> Thomann deposition, p. 48. Thomann provided consistent testimony during the October 9, 1997 hearing. Thomann testimony, pp. 20-21.

<sup>61</sup> Summit Bank Cashier's Check made payable to Vote Now '96 from Duvaz Pacific Corporation, July 31, 1996 (Ex. 21).

<sup>62</sup> Novogrodsky Interview, p. 79. Vazquez's lawyer testified: "I knew that a tight nexus between a DNC official suggesting that our client give money to a 501 (c)(3) would jeopardize the purpose of the 501 (c)(3)." *Id.*

I continued to communicate with these officials [of the DNC and/or Clinton-Gore Campaign] in an effort to find a person willing to contribute \$100,000 to the Carey campaign. In order to insure that the DNC fulfilled its commitment to raise a hundred thousand dollars, I asked Mr. Nash to make sure that the Teamsters Director of Government Affairs would direct any DNC or Clinton-Gore request for funds through me.<sup>63</sup>

Richard Sullivan was also discussing this matter internally with DNC officials:

I was sitting down with Marvin Rosen in which we were talking about fundraising matters and how much money we could raise over the next couple of months. It had been represented to us by Don Fowler and B.J. Thornberry that there were 10 to 12 unions that still had substantial contributions to make; that there were four to five other unions, Teamsters possibly being one that were still considering doing up to a million dollars for election, some form, some way.

And I at this particular time, I reminded Marvin that I had this person, Martin Davis, calling me in regards to unions, and that he was asking us to raise money for the Carey for president campaign or whatever, Carey campaign, and that he was representing that it would be helpful to his raising money from unions if we helped him raise some money for Carey.<sup>64</sup>

On or about August 10, 1996, Laura Hartigan of the Clinton-Gore campaign, with the assistance of Sullivan, prepared a memorandum to Davis requesting approximately \$1 million dollars in “State Party Federal and Non-Federal Contributions.”<sup>65</sup> The memorandum was very specific in identifying particular recipients, and the sums to be contributed. When Davis received that memorandum, he forwarded it to Hamilton with the following message:

Bill:

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<sup>63</sup> Ex. 12 at pp. 26-27.

<sup>64</sup> Sullivan deposition, September 5, 1997, p. 181. Sullivan testified that Rosen told him it was not a good idea to pursue the contribution swap scheme, and that neither Sullivan nor anyone else ever did “anything specific” to raise money for Carey. *Id.* at 95.

<sup>65</sup> Memorandum from Richard Sullivan to Martin Davis, August 10, 1996 (Ex. 22).

I'm forwarding this to you from Richard Sullivan. I'll let you know when they [the DNC] have fulfilled their commitment.<sup>66</sup>

At that time, Davis took steps to ensure that none of the Teamster contributions requested by Hartigan would be made until the DNC "had fulfilled its commitment" by obtaining a donor for the Carey campaign.<sup>67</sup>

Because Hamilton, Davis and Nash have not been available for questioning by this Committee, and because several critical documents were withheld until after depositions on the matters at issue had occurred, the Committee has not been able to reach a conclusion as to what, if any, further efforts were made in August, September, or October 1996 by Sullivan, or others at Sullivan's direction, to solicit funds for Carey's campaign.<sup>68</sup> The following is a summary of the evidence obtained by the Committee on this topic:

- During the Committee's deposition of Sullivan on September 5, 1997, he was questioned regarding several of his handwritten notes made during the summer of 1996 that refer to "Teamsters" or "Carey" and list additional names of DNC donors. In each instance, Sullivan could not recall any contacts by the DNC with any of the listed individuals or any other persons to solicit funds for Carey's campaign.<sup>69</sup>

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<sup>66</sup> November Group fax memo from Martin Davis to Bill Hamilton, August 11, 1996 (Ex. 23). *See also* Ex. 12 at p. 27.

<sup>67</sup> Ex. 12 at pp. 26-27; Jere Nash Guilty Plea allocution, September 18, 1997 p. 24 (Ex. 24).

<sup>68</sup> For instance, unanswered questions include the meaning of the following phrases in Richard Sullivan's notes: "Teamsters give money to other unions," "4-5 other unions . . . \$1 Million." Sullivan handwritten notes (Exs. 25 & 26).

<sup>69</sup> The Committee received information that a DNC donor named Alida Messinger may have been contacted by the DNC or McAuliffe and asked to contribute, either directly or through an intermediary, to Carey's campaign. The Committee contacted Messinger's attorney, to determine whether any such contact had occurred. Although Messinger's attorney initially promised to

- Evidence obtained by the Committee indicates that further contributions *were made* by the Teamsters to state Democratic parties following August 10, 1996. For example, records show that the Teamster's PAC contributed \$68,000 to the New York State Democratic Party on October 16, 1996. The amount requested for the New York State Democratic Party in the August 10, 1996 memorandum from Sullivan to Hamilton was \$69,900. Several other state Democratic parties received DRIVE contributions at or near the amounts requested in that memorandum.
- On November 7, 1997, the DNC produced to the Committee an October 14, 1996 internal DNC memorandum regarding "Special Labor Money." The memorandum details union contributions apparently to various State Democratic political organizations totaling \$990,000, including \$185,000 specifically from the Teamsters Union.<sup>70</sup>

Although the Committee has not identified a further prospective donor solicited by Sullivan for the Carey campaign, it is clear that further efforts were made after August 1996 by Terry McAuliffe to explore possible contribution swap schemes. Specifically, in late September or early October 1996, McAuliffe discussed with Davis the possibility of a contribution swap between the Teamsters and "Unity '96." "Unity '96" was a joint fundraising effort among the DNC, the Democratic Senatorial Campaign Committee ("DSCC") and the Democratic Congressional Campaign Committee ("DCCC"). Davis testified:

In early October 1996, a Clinton-Gore official [Terry McAuliffe] asked if I would attempt to raise \$500,000 from the Teamsters for an entity that was a joint fundraising effort of the Democratic National Committee, the Democratic Senatorial Campaign Committee and the Democratic Congressional Campaign Committee. It was understood between us

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provide that information to the Committee, he refused to cooperate after consulting with his client.

<sup>70</sup> DNC Memorandum to File Re: "Special Labor Money," October 14, 1996 (Ex. 27). After receiving this memorandum, the Committee contacted the DNC and requested an opportunity to interview the DNC employee from whose files the memorandum originated. The DNC failed to make that individual available for an interview.

that he and others would try to identify a person who would contribute a hundred thousand dollars to the Carey campaign.<sup>71</sup>

Thereafter, McAuliffe raised this proposal on at least two occasions with persons involved in Unity '96. First, while making fundraising telephone calls from DCCC offices, McAuliffe spoke with Matthew Angle, the DCCC Executive Director. Angle testified:

[H]e [McAuliffe] brought up or asked did we know anybody that could or would write a check to Ron Carey and that if we could help Carey, then we would perhaps get contributions back to the DCCC.<sup>72</sup>

Second, the proposal was raised during one or more Unity Fund meetings attended by representatives of the DNC, DSCC, and DCCC. Rita Lewis, a DSCC employee, testified:

Terry [McAuliffe] said that if we were- if we could find a donor for Ron Carey's election [the Teamsters would] be more apt to give to Unity '96.<sup>73</sup>

Following the Unity '96 meeting(s), Lewis reported McAuliffe's comments to the Chairman of the DSCC, Senator Robert Kerrey:

Q: After you heard those comments, did you inform anybody outside of the meeting that topic had been raised?

A: I brought it up with Senator Bob Kerrey.

\* \* \*

Q: In what context did you talk to Senator Kerrey about this?

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<sup>71</sup> Ex. 12 at p. 27. Ex. 24 at p. 24. "Davis told me that the Clinton-Gore representative had asked Davis to obtain a contribution from the Teamsters to the Democratic Senate Campaign Committee also in exchange for a donation to the Carey campaign."

<sup>72</sup> Deposition of Matthew Angle, October 28, 1997, pp. 44-45.

<sup>73</sup> Deposition of Rita Lewis, October 27, 1997, p. 16.



A: At that point he was spending a lot of time at the Senate Campaign Committee, and we were raising money, and we were discussing the Teamsters because they were angry at the Democratic Senators and, thus, were not contributing to our campaigns. And there seemed to be an effort that they were trying to get other labor unions to not give to our campaigns.<sup>74</sup>

Senator Kerrey, in turn, telephoned a long-time Democratic donor, Bernard Rapoport, and discussed the contribution swap proposal. Rapoport testified that Senator Kerrey asked him for his opinion of the swap scheme:

Q: . . . In approximately September or October of 1996, did you receive a call from Senator Bob Kerrey of Nebraska, informing you of a potential contribution swap whereby he, or somebody else, would try to find someone to contribute to Ron Carey's campaign and, in exchange, the teamsters would contribute a larger sum to the DNC, or some entity like that?

\* \* \*

A: I received a call from Senator Kerrey, and he says, "I want your opinion on something," and he explained to me about this - contributing to Teamsters, and the Democratic Committee would benefit, and he said, "What do you think?". I said, "I don't like it." He says, "I don't either." That ended the conversation.<sup>75</sup>

After talking with Senator Kerry, Rapoport called Hamilton to express his concerns:

Q: . . . Did you understand the contribution swap that Senator Kerrey told you about to be illegal?

A: I don't - I'm - I'm not a lawyer so I would not - I - I didn't think it would smell good, but I don't know anything about the legality. . . .

Q: . . . After your phone call with Senator Kerrey, did you then call Bill Hamilton?

A: I think I could have talked to him afterwards. I think I did.

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<sup>74</sup> *Id.* at pp. 18-19.

<sup>75</sup> Deposition of Bernard Rapoport, October 20, 1997, pp. 34-35.

Q: And what do you recall about the substance of that conversation?

A: I think I-I said, “Bill, I got a call from-from Kerrey,” and I guess I-I told him what transpired in that conversation, and then I told him what I thought, and Bill said, “Okay.” That was it.<sup>76</sup>

In a recent newspaper account, Michael Tucker, spokesman for Senator Kerrey and the DSCC, was quoted as stating that the Teamster contribution swap scheme “would have been illegal, and that was part of the reason for not acting- for dismissing it.”<sup>77</sup> The Committee has found no evidence that Senator Kerrey contacted any other DNC donors regarding any contribution swap proposal.<sup>78</sup>

In sum, the Committee concludes that Terry McAuliffe and/or other officials of the DNC participated in efforts to engage in a contribution swap scheme with Martin Davis and Carey’s campaign. Such efforts included soliciting an illegal contribution for Carey’s Campaign from Judith Vasquez, a Philippine National. Thereafter, McAuliffe and perhaps others took further steps to attempt to bring illegal contributions to Ron Carey’s campaign. The Committee recommends further investigation of these matters.

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<sup>76</sup> *Id.* at pp. 43-44, 50.

<sup>77</sup> *Washington Times*, October 22, 1997, p. A3.

<sup>78</sup> In an October 23, 1996 memo to Carey, Hamilton wrote: “As you know, I have stopped all contributions to the Democratic Senate Campaign Committee because of the disappointing performance of Senate Democratic leaders, especially Democratic Leader Tom Daschle, on the FedEx vote two weeks ago just before they adjourned. I was asked as recently as yesterday by Sen. Kerrey, chairman of the DSCC, to reconsider. He asked for \$500,000; I said no.” Internal Teamsters Memorandum from Bill Hamilton to Ron Carey, October 23, 1996 (Ex. 28).

In the September 18, 1997 Criminal Informations, the U.S. Attorney for Southern District of New York alleged that, after the Unity '96 contribution swap scheme did not proceed, the Teamsters turned to various other political organizations, namely the National Council of Senior Citizens ("NCSC"), Citizen Action, Project Vote, and the AFL-CIO in its search for contributions to Carey's campaign. At the request of the U.S. Attorney's Office, the Committee agreed not to probe further certain elements of the NCSC, Citizen Action, and Project Vote/AFL-CIO contribution swap schemes in order to avoid possible prejudice to the ongoing Criminal investigations.

#### Misleading and Inaccurate Testimony

In investigating fundraising efforts involving the Teamsters, the Committee was hindered by witnesses who provided less than candid testimony. Some examples follow:

##### Richard Sullivan

Sullivan was questioned about the proposed contribution swap between the DNC and the Teamsters during his September 5, 1997 deposition, which occurred more than two weeks before the Committee deposed Mark Thomann, and also before the U.S. Attorney's Office for the Southern District of New York filed Criminal Informations publicly describing the contribution swap schemes. Sullivan told the Committee that neither he nor any other DNC employee ever solicited money for Carey's campaign.

Q: Did anyone at the DNC, to your knowledge, solicit money for Ron Carey?

A: Um, no one, to my knowledge, solicited money for Ron Carey at the - no one, to my knowledge solicited contributions for Ron Carey.<sup>79</sup>

Sullivan also denied ever doing anything “specific” to help raise money for Ron Carey:

Q: . . . [D]id you do anything specific to try to raise money for Ron Carey?

A: Um, did I do anything - I did - I did not, um, um - I don’t believe that I did anything specific to try to raise money for Ron Carey.<sup>80</sup>

Q: Did you ask anyone else at the DNC to try to raise money for Ron Carey?

A: I did not ask anybody to try to raise money for Ron Carey.<sup>81</sup>

Following Sullivan’s deposition, the Committee obtained testimony and documents indicating that Sullivan had not been truthful. As Thomann testified, and as the contemporaneous documentation confirms, Sullivan instructed Thomann in early July 1996 to ask Judith Vazquez to contribute to Carey’s campaign.<sup>82</sup> Thomann did so; Vazquez agreed to make the donation and, on July 12, 1996, Vazquez instructed her bank to wire \$50,000 to Carey’s campaign committee,

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<sup>79</sup> Sullivan deposition, September 5, 1997, p. 89.

<sup>80</sup> *Id.* at p. 95.

<sup>81</sup> Sullivan deposition, September 5, 1997, p. 95.

<sup>82</sup> Thomann deposition, p. 38, Ex. 18. Although Sullivan did admit that he told Thomann that “there may come the opportunity for us to want to raise some money for Ron Carey,” he failed to disclose that the Vazquez solicitation had in fact been made. Sullivan deposition, September 5, 1997, pp. 119-20. Notably, Thomann felt so ill at ease about soliciting Vazquez that he informed Sullivan in late July 1996 that he was recusing himself from the matter. Thomann testimony, pp. 22, 24-25. Sullivan did not mention anything about Thomann’s recusal during his deposition.

Teamsters for a Corruption-Free Union.<sup>83</sup> Had Vazquez's lawyers not then intervened, \$50,000 would have ended up in Ron Carey's campaign coffers.

### Harold Ickes

As discussed previously, documents produced by the White House and other evidence suggest that Harold Ickes assisted the Teamsters Union with the Diamond Walnut strike and other matters in order to encourage Carey and the Teamsters Union to provide more financial assistance to Democratic candidates and the DNC. When asked at his September 20, 1997 deposition what the Administration did regarding the Diamond Walnut strike, Ickes responded: "Nothing that I know of."<sup>84</sup>

In fact, after consultations with the Teamsters Union, Ickes asked Mickey Kantor, then the United States Trade Representative, to contact the management of the Diamond Walnut Company to attempt to persuade them to change their position vis-a-vis the Teamsters.

According to an internal Teamsters memorandum:

Ickes said he met face-to-face with USTR Mickey Kantor last week and that Kantor agreed to use his discretionary authority to try to convince the CEO of that company that they should settle the dispute.<sup>85</sup>

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<sup>83</sup> Thomann testified that Sullivan called him in August 1997 (prior to Sullivan's deposition) and asked Thomann "not to talk to the press" about the Teamster matter. Thomann deposition, p. 52.

<sup>84</sup> Ickes deposition September 22, 1997, p. 141.

<sup>85</sup> Ex. 3.

In addition, the Committee determined that Ickes asked his aide, Jennifer O'Connor, to confirm that Kantor had indeed spoken with Diamond Walnut management. O'Connor confirmed that Kantor had done so.

Q: . . . Did Mr. Ickes ever ask you to assist the Teamsters in any way with the Diamond Walnut strike?

A: Yes.

Q: Tell me what this request was? . . .

A: He asked me to make some inquiries of the U.S. Trade Representative's Office. . .

Q: What inquiries were you to make at the U.S. Trade Representative's Office?

A: I was supposed to find out if the U.S. Trade Representative had spoken to the Diamond Walnut Company head.

Q: Was the U.S. Trade Representative at the time Mr. Kantor?

A: Yes.

Q: Was it your understanding that Mr. Kantor was to have spoken with the Diamond Walnut head?

A: Yes. . . .

Q: Did you have any understanding at the time as to why Mr. Kantor was to speak to the head of Diamond Walnut?

A: I guess my assumption was that somebody somewhere felt that Mr. Kantor could be persuasive with Diamond Walnut. . . .

Q: What did you learn from the U.S. Trade Representative's Office?

A: That Mr. Kantor had spoken with the person in question at Diamond Walnut.<sup>86</sup>

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<sup>86</sup> Jennifer O'Connor deposition, pp. 179-181.

## Terry McAuliffe

Terry McAuliffe, former DNC and Clinton-Gore '96 National Finance Chairman, was deposed twice by the Committee. On the first occasion, June 6, 1997, McAuliffe testified that “he didn’t do anything with the Teamsters.”<sup>87</sup> On the second occasion, September 18, 1997, when presented with specific evidence of certain of his dealings with Martin Davis, McAuliffe remembered a meeting he had in which Davis said that he wanted to help raise money for the DNC from the Teamsters union. McAuliffe testified, however, that after this meeting, he passed Davis off to Hartigan and didn’t deal with him again on this issue. McAuliffe further stated: “I would tell you, to my knowledge, no one ever did anything. I know I never talked to anybody, I never talked to any donors . . .”<sup>88</sup> “All I know is when the first story or when the first stories on the Teamsters came out, I didn’t have a clue about any of this.”<sup>89</sup>

After McAuliffe’s September 18, 1997 deposition, the guilty pleas of Martin Davis and Jere Nash became public. In his plea allocution, Martin Davis testified as follows:

In early October 1996, a Clinton-Gore official [Terry McAuliffe] asked if I would attempt to raise \$500,000 from the Teamsters for an entity that was a joint fundraising effort of the Democratic National Committee, the Democratic Senatorial Campaign Committee and the Democratic Congressional Campaign Committee. It was understood between us that he and others would try to identify a person who would contribute a hundred thousand dollars to the Carey campaign.<sup>90</sup>

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<sup>87</sup> McAuliffe deposition, June 6, 1997, p. 168.

<sup>88</sup> McAuliffe deposition, September 18, 1997, at pp. 90-91.

<sup>89</sup> *Id.* at p. 78.

<sup>90</sup> Ex. 12 at p. 27.

Jere Nash, in his guilty plea allocution, also refers to McAuliffe's efforts on behalf of the Carey campaign: "Davis told me that the Clinton-Gore representative [McAuliffe] had asked Davis to obtain a contribution from the Teamsters to the Democratic Senate Campaign Committee also in exchange for a donation to the Carey campaign."<sup>91</sup>

Also after McAuliffe's September 18 deposition, the Committee deposed Rita Lewis from the DSCC and Matthew Angle from the DCCC. Lewis testified that McAuliffe addressed fundraising for the Carey campaign at a Unity '96 organizational meeting. She said that McAuliffe "described if we were to find money for Ron Carey's election, that the Teamsters would be more likely to give to Unity '96."<sup>92</sup>

Angle testified that McAuliffe had a conversation with him sometime in the fall of 1996 in which "[McAuliffe] brought up or asked did [the DCCC] know of anybody that could or would write a check to Ron Carey." He mentioned that assistance to Carey might facilitate "contributions back to the DCCC."<sup>93</sup>

After reviewing the testimony of Davis, Nash, Lewis and Angle, the Committee requested that McAuliffe appear for a further deposition. McAuliffe, through his counsel, declined to appear, explaining that he could ". . . add little if anything to the record the Committee has already developed on this issue . . . ."

## CONCLUSION

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<sup>91</sup> Ex. 24 at p. 24.

<sup>92</sup> Lewis deposition, p. 15.

<sup>93</sup> Angle deposition, pp. 44-45.



Significant hurdles impeded the Committee's ability to investigate thoroughly many of matters addressed herein. Notwithstanding these hurdles, the Committee has obtained evidence sufficient to demonstrate a problematic course of conduct, and to cite certain specific illegal or improper campaign practices involving the White House, the Clinton/Gore campaign, the DNC and the Teamsters.

The Supreme Court, in United States Civil Service Commission et al. v. National Association of Letter Carriers, AFL-CIO, et al., 413 U.S. 548, 564-65 (1973), opined:

It seems fundamental in the first place that employees in the Executive Branch of the Government, or those working for any of its agencies, should administer the law in accordance with the will of Congress, rather than in accordance with their own will or the will of a political party. They are expected to enforce the law and execute the programs of the Government without bias or favoritism for or against any political party or group or the members thereof.

It is not only important that the Government and its employees in fact avoid practicing political justice but it is also critical that they appear to the public to be avoiding it if confidence in the system of representative Government is not to be eroded to a disastrous extent.

Here, the activities of the White House and DNC not only appear to contravene the fundamental notion that our Nation's citizens are entitled to equal treatment under the laws, but also raise questions as to the applicability of certain Federal criminal statutes. Specifically, did Ickes and other Administration officials provide special treatment or policy assistance to Teamster officials in order to entice the Teamsters Union to support Democratic campaigns? Further, did McAuliffe and/or DNC officials seek donors other than Vazquez as part of a contribution swap scheme with the Ron Carey campaign?

In sum, substantial further inquiry into each of these matters is warranted. The Committee concludes that investigation by the Department of Justice is required to determine the following:

- Whether Harold Ickes or other Administration personnel violated 18 U.S.C. § 607, 5 U.S. C. § 7323 or any other provision of law in connection with the Diamond Walnut matter, the Pony Express matter, the cross-border trucking issue and other measures taken by the White House on behalf of the Teamsters;
- Whether Administration officials violated federal election laws by using the prerogatives of the White House to entice labor union officials to make political contributions and to participate in Democratic campaigns;
- Whether McAuliffe or DNC officials violated federal law by attempting to engage in contribution swap schemes with officials of Ron Carey's Campaign.