SUMMARY OF FINDINGS

**Background and Context**

On November 8, 1994, Americans shifted control of both houses of Congress to the Republican Party for the first time in 40 years. For a time, the election rendered President Clinton so weak in the polls that many experts questioned his "relevance," suggesting that he might face a primary challenge as he attempted to secure his re-election in 1996. The election results spurred great concern among the President's supporters that he might suffer a similarly disastrous defeat in 1996.

In early 1995, the President began meeting with his closest advisors to develop a plan to ensure his re-election by "pulling out all the stops"[1] in campaign fundraising. At this time, in an atmosphere of abject political desperation, the seeds were sown which would later grow into the DNC's variegated fundraising scandals of 1996. The President and his advisors determined that the key to their success in the 1996 elections would be to wage immediately a massive television political advertising campaign of unprecedented cost.

In the end, of course, their plan was an astonishing success: the Democratic Party raised *three times* as much money for the 1996 election as it had for the 1992 contest, and President Clinton was re-elected. The President's success, however, came at a steep price. In the frenzied drive to raise such large amounts of campaign money, the Democratic Party dismantled its own internal vetting procedures, no longer caring, in effect, where its money came from and who was supplying it. Worse, their campaign eviscerated federal fundraising laws and reduced the White House, key Administration offices, and the Presidency itself, to fundraising tools.

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[1] George Stephanopoulos, "The View From Inside," *Newsweek*, March 10, 1997, at 27.

This increasingly mercenary approach also led the Democratic Party to view America's ethnic communities as exploitable "renewable resources" for political fundraising. The DNC's recklessness in raising money from their community unfairly burdened Asian-Americans with the stigma of lawbreaking by fundraisers such as John Huang, Charlie Trie, and Maria Hsia.

For the U.S. political process as a whole, the DNC and White House's reckless fundraising disregarded an obvious risk — the danger that powerful foreign nationals, or even governments, would attempt to buy influence through campaign contributions. The result of all this was foreseeable, including: the erosion of safeguards in U.S. election law designed to guard against political corruption, and unprecedented amounts of illegal foreign contributions making their way into Democratic coffers. The Committee uncovered strong circumstantial evidence that the Government of the People's Republic of China (PRC) was involved in funding, directing, or encouraging some of these foreign contributions.

President Clinton has attempted to distance himself from these scandals by trying to distinguish his own "official" re-election campaign (Clinton/Gore '96) from the abuses the DNC carried out. Based on the evidence compiled by the Committee, however, this distinction is untenable. Indeed, no one has done more to erode this very distinction than the President himself, who with his staff effectively seized control of DNC operations and ran *all* Democratic party campaign and fundraising efforts out of the White House. During the 1996 campaign, the DNC was the alter ego of the White House.

Deputy White House Chief of Staff Harold Ickes, for example, ran the DNC on a day-to-day basis and presided over weekly "money meetings" at the White House where he reviewed the DNC's fundraising and expenditures before passing this information along to the President and the Vice-President. This White House control made the DNC's national chairman, Don Fowler, in effect, subservient to Ickes. The Clinton/Gore and DNC advertising campaigns were also virtually inseparable, constituting a seamless web of White House-directed campaigning that employed all the same consultants, pollsters, and media producers. Ultimately, in fact, the President himself exercised total control over the DNC advertising. Having reduced the DNC into an arm of the White House, President Clinton and Vice President Gore are responsible for the actions it undertook in their names and at their direction.

Late in the 1996 presidential campaign, public reports surfaced about foreign donations to the Democratic Party and the DNC's improper provision of White House access to well-heeled foreign nationals. The White House succeeded in preventing the bubbling scandal from derailing the President's re-election, but these efforts could not prevent an ever more complex tale of campaign lawbreaking from coming to light, thus sparking an ongoing series of Congressional and criminal investigations that have so far involved the White House, the DNC, several government agencies, hundreds of witnesses, and several foreign countries. After the November 1996 elections, the U.S. Senate determined to investigate allegations of campaign finance wrongdoing. The resolution authorizing the investigation contained a significant flaw, however -- a deadline set only nine months after the start of the investigation.

The imposition of the December 31, 1997 deadline virtually invited witnesses to engage in obstructive tactics, perhaps none more so than the DNC and the White House. This obstruction, combined with the sheer complexity of the investigation, made this deadline the single greatest obstacle faced by the Committee's inquiry. Moreover, more than 45 witnesses either fled the country or refused to cooperate by citing their Fifth Amendment privilege against self incrimination. Despite the Committee's request for help, President Clinton took no action whatsoever to persuade such individuals to cooperate. Nevertheless, the Committee was able to answer many important questions and to uncover evidence that strongly suggests answers to others. The following pages summarize the major findings of this inquiry.

**The DNC Raised Millions of Dollars in Illegal Foreign Funds**

Following the 1996 election, and in the wake of the growing DNC fundraising controversy, the DNC was ultimately forced to return $2,825,600 in illegal or improper donations.[2] Of this total amount, almost 80 percent was either raised or contributed by two men — John Huang and Charlie Trie. Strikingly, both men were longtime friends of President Clinton, and both were in positions to raise large campaign contributions because of their personal relationships with the President. Accordingly, the Committee began its hearings by focusing significant attention on Huang and Trie, hoping to answer two interrelated questions: what did President Clinton and his top aides know about their illegal fundraising activities, and why was nothing done to curb those activities. This particular inquiry faced significant obstacles because Trie fled to China soon after the controversy arose,[3] Huang invoked the Fifth Amendment and refused to cooperate with the Committee, and the President declined the Committee's invitation

2 This figure is according to a June 27, 1997, DNC press release. The DNC has failed to return additional contributions of questionable legality.

3 Trie voluntarily surrendered to U.S. authorities in February 1998, following his indictment on 15 counts including defrauding the FEC and obstructing the Committee's investigation.

to testify.  Despite these obstacles, the evidence strongly suggests that, at a minimum, the White House and the DNC received clear signs of danger concerning both men and simply chose to ignore these warnings.

*John Huang*

Huang first met President Clinton in the early 1980's through their mutual friend, James Riady, the head of the Lippo Group, an Indonesian industrial conglomerate.  By at least 1992, while employed by Lippo Bank in California, Huang began to raise illegal foreign money for the DNC through Lippo owned shell companies; these contributions were reimbursed with funds from Lippo's headquarters in Jakarta, Indonesia.  His achievements as a fundraiser, coupled with his and Riady's close friendship with President Clinton, ultimately propelled Huang to the Commerce Department as a Deputy Assistant Secretary in 1993.  Despite its accompanying security clearances and intelligence briefings, however, this job in the government apparently suited neither Huang nor his patron, Riady, as Huang was left with less real influence than he had enjoyed as a DNC fundraiser.  By the summer of 1995, therefore, Huang sought to move to the DNC.

Two things are clear about Huang's obtaining a job as a DNC fundraiser.  First, it would not have occurred but for the President's personal interest and recommendation.  Second, it took place even though Huang had already engaged in illegal fundraising from foreign sources while at the Commerce Department, and despite the DNC's awareness of clear indications that Huang would continue to raise funds illegally as the DNC's Vice Chairman for Finance.

The story of Huang's move to the DNC, and the fundraising abuses that followed, began in the summer of 1995, when Lippo lobbyist C. Joseph Giroir began trying to persuade the DNC to hire Huang as a fundraiser specializing in the Asian-American community. On September 13, 1995, Giroir arranged a meeting between Huang, Riady, Fowler, and DNC Finance Director Richard Sullivan, at which they discussed the potential for DNC fundraising among the Asian-American community. Riady — a foreign national then living in Indonesia and therefore in a curious position to be consulted by senior DNC officials about how the Democratic Party could raise money for President Clinton's re-election — joined Giroir in telling Fowler that Huang would be the ideal person to organize an Asian-American fundraising effort for the DNC.

That same afternoon, Giroir, Riady, and Huang met President Clinton and Presidential aide Bruce Lindsey in the Oval Office. Giroir and Lindsey claimed to remember little about this encounter, but Lindsey admitted that they had discussed Huang's desire to move to the DNC. After this Oval Office meeting, Lindsey told Ickes about Huang's interest in becoming a DNC fundraiser. The President himself asked Ickes to interview Huang regarding the move to the DNC. After meeting with Huang to discuss the move, Ickes asked DNC Finance Chairman Marvin Rosen to interview him for the job.

While Fowler's ambivalence may have caused the DNC to not pursue Huang's services for most of that fall, Fowler's position changed very quickly after the President intervened to indicate his *personal* interest in Huang acquiring a DNC position. At a fundraiser on November 8, the President asked Rosen how Huang's move was progressing, and told Rosen that Huang had been "highly recommended." The DNC interviewed Huang five days later, and Fowler hired him that same day.

From the beginning, however, some DNC officials were privately concerned that Huang might illegally raise foreign money for the party. Sullivan, for example, worried that Huang might be another Johnny Chung — an Asian-American donor and friend of Huang's who had offered in March 1995 to pay the DNC $50,000 if Sullivan would arrange for five of his Chinese business clients to attend a radio address with the President. Because of his misgivings about Huang, Sullivan insisted that Huang be given an extensive special training session on U.S. election law by the DNC's general counsel, Joe Sandler. As Sullivan told Huang, this training session was designed to ensure that Huang knew laws restricting contributions from foreign nationals. Sandler, however, denied that he was ever asked to provide such training.

However, the DNC never undertook the special "training" sessions for Huang that Sullivan had recommended. Making matters worse, despite its grave concerns about Huang, the DNC agreed to compensate him with an "unprecedented" incentive bonus plan clearly designed to encourage even more aggressive fundraising. The results were all too predictable: Huang immediately began illegally raising foreign money for the Democrats.

Near the end of his tenure at the Commerce Department, Huang developed a relationship with Arief Wiriadinata — a landscape architect in Virginia who knew the Riadys because his father had worked for Lippo in Indonesia, and who, with his wife Soraya, ultimately contributed $450,000 to the DNC. On December 15, 1995, shortly after Huang arrived at the DNC, the President hosted a White House coffee to which Wiriadinata had been invited by Huang. As captured on one of the videotapes the White House belatedly released to the Committee in

October 1997, Wiriadinata shook hands with the President and confided to him that "James Riady sent me."

Huang's first fundraising event, for Asian-Americans at the Hay-Adams Hotel in Washington on February 19, 1996, also raised early warning signs that the DNC's initial concerns about Huang were well placed. By March 1996, the DNC discovered that two donations Huang had raised at this event were illegal contributions from foreign nationals. These checks, both for $12,500, were attributable to two individuals who live in China and run an international trading group based there. Although these donations were returned, DNC officials continued to rely on Huang. As the Committee subsequently discovered, the Hay Adams event raised at least another $25,000 in unlawful donations laundered through third-party "straw donors" from the Hsi Lai Temple outside Los Angeles.

Among the prominent Asian businessmen who attended the Hay-Adams event was Ted Sioeng, a foreign businessman who owns a pro-Beijing Chinese language newspaper in California and has close ties to the Chinese government. Though he sat next to the President at the head table at the Hay-Adams, Sioeng was not then a resident of the United States, could not speak English, and was ineligible to make political donations. Sioeng's presence at the fundraiser — as well as at the head table at the Hsi Lai Temple fundraiser Huang and Maria Hsia organized for Vice President Gore two months later, and at another Huang event with the President only two weeks after that — was apparently arranged through Huang.

Throughout the remainder of 1996, Huang orchestrated numerous events from which illegal foreign money flowed to the DNC. On April 8, 1996, for example, Huang collected

$250,000 from John K. H. Lee, a South Korean businessman who had flown from Seoul to have dinner with the President — in return for a $250,000 donation in the name of a U.S. subsidiary of his South Korean business, formed shortly before the check had been written. Huang arranged this contribution after being told that Lee was merely "thinking" about opening a U.S. subsidiary in California, and knowing that Lee was a foreign national ineligible to contribute in his own name. This $250,000 contribution was funded by a wire transfer from Lee's South Korean company. The DNC, however, found the donation unobjectionable — at least until the 1996 fundraising scandals first became public, at which point Lee's was the first contribution returned.

Shortly thereafter, on May 13, 1996, Huang organized another major DNC event in Washington, D.C. Like his others, this affair was heavily attended by foreign nationals; Riady and Sioeng, in fact, each sat beside the President at the head table. During the course of the night, Huang arranged for Yogesh K. Gandhi to meet the President and present him with a bust of Mahatma Gandhi. Gandhi wanted a business associate to be photographed presenting the award to Clinton, but the White House had rebuffed his earlier attempts to arrange the meeting. In exchange for the May 13 photograph with the President, Gandhi donated $325,000 to the DNC. This money had, in fact, been wired from one of Gandhi's business associates in Japan.

DNC officials admitted concerns during the 1996 campaign about the number of foreign nationals who attended Huang's fundraisers. It was not until July 1996, however, after an event attended *principally* by Asian businessmen and their families, that Rosen finally directed that Huang not manage any further presidential events. Despite this concern, however, the DNC was unwilling to forego Huang's fundraising: the party deprived Huang of his ability to sell access to President Clinton, but did nothing to check the money he generated.

*The Hsi Lai Temple fundraiser*

At a fundraising lunch held on April 29, 1996 at the Hsi Lai Temple in Hacienda Heights, California, and attended by Vice President Gore, Buddhist monastics illegally funneled $65,000 to the DNC through "straw donors" at the instigation of Hsia, a longtime fundraiser for the Vice President. When press accounts of this donation-laundering appeared, Temple officials altered and destroyed evidence to protect the Temple, Hsia, and the Vice President from embarrassment.

Despite his repeated, albeit inconsistent, denials, it is reasonable to conclude that the Vice President was well aware that the Temple event was for the purpose of raising money. The event was organized by Huang and Hsia, who had longstanding relationships with Vice President Gore that revolved almost entirely around campaign fundraising. More specifically, in the weeks prior to his Temple visit, Vice President Gore was repeatedly reminded that the April 29 luncheon was a fundraiser and was even meticulously informed by Ickes of the DNC's "projected revenue" for the event. The Vice President received the last of these notifications of the April 29 lunch's "projected revenue" only 24 hours before he received his briefing notes for the Temple lunch.

The Vice President's staff also knew that the Temple event was a fundraiser. In March 1996, Deputy Chief of Staff David Strauss had helped arrange a meeting in the White House with the head of the Temple, Master Hsing Yun — a meeting which Strauss believed would "lead to a lot of $." The White House staff repeatedly referred to the event as a "fundraiser" in internal correspondence, and assigned to it a "ticket price" of "1000-5000 [dollars per] head."

The Temple fundraiser was merely the most egregious episode in a longstanding pattern of illegal donation-laundering by Hsia and the Hsi Lai Temple that stretched back at least to 1993. In that year, Hsia and Huang apparently collaborated in laundering $50,000 to the DNC from the Hsi Lai Temple and from Lippo Group sources overseas in connection with a meeting between Vice President Gore's chief of staff and the chairman of China Resources, a company linked in press reports to Chinese intelligence. From 1993 until the general elections of 1996, over $140,000 in Temple money was illegally funneled to Democratic candidates at Hsia's direction.

This pattern of donation-laundering in 1993-96 derived from a broader relationship between Hsia, Huang, and Vice President Gore that began in 1988 when Hsia, Huang, and Riady organized a trip to Taiwan for then-Senator Gore. Hsia thereafter became a significant fundraiser for the Senator. As early as 1989, her fundraising efforts for him involved both monastics from the Hsi Lai Temple and the illegal "tallying" of contributions through the Democratic Senatorial Campaign Committee ("DSCC").

*Charlie Trie*

Trie first met the President in the late 1970's when he owned and operated a Chinese restaurant in Little Rock. After Clinton's election in 1992, Trie sold his restaurant and opened Daihatsu International Trading Company in Washington, D.C. Soon thereafter, Trie and his wife contributed large sums to the DNC, and by 1994 he had become a DNC "Managing Trustee" — a title reserved for the highest level of party contributor. From 1994 to 1996, Trie contributed or raised approximately $645,000 for the DNC. In 1994, he contributed $100,000 to the DNC while earning only approximately $30,000 as president of Daihatsu. Nor could his firm Daihatsu have made up the difference: throughout this period, it never made any profit.

In reality, most of Trie's money came from his Asian business partner, Ng Lap Seng, a hotel tycoon in Macao with reputed links to organized crime who advises the Chinese government.[4] Ng transferred approximately $1.4 million to Trie from 1994 to 1996, with many of these transfers arriving through the Bank of China. Sometimes Trie contributed Ng's money directly to the DNC in his own name. In other instances, he laundered donations through other Asian-Americans. Two of these "straw donors" made donations to the DNC so that Ng could attend a White House function. Accordingly, they donated a total of $25,000 to the DNC and were reimbursed with money from Ng's account.

In addition to being a major fundraiser and close friend of the President, Trie visited the White House 31 times in 1994 and 1995 alone. Intriguingly, Ng, who had no ties to the President except through Trie, also visited the White House 10 times between June 1994 and October 1996. In one of the more egregious examples of its dilatory document production, however, the White House did not reveal Ng's still-unexplained visits until just hours *after* the conclusion of the Committee's public hearing on the activities of Trie and Ng.[5]

Trie's fundraising efforts won him numerous White House favors, including a Presidential appointment to the Commission on U.S. Pacific Trade and Investment Policy — an act requiring a

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4 Ng refused to speak with Committee investigators who traveled to Macao.

5 Only after end of the Trie/Ng hearing did the White House release the "WAVES" records documenting Ng's frequent but unexplained visits to the White House. These records had been requested from the White House three months earlier.

new Executive Order to expand the size of the Commission. In February 1996, assisted by a $50,000 donation from his business partner Ernest G. Green, Trie arranged admission to a White House coffee for Wang Jun, a Chinese arms dealer and advisor to the Chinese government. Despite his connections to a major Chinese armaments firm whose plans to smuggle automatic weapons into the U.S. the Customs Service even then was investigating, Wang was not vetted by the National Security Council ("NSC") and was admitted to the White House only on the strength of his relationship with Trie and Green.

In March 1996, Trie wrote to the President on how to handle U.S.-China relations, which were then tense. This letter was faxed to the White House on the same day that Trie delivered almost $500,000 to the Presidential Legal Expense Trust ("PLET"). The Committee has been unable to determine whether Trie wrote this letter on his own or on behalf of foreign interests. Trie received a reply from the President prepared by NSC staff and personally reviewed by National Security Advisor Tony Lake.

Trie also set about to help the President and First Lady defray the considerable personal legal expenses they had accrued in fending off previous scandals. To this end, Trie raised in excess of $700,000 from a controversial Buddhist sect devoted to a woman named Ching Hai, and conveyed this money to the PLET.

The PLET, however, became suspicious about the source of Trie's funds. With White House approval, the PLET's executive director, Michael Cardozo, hired an investigative firm that determined that the money had been coerced from or laundered through members of the Ching

Hai sect. Nevertheless, soon after, Trie sat next to the President at the head table of a $5,000 per person fundraising dinner.

By June 1996, the PLET decided to return Trie's donations. Rather than publicly reporting his contributions under its regular practice, the PLET hid the fact that Trie had ever given money to it. Moreover, the White House knew and approved of this decision. Despite Ickes' and Lindsey's knowledge of Trie's suspicious fundraising, neither warned the DNC. As a result, while the PLET returned his donations, Trie's illegal contributions to the DNC continued; Trie delivered $110,000 to the DNC in August 1996 in honor of the President's 50th birthday.

Both the DNC and the White House claimed complete surprise that Huang and Trie raised substantial amounts of foreign money. It strains credulity, however, to suggest that these men could surreptitiously raise over $2.2 million for the DNC — much of it from foreign donors at major DNC events the President attended — without anyone suspecting the truth.

**The White House and the Presidency Itself Became Fundraising Tools**

The White-House inspired DNC drive for new sources of campaign cash caused more than just an unprecedented influx of foreign money into the 1996 campaign. More broadly, it debased the White House and the Presidency itself by employing both in constant efforts to raise money. Extensive DNC fundraising occurred because the President and his advisors, including Dick Morris, decided that the party's massive advertising campaign would cost more than could possibly be provided by the "hard" money in the President's "official" campaign treasury. To fill the gap, they turned to unregulated "soft" money even though such monies could not by law be used to help a candidate's campaign for office. Unlike official "campaign" contributions, however, DNC "soft" money could be raised from wealthy donors in unlimited quantities. By diverting DNC funds to campaign advertising controlled by the White House, the Democrats had the best of all possible worlds: *de facto* "hard" money from key donors in unlimited quantities.

Senior White House and DNC staff developed new ways to use the Presidency to raise campaign money. Among the favors merchandised were access to senior decision makers, perks such as "overnights" at the White House, Presidential coffees at the White House (even in the Oval Office), flights on Air Force One, seats in the President's box at Kennedy Center, and use of the White House pool and tennis courts.

In this stampede to use the White House for every conceivable variety of fundraiser, a number of alarmingly unsavory characters gained access to the President in return for campaign contributions. One was Chinese arms dealer Wang Jun. Roger Tamraz, a major DNC donor, was allowed to meet with the President on several occasions despite the NSC's opposition and clear warnings that Tamraz might damage U.S. foreign policy interests in Central Asia. As noted, Ted Sioeng, a foreign national with suspiciously close ties to the Chinese government, sat at the head table with the President or Vice President at several fundraisers and lunched with Vice President Gore at the Hsi Lai Temple.

*White House Coffees*

Perhaps nothing illustrates this merchandising of the Presidency better than the DNC's White House "coffees" — fundraising events at which major donors were provided access to the President in exchange for their campaign contributions.

Between January 11, 1995 and August 23, 1996, the White House hosted 103 coffees. Most lasted at least an hour, and the President attended the vast majority of them. Approximately 60 of these were DNC-sponsored coffees, 92 percent of the guests at which were major Democratic Party contributors. These guests made contributions during the 1996 election cycle of $26.4 million, an average contribution of over $54,000 per person, with one-third of their total donations, some $7.7 million, given within a month of the donor's attendance at a White House coffee. For example, the five persons attending a coffee on May 1, 1996, in the Oval Office itself each contributed $100,000 to the DNC one week later.

White House and DNC officials have strenuously denied that the coffees were "fundraisers." Numerous DNC documents, however, including detailed memoranda Ickes prepared for the President and Vice President, tell a different story, referring to these White House events as "political/fundraising coffees." These documents carefully track the "projected revenue" that would be raised by each event — to the point of specifying amounts "in hand" (*i.e.*, collected to date) and the proportion of each coffee's projected revenue that would be placed in the party's "hard money" and "soft money" bank accounts. While not every White House coffee was a fundraising event, most clearly were.

The coffees also demonstrate the extensive amount of time the President was willing to spend with small groups of major donors, and the extraordinary influence such donors had over the White House and the President's schedule. The June 18, 1996 coffee organized by John Huang is a case in point. The only guests who were originally to attend this coffee were three foreign nationals from the CP Group, a Thai conglomerate. They were clients of Pauline

Kanchanalak, a DNC fundraiser and lobbyist from Thailand. When DNC officials raised concerns about the propriety of such a coffee, "some people that might be potential [legal] donors, [*i.e.*,] American citizens," were invited at the last moment. It is clear that the coffee's essential purpose was to sell the President's time to Kanchanalak — who, with her mother-in-law, donated $235,000 in to the DNC the next day — to make her look good in front of her clients.[6] Even worse, the only guests professing to have any memory of the event recall Huang openly soliciting DNC contributions, in the presence of the President. This was clearly illegal.

*Telephone Solicitations*

In addition to attending many major fundraisers and innumerable smaller events such as coffees, the President — and, particularly, the Vice President — were willing to use the power of their offices to make direct telephone solicitations for money. Vice President Gore made approximately 45 phone solicitations from his White House office. These calls may have raised as much as $800,000 for the DNC.

Based upon the premise that these telephone calls raised only "soft" money, the Attorney General has rejected suggestions that she recommend the appointment of an independent counsel to investigate whether these calls violated a federal criminal law prohibiting the solicitation of campaign contributions on federal property. The Committee disagrees with her view that raising "soft money" on federal property is permitted, but significantly, even under the Attorney General's view, the solicitation of "hard" money on federal property is a crime. As DNC general

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[6] Kanchanalak has since fled to Thailand, has refused to cooperate with the Committee, and is under investigation by the Department of Justice for possible obstruction of justice in connection with evidence subpoenaed by the Committee.

counsel Joe Sandler revealed to the Committee, of the money raised by Vice President Gore's telephone solicitations from the White House, more than $100,000 was deposited into the DNC's "hard money" accounts. Indeed, the Vice President continued to make telephone solicitations even after being advised by a DNC memorandum in February 1996 that it was DNC policy to place a certain proportion of the money thus raised into "hard money" accounts.[7]

*The All-Consuming Fundraising Effort*

In some ways, the most troubling result of the White House's and DNC's ceaseless quest for campaign funding is the great amount of time the President and the Vice President themselves actually spent raising money. As Vice President Gore himself noted, "we can raise the [necessary] money . . . ONLY IF — the President and I actually do the events, the calls, the coffees, etc. . . . And we will have to lose considerable time to the campaign trail to do all of this fundraising."

Simply put, 25 years after Congress passed election reform laws intended to insulate the President from an unseemly and potentially corrupting involvement with campaign money, President Clinton spent enormous amounts of time during the 1996 election cycle raising money. In the ten months prior to the 1996 election, President Clinton attended more than 230 fundraising events, which raised $119,000,000. The President maintained such a pace for *over a year* before the election, often attending fundraisers five and six days each week. According to Presidential campaign advisor Dick Morris, President Clinton "would say 'I haven't slept in three days; every time I turn around they want me to be at a fundraiser . . . I cannot think, I cannot do

[7] Indeed, the DNC improperly allocated money between "soft" and "hard" accounts without seeking the express permission of donors, as is required by federal law.

anything. Every minute of my time is spent at these fundraisers.'" This frenzied pursuit of campaign contributions raises obvious and disturbing questions. Can any President who spends this much time raising money focus adequately upon affairs of state? Is it even possible for such a President to *distinguish* between fundraising and policymaking?

**Other Improper or Illegal Fundraising Activities**

The unfortunate results of the DNC's chase for money were not limited to its receipt of illegal foreign money and the merchandising of the White House itself. DNC pressures to change government policy developed in response to the wishes of major party donors.

*The Roger Tamraz Affair*

Lebanese-American businessman Roger Tamraz tenaciously pursued his agenda with the U.S. Government. "If they kicked me from the door," Tamraz told the Committee, "I will come through the window." Unfortunately, his eagerness to promote his business schemes and enlist the government's support against the vehement protests of U.S. national security experts found itself an ally in the cash-hungry DNC. The story of Tamraz demonstrates, perhaps better than any other episode of the Democratic fundraising scandals, that nothing was sacred in the President's desperate search for campaign funds: no corner of the U.S. Government — not even the Central Intelligence Agency ("CIA") or the NSC — was off limits.

An international businessman with significant involvement in the oil business, Tamraz was wanted by French police and faces an Interpol arrest warrant for embezzlement in Lebanon. Tamraz was willing to invest great energy, and significant sums of money, to secure U.S. backing for his oil pipeline project in the Caucasus. Rebuffed by officials at the NSC who regarded his schemes as untenable and harmful to U.S. foreign policy interests, he began making huge contributions to the DNC. As Tamraz had intended — and as he admitted to the Committee in his remarkably candid testimony — these contributions enabled him to enlist senior party officials like Fowler in helping Tamraz gain the access to senior U.S. officials that a high-level inter-agency working group had determined to deny him. His contributions — both directly to the DNC and to various state Democratic campaigns at Fowler's personal direction — also won Tamraz the DNC chairman's intercession in a series of *highly* inappropriate contacts with CIA officials. In at least two conversations with a CIA clandestine operative named "Bob,"[8] to whom he had been referred by Tamraz and who had already been "lobbying" the NSC on Tamraz's behalf, Fowler asked the CIA officer to help him "clear Tamraz's name." Fowler even telephoned NSC staffer Sheila Heslin to inform her that "Bob" would soon be sending her information about Tamraz. (Despite taking notes of his discussions with Tamraz about Bob, despite talking with "Bob" on at least two occasions, and discussing the CIA officer with NSC staffers Nancy Soderberg and Heslin, Fowler continued to deny *any* memory of his CIA contacts). After Tamraz was "disinvited" from an October 1995 event with Vice President Gore by the NSC, his DNC allies arranged for him to attend a dinner with the Vice President at the home of Senator Edward Kennedy. Despite the NSC's determined efforts to deny him access to President Clinton, Tamraz's DNC contributions bought him no fewer than *six* private meetings with the President.

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[8] At the request of the CIA, the full name of this clandestine officer (which is classified) had been withheld. In this report, he will be described simply by his first name, "Bob."

Tamraz took the opportunity to discuss his pipeline with President Clinton at a White House dinner on March 27, 1996. The President assured Tamraz that someone would "follow-up" with him, and detailed Presidential advisor Thomas F. "Mack" McLarty to look into the matter the next day. Tamraz next met the President at a White House coffee on April 1, 1996, at which, Tamraz discussed his pipeline ideas with McLarty. McLarty asked Energy Department employee Kyle Simpson whether some reason could be found to support Tamraz's pipeline. When Simpson conveyed McLarty's instructions to his colleague John Carter, he told Carter that Tamraz had donated $200,000 to the DNC and was considering giving an additional $400,000.

The nadir of the Tamraz episode occurred with Carter's subsequent call to NSC staff member Heslin, who chaired the inter-agency working group that had sought to deny Tamraz access to senior government officials and who had determined that the U.S. should not support his pipeline. Carter told Heslin that if she reconsidered her opposition to Tamraz, it "would mean a lot of money for the DNC" because "he's already given 200,000, and if he got [what he wanted] he would give the DNC another $400,000." Heslin refused, despite Carter's claim that "the President really wanted" this and threats that McLarty might exact reprisals against her.

*The Indian Casino Decision*

The DNC also targeted the Interior Department's Bureau of Indian Affairs ("BIA") to influence a decision whether three bands of Wisconsin Indian tribes would be allowed to open a casino in Hudson, Wisconsin. A wealthy group of neighboring tribes in Minnesota, who operated a nearby casino that would face competition if the Hudson application were approved, opposed the proposal. Significantly, the opposing tribes had given large sums of money to the DNC, while the applicants had not.

After the BIA's Minneapolis office approved the applicant tribes' plan in late 1994, the opposing tribes hired Patrick O'Connor, a prominent lobbyist and former DNC treasurer, who spoke personally with President Clinton about this matter. Four days later, O'Connor, accompanied by other lobbyists and opposition tribal leaders, met with Fowler. As one participant recalled it, Fowler "got the message: it's politics and the Democrats are against [the new casino] and the people for it are Republicans." Fowler promised that he would contact Ickes and have him talk with Secretary of Interior Bruce Babbitt, which he did a few days later.

After making several calls herself to the Interior Department, Ickes' assistant Jennifer O'Connor, in June 1995 asked a White House intern to get an update on the Hudson casino. Heather Sibbison, special assistant to Secretary Babbitt, told the intern "it was 95% certain that the application would be turned down." Just two days later, however, a career BIA employee, wrote a 17-page analysis recommending *approval* of the Hudson application. Nevertheless, the assurances that Secretary Babbitt's staff conveyed to Ickes' office were correct: despite the BIA's recommendation that it be approved, a draft letter *rejecting* the application was prepared on June 29, 1995, and the Interior Department formally denied the application on July 14.

The opposing tribes apparently had little doubt as to how to show their gratitude for the Interior Department's decision to protect them from gaming competition. According to FEC records, in the four months following the Department's denial of the Hudson application, the opposition tribes contributed $53,000 to the DNC and the DSCC; they donated an additional

$230,000 to the DNC and the DSCC during 1996, and gave more than $50,000 in additional money to the Minnesota Democratic Party.

Another suspicious aspect of the Hudson episode involves the inconsistent positions taken by Secretary Babbitt when asked about the matter. According to Paul Eckstein, a longtime friend of Secretary Babbitt who had been retained by the applicant tribes, when Eckstein tried to persuade Secretary Babbitt to delay making a decision on the Hudson matter, Secretary Babbitt replied that Ickes had directed him to issue a decision that very day. Later in their conversation, Eckstein told the Committee, Secretary Babbitt turned the subject to political contributions, declaring to Eckstein: "Do you have any idea how much these Indians, Indians with gaming contracts . . . have given to Democrats? . . . [H]alf a million dollars."

When asked about these comments by Senator John McCain, who then chaired the Senate Committee on Indian Affairs, Secretary Babbitt denied that he had ever told Eckstein anything about Ickes seeking a prompt decision on the Hudson matter. Nevertheless, several months later, in response to this Committee's inquiry, Secretary Babbitt changed his story, admitting that he probably *did* make such a remark to Eckstein about Ickes' request. Secretary Babbitt still claims to have "no recollection" of making the comment Eckstein recalls about the opposing tribes' political contributions.[9]

The Hudson casino matter is, if anything, more sordid than the Tamraz story, as political donations to the DNC apparently *succeeded* in purchasing government policy concessions. In

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[9] The Attorney General has requested the appointment of an independent counsel to investigate Secretary Babbitt's contradictory statements.

light of the opposing tribes' DNC contributions, the DNC's lobbying effort against the casino, the involvement of Ickes' staff in drawing Secretary Babbitt's attention to this issue, and Secretary Babbitt's remarkable comments to Eckstein, the Hudson casino matter raises serious questions about the propriety — and the legality — of the Interior Department's decision. And the DNC also took advantage of two Oklahoma tribes that sought the return of their former lands, and made contributions in the belief that their prospects for favorable action would be enhanced.

**Foreign Efforts to Influence the U.S. Elections**

The DNC's eagerness to raise unprecedented sums for President Clinton's re-election, its recklessness in ceasing to check the origin of such funds, and its entrusting its fundraising efforts among Asian-Americans to lawbreakers such as Huang, Trie, and Hsia led to numerous abuses. Among them, the DNC's heedless pursuit of contributions allowed wealthy and well-connected foreign nationals to arrange almost unlimited access to the President and other top U.S. policymakers. Time after time, figures such as Johnny Chung, who used access to the President to advance his private business interests, Ted Sioeng, Ng Lap Seng, Wang Jun, and Eric Hotung met privately or in small groups with the President, Vice President, or other senior Administration officials. Since this controversy began, concerns have been expressed that the flood of foreign money to the DNC during the 1995-96 election cycle and the access it purchased might have permitted interested foreign parties to influence the U.S. political process. Thus, the Committee made it a priority of its investigation to determine whether this had occurred.

*PRC Efforts*

The Committee's attempt to examine this issue was difficult. Many knowledgeable witnesses invoked the Fifth Amendment and refused to cooperate with the inquiry. Others fled the country, or were foreign nationals who remained abroad and refused to cooperate. Finally, much of the information relevant to this subject is classified and cannot be publicly disclosed.

Despite these limitations, at the outset of the Committee's hearings, based on information gathered from law enforcement and intelligence agencies and open sources, Chairman Thompson reported that the PRC government had undertaken efforts to influence the U.S. electoral process during the 1995-96 election cycle. Owing to the sensitive nature of the subject, it has not been possible until now to elaborate publicly upon this matter in any detail. The full version of the Committee's public findings are detailed elsewhere in this report.[10] In brief, while the Committee cannot determine conclusively whether the PRC government funded, directed, or encouraged certain illegal contributions made in connection with the 1996 election cycle, there is strong circumstantial evidence that the PRC was involved. The basis for this conclusion is in summary:

- <u>Ties between the PRC and prominent figures in the campaign finance investigation</u>: The Committee has received information that several individuals who provided donations from foreign sources (principally in the greater China area) to the DNC and other causes have ties to the PRC. The Committee has learned that Maria Hsia has been an agent of the Chinese government, that she has acted knowingly in support of it, and that she has attempted to conceal her relationship with the Chinese government. The Committee has also learned that Ted Sioeng has worked, and perhaps still works, on behalf of the Chinese government. The Committee has further learned from recently-acquired information that James and Mochtar Riady have had a long-term relationship with a Chinese intelligence agency. Finally, an unverified single piece of information shared with the Committee

[10] *See* the section of this report on "The China Connection." In addition, the Committee has prepared a separate, more detailed, and classified version of that chapter that will be maintained in secure environs.

indicates that John Huang himself may possibly have had a direct financial relationship with the PRC government.

- Evidence of a "China Plan" and Other, Possibly Related Efforts: Against this backdrop, the Committee has received other information that high-level PRC government officials devised plans to increase China's influence over the U.S. political process and to be implemented by diplomatic posts in the U.S. Some Beijing's efforts appear relatively innocuous, involving learning more about Members of Congress, redoubling PRC lobbying efforts in the U.S., establishing closer contacts with the U.S. Congress, and funding from Beijing. But the Committee has learned that Beijing expected more than simply increased lobbying from its diplomatic posts in the U.S. Indeed, as the Committee examined the issue in greater detail, it found a broad array of Chinese efforts designed to influence U.S. policies and elections through, among other means, financing election campaigns.

- Evidence of Implementation: The Committee has identified specific steps taken in furtherance of the these plans. Although some of the efforts were typical, appropriate steps foreign governments take to communicate their views on United States policy, others appear illegal under U.S. law. Among these efforts were the devising of a seeding strategy of developing viable candidates sympathetic to the PRC for future federal elections; the creation of a "Central Leading Group for U.S. Congressional Affairs" to coordinate China's lobbying efforts in this country; and PRC officials discussing financing American elections through covert means.

In addition, the Committee notes that this report is being issued at a time in which there have been, and are likely to continue to be, significant developments in the ongoing investigation being conducted by the DOJ/FBI task force. If the Committee receives significant new information that it can disclose to the public, it may issue a supplemental report.

*John Huang*

Because of his central role in raising so much of the foreign money returned to date by the DNC, and because of his long relationship to the Lippo Group, the Committee examined in detail John Huang's fund-raising activities and his service at the Department of Commerce. Huang began involving himself in U.S. politics in 1988 while an official at LippoBank, working with

James Riady, Hsia, and others to found the Pacific Leadership Council ("PLC"), an Asian-American interest group and political fund-raising organ, which organized a trip to Taiwan (and the Fo Kuang Shan temple there) for then-Senator Gore. Huang's colleagues at LippoBank -- where he served as President and Director -- never understood his corporate duties and described him as a "mystery man."

After the election of 1992, with Riady's encouragement, the White House placed Huang on its list of "high priority" candidates for political appointment. In a letter to Deputy Director of Presidential Personnel John Emerson, Democratic activist Maeley Tom recommended Huang for a government position, describing him as

> the political power that advises the Riady family on issues and where to make contributions. [The Riadys] invested heavily in the Clinton campaign. John is the Riady family's top priority for placement because he is like one of their own.

Huang was hired in 1993 as Deputy Assistant Secretary for International Economic Policy at the Department of Commerce.

The work Huang actually performed in his new job, however, was apparently as perplexing to his colleagues at the Commerce Department as it had been to his associates at LippoBank. During the 18 months that Huang worked at the Department, in fact, he left virtually no mark; many of his colleagues found themselves wholly at a loss to explain what he did.

Despite his superiors' attempt to "wall off" Huang from matters relating to China, Huang received regular classified briefings that included the greater China area. Without his superiors's knowledge, Huang received 37 intelligence briefings, viewing 10 to 15 intelligence reports at each session — a total of 370 to 500 items of "raw intelligence" during his tenure. Also unbeknownst to his superiors, Huang made multiple visits and telephone calls to the Chinese Embassy while at Commerce. And despite Huang's status as only a mid-level official at Commerce, he made at least 67 visits to the White House, often meeting with top officials and receiving briefings on trade policy.

Equally mysterious were the over 400 contacts Huang had with Lippo officials while he worked at Commerce: 237 phone calls to LippoBank and affiliated entities in the United States, 29 calls and fax transmissions to Lippo's Indonesian headquarters, and an additional 107 calls to such countries as China, Indonesia, Taiwan, and Hong Kong. Huang may have made more such calls from the Washington office of Stephens, Inc. — an investment banking firm based in Little Rock, partly owned by the Riady family, which had extended loans to help finance President Clinton's 1992 campaign — located across the street from the Commerce Department. Huang secretly used this Stephens office two or three times a week to make calls, pick up or deliver faxes, and send packages. Jeffrey Garten, Huang's superior at Commerce, and John Dickerson, the CIA liaison to Commerce who provided Huang's numerous classified briefings, were unaware of Huang's continuing contacts with Lippo.

The full scope and import of Huang's activities while at Commerce may never be known: he has invoked the Fifth Amendment and refused to cooperate with the Committee, Riady has left the country, and many of his former LippoBank colleagues have returned to Indonesia. The volume of Huang's contacts with Lippo and the Chinese embassy, however, is cause for concern. The Committee has found no direct evidence that Huang passed classified information, but he had the opportunity to do so and his activities have not otherwise been adequately explained.

**The Abuse of Soft Money**

As part of its inquiry, the Committee had intended to investigate the role of nonprofit groups in the 1995-96 federal election cycle, particularly whether such nonprofit organizations were genuinely nonpartisan and acted independently of political parties or candidates, as required by federal law. In addition, the Committee planned to investigate whether political action committees evaded statutory limits on political contributions, and whether nonprofit organizations coordinated so-called "issue advocacy" advertising with political candidates to be considered in-kind campaign contributions limited and regulated under federal election law.

To this end, the Committee subpoenaed 32 nonprofit organizations, not including the principal party committees and presidential campaigns. Although a number of these organizations did begin prompt compliance with the Committee's subpoenas, most of them, led by the AFL-CIO, refused to produce *any* documents or witnesses. Indeed, some groups simply cited the AFL-CIO's non-compliance as justification for their own non-compliance. Though the AFL-CIO ostensibly based its refusal upon various legal and "constitutional" grounds, its clear purpose was to obstruct and impede the Committee's investigation — as indeed the imposition of the December 31, 1997 deadline virtually invited it to do by preventing the Committee from relying upon judicial contempt procedures, the usual means to assure compliance with subpoenas.

In light of the poor cooperation received from most of these organizations, the Committee believes that it is generally inappropriate to draw conclusions about the role of non-profit groups in the 1995-96 election cycle. For the most part, the information available was insufficient to permit meaningful analysis: few documents were produced, witnesses were unavailable to explain the meaning and context of what documents did arrive, and key individuals with knowledge of the matters in question refused to testify before the Committee.

Despite these obstacles, however, the Committee received information that the AFL-CIO coordinated its political activities with both the DNC and the Clinton/Gore campaign. Testimony from White House and DNC officials made clear that White House aides and the AFL-CIO carefully reviewed each other's advertisements and coordinated their timing and placement.

With regard to conservative organizations, the Committee's investigation uncovered no evidence that Triad Management Services engaged in such coordination with the Republican Party, although Triad may have coordinated with individual candidates. The Committee also determined that while the Republican National Committee ("RNC") donated funds to certain non-profit groups, this was in no way illegal or improper: no evidence existed that the recipients spent this money to influence federal elections at the RNC's request or direction.

Finally, the Committee held extensive hearings on the National Policy Forum ("NPF"), a think-tank established by the RNC. The Committee was particularly concerned by allegations that the RNC knew that a loan it made to the NPF — and upon which the NPF later defaulted amid much acrimony — had been guaranteed by foreign money through Hong Kong businessman Ambrose Young. Additionally, the Committee attempted to determine whether the loan guarantee proceeds were improperly funneled into federal election campaigns in 1994. Ultimately, however, the Committee determined that it is neither illegal nor improper for nonprofit organizations to receive money from foreign sources, provided that no such funds enter federal campaigns. No foreign money involved in NPF's loan guarantee was so used: none of these funds were diverted to

Republican "hard money" accounts, and their expenditure was not coordinated with political candidates; rather, the NPF used the money to repay a valid, pre-existing debt.[11]

[11] Nor, it should be added, did the Committee find any reason to conclude that testimony on this matter by RNC Chairman Haley Barbour was anything less than truthful. Witnesses who testified to the contrary all made inconsistent statements themselves, and Barbour's version of events is corroborated by contemporary documents.