

DNC FUNDRAISING IN THE WHITE HOUSE: COFFEES, OVERNIGHTS AND OTHER EVENTS

Overview

The story of the Clinton Administration's use of the White House as a DNC fundraising tool had its origins in the panic that set in after the Republican party took control of the House of Representatives and the Senate in the November 1994 elections. At the DNC, the general mood was nearly apocalyptic. As Terence McAuliffe recalled,

the President was in serious trouble. A lot of people wondered if the President was even going to run again. I can tell you the political mood at the time clearly was that he had no chance of winning again, clearly would not win re-election and would have a very tough time with a primary. And there was a lot of talk that people would run against him in a primary. It was a very tough political time.¹

Democrats realized that if the President were to be reelected, it would take an extraordinary amount of money, more than had ever before been raised in a presidential campaign. In an article subsequently published in *Newsweek*, George Stephanopoulos — who was at the time Senior Advisor to President Clinton — described the bleak atmosphere in the White House in late 1994, recounting that this extraordinary challenge was felt to require extraordinary responses. It was believed, he wrote, that reelecting Bill Clinton and Al Gore would

take cash, tons of it, and everybody from the President on down knew it. So money became a near obsession at the highest levels. We pulled out all the stops: overnights at the White House, coffees, intimate dinners at Washington hotels, you name it.”²

¹ Deposition of Terence R. McAuliffe, June 6, 1997, pp. 11-12. For further discussion of this issue, see the sections of this report on the White House's thirst for money and its control of the DNC.

² George Stephanopoulos, “The View From Inside,” *Newsweek*, March 10, 1997, p. 27.

All of these DNC events — coffees, overnights, dinners, and so forth — would be aimed at raising money.

One of the prime architects of this campaign to “pull out all the stops” was Terry McAuliffe, who met with the President on December 27, 1994, to discuss in general terms what needed to be done to prepare the Democratic Party for the 1996 election and the prevailing mood of the donors upon whose contributions the party’s efforts were to focus.³ Among other things, McAuliffe assured the President that he himself would organize the necessary fundraising and generally put “the operation together.”⁴ It became clear, even during this discussion, that the President’s own commitment of time and energy to encouraging campaign contributors would be central to the party’s fundraising effort. At the end of their meeting, the President asked McAuliffe what *he* needed to do,⁵ to which McAuliffe responded that he needed “some time with you [the President] to meet with some of the key supporters who are demoralized out there so that you can get them re-energized and ready for the ’96 election.”⁶

A few days after meeting with the President, McAuliffe sent a follow-up memorandum to Nancy Hernreich, Director of Oval Office Operations, reiterating the “projects” he had discussed with

³ Deposition of Terrence R. McAuliffe, June 6, 1997, pp. 12-14.

⁴ *Id.* at p. 14. McAuliffe told the President that “you have broad support out there in the donor community, which is what I represented as the Finance Chair of the party. I’m going to be able to put this operation together for you. The support of the people will be there for you. Don’t worry about it. I’ll handle it.” *Id.*

⁵ *Id.* at p. 16.

⁶ *Id.*

the President.⁷ The first project was to organize breakfasts, luncheons, and coffees with the President for about twenty “major supporters” at a time — to “offer these people an opportunity to discuss issues and exchange ideas with the President.”⁸ McAuliffe’s second project was to offer the very top supporters “overnights” at the White House.⁹ The third project in McAuliffe’s memorandum was to include “key supporters” in various other activities with the President, including “golf games, morning jogs, etc.”¹⁰ The key to all three of these projects was to give major donors “quality time for the President.”¹¹

Hernreich forwarded this memorandum to President Clinton,¹² asking him whether she should pursue McAuliffe’s first project with Billy Webster, Deputy Assistant to the President and Director of Scheduling and Advance, whether she should try to arrange overnights through the First Lady and

⁷ Terry McAuliffe, memorandum to Nancy Hernreich, Jan. 5, 1995 (Ex. 1). This memorandum is dated January 5, 1993, but McAuliffe recalls sending it to Hernreich shortly after his meeting with the President in late December 1994. Deposition of Terrence R. McAuliffe, June 6, 1997, pp. 113-14.

⁸ Ex. 1.

⁹ *Id.* His memorandum does not say this explicitly, merely providing a list of the DNC’s ten top supporters. Nancy Hernreich, however, apparently clearly understood the idea, because she added a handwritten note reading “overnights” to this part of McAuliffe’s memorandum. Hernreich confirmed that she wrote “overnights” on the document, but could not recall whether this had been her idea or that of the President. Nancy Hernreich deposition, June 20, 1997, p. 126. Other senior officials also understood that McAuliffe’s second project involved offering overnight visits at the White House to key supporters. A memorandum from Janice Enright to Harold Ickes enclosing a copy of McAuliffe’s memorandum, to example, lists one of McAuliffe’s three projects as “overnights for top top [sic] supporters.” Janice Enright, memorandum to Harold Ickes, Jan. 6, 1995 (Ex. 2) (discussing McAuliffe’s request to the President).

¹⁰ Ex. 1.

¹¹ Deposition of Terrence R. McAuliffe, June 6, 1997, p. 114.

¹² *See* Ex. 1 (handwritten note in upper right-hand corner).

Carolyn Huber, and whether she should “handle” (*i.e.*, include) top supporters in other activities.¹³ Hernreich also asked whether she should obtain approval for these three projects from Harold Ickes, Deputy Chief of Staff to the President.¹⁴ Meanwhile, according to McAuliffe, the White House obtained approval from its lawyers for the scheme: Hernreich’s office

scheduled the White House, whoever does what they do over there, legal counsel, whatever, you know, decided that we could do [events for donors] in the Map Room in the White House, and I was given two or three dates to bring our past supporters in to see him [the President].¹⁵

Officials apparently believed that there was nothing wrong with using the White House to cultivate campaign contributors “for the upcoming campaign.”¹⁶

As Vice President Gore himself apparently observed during a “political budget meeting” with President Clinton, the DNC could raise the amount of money it needed “ONLY IF — the President and I actually do the events, the calls, the coffees, etc.”¹⁷ For his part, the President responded to McAuliffe’s ideas with great enthusiasm, responding to Hernreich’s note with one of his own: “yes,

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Deposition of Terrence R. McAuliffe, June 6, 1997, pp. 113-114.

¹⁶ *Id.* at p. 113. For top Democratic decision-makers, the end apparently justified the means: after all, “it was a very tough time for us.” *Id.* at p. 114.

¹⁷ Albert Gore, “Points for Political Budget Meeting with President,” undated, p. 4 (Ex. 3); *see also generally* Testimony of Jerry Campana, Sept. 18, 1997, pp. 180-181. (The Vice Presidential notes were produced to the Committee in typewritten form with document production “BATES” numbers following consecutively from a memorandum to the President from Ron Klain. It is clear from their first-person voice and distinct typeface that the Vice Presidential notes are a different document.)

pursue all 3 [projects] and promptly — and get other names at 100,000 or more; 50,000 or more.”¹⁸

The President wrote that he was “[r]eady to start overnights right away — give me the top 10 list back along with the 100, 50 folks.”¹⁹ With this note, President Clinton set into motion the use of the White House to host fundraising events for the DNC.²⁰

White House Coffees

Documents released by the White House revealed that between January 11, 1995 and August 23, 1996, White House officials hosted 103 coffees.²¹ Most of these events were held in the Map Room or the Roosevelt Room at the White House itself.²² Some coffees were held in the Old Executive Office Building (“OEOB”) and others — some of the coffees hosted by the Vice President — were held at the Naval Observatory.

The White House divided these coffees into three categories:

Category	Number of Coffees	Number of Guests
DNC Supporters	60	633
Clinton/Gore '96 Supporters	11	110

¹⁸ Ex. 1. The President copied this message to Harold Ickes, Leon Panetta and Billy Webster, the Director of Scheduling.

¹⁹ *Id.*

²⁰ *See generally, e.g.*, Testimony of Jerry Campana, Sept. 18, 1997, p. 176 (recounting reasons for his conclusion that coffees were fundraising events). As even Harold Ickes acknowledged, “there was no question that these coffees were in part to facilitate fund-raising.” Testimony of Harold Ickes, Oct. 8, 1997, p. 155.

²¹ Chart of White House Political Coffees, January 11, 1995-November 5, 1996 (Ex. 4).

²² *Id.* The Roosevelt Room is directly opposite the Oval Office. In fact, as described herein, at least one of the coffees ostensibly held in the Roosevelt Room actually occurred in the Oval Office itself.

Category	Number of Coffees	Number of Guests
Political and Community Leaders	32	498
TOTAL:	103	1,241 ²³

Because some persons attended more than one DNC-sponsored coffee, the 633 people listed as having attended the 60 DNC-sponsored coffees actually numbered only 532. Checking these names against lists of campaign contributors available from the FEC reveals that 92 percent (488 out of 532) of the individuals who attended DNC-sponsored coffees at the White House contributed to the Democratic Party in 1995 or 1996. Their contributions to the DNC during the 1996 election cycle — given personally or through their businesses — in fact, totaled \$26.4 million, an average contribution of approximately \$50,000.²⁴ Moreover, many of these contributions were closely linked to the donor’s coffee attendance: almost one-third of the total, some \$7.7 million, was given to the DNC within one month of a donor’s attendance at a White House coffee.²⁵ Indeed, in keeping with the DNC’s plan to cultivate “top top” contributors,²⁶ at least 12 individuals contributed at least \$100,000 on or around the dates of the coffees they attended: Miguell Lausell, David Bonderman, Robert Rubin, Derald

²³ This number does not include White House or DNC employees who attended the coffees.

²⁴ Testimony of Jerry Campana, Sept. 18, 1997, pp. 185-86.

²⁵ *See generally* Testimony of Jerry Campana, Sept. 18, 1997, p. 185.

²⁶ Ex. 2.

Ruttenberg, Richard Lawrence, Paul Cejas, Peter Mathias, Robert Menschel, Samuel Rothberg, Barrie Wigmore, Lewis Manilow, Pauline Kanchanalak, and Melvyn Weiss.²⁷

As compared to other fund-raising tools, coffees were a highly effective way for the DNC to raise money. The DNC's direct mail solicitations during this period were customarily burdened by overhead costs of 42 percent,²⁸ with the effect that only 58 cents out of each dollar solicited actually found its way into party coffers. By contrast, however, White House coffees required only minimal DNC expenditures, ensuring that almost all of the funds solicited in connection with such coffees could be pumped into campaigning against the Republicans. A memorandum Harold Ickes wrote to the President and Vice President, for example, did not even bother to list the DNC's expenses for White House coffees, describing such expenses as "not applicable."²⁹ Every cent of every dollar raised by the DNC through the White House coffees, therefore, was treated as income.³⁰

A number of White House and DNC documents underline the importance of the coffees as fundraising events. An e-mail message sent by Jennifer O'Connor, Special Assistant to the President, to Karen Hancox at the White House's Office of Political Affairs, for example, made clear that White

²⁷ Testimony of Jerry Campana, Sept. 18, 1997, p. 190; *see also* Chart of individual contributors of \$100,000 or more to the DNC within one month of attending a coffee (Ex. 5).

²⁸ Testimony of Jerry Campana, Sept. 18, 1997, pp. 186-87.

²⁹ Harold Ickes, memorandum to the President and Vice President, Feb. 9, 1996 (attachment to Todd Stern & Phil Caplan, Memorandum for the President, Feb. 16, 1996), p. 6 (Ex. 6) (discussing DNC major donor fund-raising events and requests); Testimony of Jerry Campana, Sept. 18, 1997, p. 187. There must have been *some* minimal expenses associated with the coffees for the cost of the coffee and pastries served. *See* John O. Sutton, memorandum to Tracy B. LaBrecque, Jan. 23, 1995 (Ex. 7) (noting that "[p]er Harold [Ickes], the DNC will pay for the coffees"). It is equally clear, however, that the party regarded these costs as negligible.

³⁰ Testimony of Jerry Campana, Sept. 18, 1997, p. 187.

House officials considered the coffees “money tool[s]” from which party funds could be raised even if no formal admission fee were charged.³¹ Ironically, White House officials believed that not explicitly charging an admission fee was the way “they could make the most money” from the coffees.³² The bottom line, however, was simple: according to DNC Finance Director Richard Sullivan, for guests invited to DNC-sponsored White House coffees, “[w]e want[ed] potential donors.”³³

Although White House and DNC officials later resisted using the term “fundraiser” to characterize the coffees through which they had tried to raise political contributions in the White House,³⁴ Ickes described them at the time — and in messages sent to and read by the President — as “political/fundraising coffees.”³⁵ Memoranda from Ickes to both the President and the Vice President also detailed the amounts raised by the White House coffees, comparing these sums to contributions

³¹ Jennifer O’Connor, e-mail to Karen Hancox, May 10, 1995 (Ex. 8) (discussing event in New York and describing it as being “[l]ike the President’s coffees”); *see also* Testimony of Jerry Campana, Sept. 18, 1997, p. 180.

³² Ex. 8.

³³ Deposition of Richard L. Sullivan, June 4, 1997, p. 128.

³⁴ *See, e.g.*, Ickes testimony, pp. 154-55.

³⁵ Harold Ickes, Memorandum to the President, May 14, 1996 (Ex. 9) (using term three times). There is no question that the President actually read this document. The stamp at the top of the document indicates that the President saw it on May 15, 1996, and the President’s name on the first page is checked with his unusual left-handed check mark. The President also made a notation on this memorandum stating that he wished to discuss it “once more” with Harold Ickes. *Id.*

It is also apparent that many of the contributors involved with White House coffees understood their intent. The “memo” portion of a check collected from Ernest Green on the morning before a White House coffee attended by his sometime business partner Charlie Trie and their would-be client Wang Jun, for example, was annotated “Fundraiser.” Phyllis Green & Ernest Green check #5072 for \$50,000 to the DNC on February 6, 1996 (Ex. 10) (with accompanying DNC Finance Executive Summary indicating collection of \$50,000 in connection with “POTUS COFFEE 2/6/96”).

obtained through other DNC fundraising events.³⁶ In the first half of 1995, for example, the coffees raised \$1 million for the DNC.³⁷ Indeed, Ickes tracked the progress of the DNC's coffee fundraising on a coffee-by-coffee basis. Thus, for example, did his bi-weekly reports to the President and the Vice President list three Presidential coffees in December 1995 that raised \$400,000 each,³⁸ and a coffee in January 1996 that raised \$500,000.³⁹ For two coffees in June 1995 that between them raised \$1 million, moreover, Karen Hancox, Deputy Assistant to the President for Political Affairs, wrote to inform Ickes of "the coffee attendees (with POTUS) + amts. raised."⁴⁰ Lest there be any doubt on this point, a 1995 list of "DNC Fundraising Events" contained an entry for "Coffees" — noting that during the period in question they had already raised \$1,000,000.⁴¹

DNC briefing materials prepared for the President underscore the obvious fact that certain White House coffees were designed to be fundraising events and functioned as such. A DNC briefing paper entitled "Democratic National Committee Budget/Fundraising Presentation to the President on 6 June 1996," for example, contains, among other things, detailed information tracking various

³⁶ Harold Ickes, Memorandum to the President and Vice President, June 28, 1995 (Ex. 11).

³⁷ *Id.* This memorandum has also been stamped that the President saw the document, it is marked with the President's left-handed check mark and contains a notation from the President to Ickes.

³⁸ Harold Ickes, Memorandum to the President and Vice President, Jan. 2, 1996, p. 4 (Ex. 12) (discussing bi-weekly DNC report dated December 22, 1995).

³⁹ Harold Ickes, Memorandum to the President and Vice President, Jan. 29, 1996, p. 11 (Ex. 13) (discussing bi-weekly DNC report dated January 19, 1996).

⁴⁰ Handwritten note and list of attendees from coffees on June 7 and June 21, 1995 (Ex. 14). The coffee on June 7 raised \$400,000, while the one on June 21 raised \$600,000. *Id.*

⁴¹ List of DNC fund-raising events dated June 25, 1995 (Ex. 15).

Presidential fundraising events, including White House coffees. Entries for individual events feature notations indicating:

- (a) the total projected amount to be raised;
- (b) how much of that amount had been collected as of the time of the report's compilation;
- (c) the status of the DNC's cash flow into federal ("hard money") and non-federal ("soft money") accounts;
- (d) the proposed fund-raising schedule for the President and Vice President; and
- (e) estimates of the DNC's ability to meet its fund-raising goals.⁴²

Also attached to the June 6 Presidential Briefing are monthly schedules containing information concerning specific events, including projected fundraising totals — *i.e.*, projected federal contributions, corporate contributions, non-federal individual contributions. Also appearing in these materials are lists of contributions "in hand," totals of federal contributions received, and both the projected and the actual costs of particular events.⁴³

The June 6 Presidential Briefing schedules contain entries for 22 fundraising coffees and nine "servicing" coffees. Each of these fundraising coffees had projected revenues of \$400,000, while the "servicing" coffees had no projected revenue.⁴⁴ As indicated by these figures, the DNC drew a distinction between fundraising coffees (from which contributions were anticipated) and coffees at

⁴² See June 6 Presidential Briefing (Ex. 16).

⁴³ *Id.*

⁴⁴ *Id.*

which no money would be raised. For those coffees designed to raise money for the DNC, the figures provided in the briefing were so specific that they identified the portion of each fundraising coffee's projected revenue that would be apportioned to federal dollars (*i.e.*, "hard money" that would be available to Clinton/Gore '96 rather than simply to the DNC).⁴⁵

In portions dealing with events that had already occurred, moreover, the June 6 Presidential Briefing and other DNC memoranda also summarize contributions the DNC had received as a result of other White House coffees. A May 17, 1996 White House coffee, for example, had a projected revenue of \$400,000 — of which \$300,000 was described as already being "in hand."⁴⁶ In a separate DNC memorandum listing 1996 fundraising events, a White House coffee on February 22, 1996 was described as having had a projected revenue of \$400,000, with \$340,000 "raised to date" — while seven other Presidential coffees ("POTUS coffees") were listed as having each raised all of their projected revenue totals of \$400,000.⁴⁷

These documents make quite clear that while not all coffees were fundraisers, many coffees were designed specifically for that purpose. Such unequivocal accounts of "projected revenue" and the specific bank accounts into which money was to flow, for example, make irrelevant DNC and White House officials' reluctance today to employ particular terms or phrases. Despite these internal documents' clear focus upon coffee fundraising, DNC officials nonetheless went to some lengths to preserve the public fiction that the coffees were not fundraisers. Video footage shot by the White

⁴⁵ *Id.*

⁴⁶ *Id.* at p. 27

⁴⁷ *See* DNC 1996 events memorandum (Ex. 17).

House Communications Agency (WHCA) of a December 13, 1995 coffee at the White House, for example, captured a DNC donor offering Donald Fowler five contribution checks. Fowler refused to accept this money on the spot, but told the donor that “[a]s soon as this thing is over, I’ll call you . . . We’ll get it done.”⁴⁸ Donors would have to give him their checks for the coffee *outside* the White House, in other words, in order to permit the Democratic Party to continue to pretend that the coffees were not “fundraisers.” This pretense, however, cannot survive the revelation of DNC internal documents detailing the party’s organization and tracking of White House coffees under that very name and for that very purpose. Whatever their organizers might prefer to call them, many White House coffees were obviously “fundraisers” in the most elementary sense of the word.

Overnights

As with the coffees, the opportunity to spend a night at the White House was an important means by which the DNC raised funds from major contributors.⁴⁹ White House records indicate that between 1993 and 1996, at least 938 individuals were overnight guests at the White House.

White House officials divided these guests into the following seven categories:

Category	Number of Guests
Arkansas Friends	370
Longtime Friends	155
Friends and Supporters	111
Public Officials and Dignitaries	128
Arts & Letters	67

⁴⁸ White House Communications Agency videotape, Dec. 13, 1995 (footage of White House coffee).

⁴⁹ Testimony of Jerry Campene, Sept. 18, 1997, p. 190.

Category	Number of Guests
Family	35
Chelsea's Friends	72
TOTAL:	938

Some 760 of these guests fell into the categories of “family,” “Arkansas friends,” “longtime friends,” Chelsea Clinton’s friends, and “public officials and dignitaries,” making them seem unlikely targets for the DNC’s “overnights” project.⁵⁰ The remaining 178 individuals — from 114 different families — contributed a total of more than \$5 million to the DNC, either personally or through their businesses, during the 1996 election cycle.⁵¹ This amounts to an average contribution per family of over \$44,000.⁵²

Because the White House refused to provide a complete accounting of the dates of each guest’s stay at the Executive Mansion, it has not been possible to analyze the nexus between overnight attendance and the date of individual contributions.⁵³ The limited data the White House has seen fit to make available to the Committee, however, is highly suggestive: of 51 “long time friends” listed in

⁵⁰ This is not to suggest, however, that none of these 760 persons made contributions to the DNC. In fact, a number did. *See* Testimony of Jerry Campane, Sept. 18, 1997, pp. 190-91.

⁵¹ *Id.* at p. 191.

⁵² *Id.*

⁵³ The Committee asked for this information in mid-August 1997. The White House agreed in late November 1997 to produce only the names and dates of individuals who contributed at least \$5,000 to the DNC during the 1996 election cycle. As of the time of writing, the White House still has not produced this information.

one document as having attended a White House overnight,⁵⁴ fully 49 — that is, some 96 percent — contributed a total of \$4,077,459 to the DNC during the 1996 election cycle.⁵⁵ The only two individuals on this list who did not personally contribute were Terry McAuliffe himself and one other individual, a relative of John E. Connelly, whose company contributed \$220,000 to the DNC in 1996.⁵⁶ FEC records also show that 47 percent of these 51 guests contributed, personally or through their businesses, a total of \$882,840.00 to the DNC within one month of their stay at the White House.⁵⁷ Moreover, if these 51 individuals are separated into their 38 different families, FEC records reveal that 97 percent of these families contributed to the DNC during the 1996 election cycle — for an average contribution of over \$107,000 per family — with more than half of them giving a total of nearly \$900,000 within one month of their stay at the White House.⁵⁸

The existence of this list of 51 overnight guests makes clear that although not everyone who stayed at the White House did so because they had made a donation to the Democratic Party, White House and DNC officials kept separate records of overnight attendees from whom they had or intended to solicit campaign contributions. A certain proportion of the overnight stays, therefore, were obviously intended to be — and functioned as — DNC fundraisers.

⁵⁴ As noted, these persons came from the White House's list of "longtime friends." Their contributions, therefore, are not included in the total given for the 178 individuals discussed above. See Testimony of Jerry Campana, Sept. 18, 1997, p. 192; List of some overnight guests with their dates of stay, released by the White House (Ex. 18).

⁵⁵ *Id.*; see also Chart of White House overnights as fund-raising tools (Ex. 19).

⁵⁶ Testimony of Jerry Campana, Sept. 18, 1997, p. 193.

⁵⁷ *Id.*; see also Ex. 19.

⁵⁸ Testimony of Jerry Campana, Sept. 18, 1997, pp. 193-94.

Other Events

In addition to the coffees and overnights undertaken by DNC and White House officials with the explicit approval of the President,⁵⁹ the DNC and White House organized a number of other activities in order to reach the DNC's fundraising goals. In a memorandum written in May 1994, in fact, DNC Deputy Chief of Staff Martha Phipps listed no fewer than 19 different activities that she said the DNC wished to coordinate with the White House in order to meet its fundraising targets.⁶⁰ These activities included a remarkable range of benefits or services that could be offered to campaign contributors:

- seats on Air Force One and Air Force Two;
- permission to play on White House tennis courts;
- seats at private White House dinners;
- admission to Rose Garden ceremonies and official White House visits;
- invitations to join official delegations traveling abroad;
- appointments to boards and commissions;
- meal privileges at the White House Mess;
- visits to and overnight stays in the White House residence;
- "guaranteed" tickets to events at the Kennedy Center;
- seats at the President's weekly radio addresses
- photo opportunities with the President, Vice President, First Lady and Mrs. Gore;
- seats at the Presidential lunches with corporate CEOs;
- "phone time from the Vice President;"
- seats at White House screenings of popular films;
- monthly lunches with the First Lady or with White House officials such as Mack McLarty or Ira Magaziner;
- use of the President's box at two local theaters; and

⁵⁹ See Ex. 1 (with accompanying note by President Clinton urging officials to "pursue all 3 [projects] and promptly").

⁶⁰ Martha Phipps, Memorandum to Ann Cahill, May 5, 1994 (Ex. 20) (discussing White House activities).

- meetings with Vice President Gore.⁶¹

According to Ari Swiller, director of the DNC's Trustee Program, at least some of these activities were indeed offered to contributors by the DNC, including the provision of tickets to the Kennedy Center and visits to the White House residence and overnight stays.⁶²

Two particular White House coffees stand out as illustrations of this aspect of the DNC's fundraising scheme: the events organized on May 1 and June 18, 1996. These two coffees will be examined in more detail in the following pages.

The May 1, 1996 Coffee

On May 1, 1996, five men attended a DNC coffee in the Oval Office with President Clinton. Each of these five — Barrie Wigmore, Lewis Manilow, Peter Mathias, Robert Menschel, and Samuel Rothberg — agreed to give \$100,000 to the DNC just before the White House coffee. Their checks were collected just after they visited the White House,⁶³ and the DNC recorded their \$100,000

⁶¹ *Id.*

⁶² Deposition of Jacob Aryeh Swiller, May 6, 1997, p. 55-56. Swiller also referred to a similar list of activities recounted in another list compiled in 1994. *See also* Memorandum to Martha Phipps, April 25, 1994 (Ex. 21). He also recalled that the DNC had received an allotment of tickets for White House tours and routinely submitted names to the White House for overnight stays. Swiller deposition, p. 63.

⁶³ Memorandum of Interview of Barrie Wigmore, Oct. 28, 1997, p. 5.

contributions one week after the coffee occurred.⁶⁴ This May 1 event is the first instance documented in which the President used the Oval Office for one of the DNC’s “money coffees.”

According to participants in this coffee interviewed by the Committee, these DNC donations originated with the decision — apparently in early or mid-April 1996 — of Barrie Wigmore, an investment banker with Goldman, Sachs in New York City, to contribute \$100,000 to the Democratic Party. A longtime supporter of President Clinton, Wigmore said he had made this decision because he had been upset by the Republican primary campaigns of 1995 and 1996. He claimed that he had picked the \$100,000 figure because it was a satisfyingly large and “round” sum. Wigmore said this figure had no further significance, and that no one had suggested that he make a donation of that size.⁶⁵

Having himself made this decision to donate, Wigmore recalled, he told his friend Robert Menschel — also at Goldman, Sachs — about his idea, and asked whether Menschel might be interested in making a similar commitment. After thinking about this proposal overnight, Menschel

⁶⁴ See, e.g., FECInfo database printout of individual contributor data for Peter Mathias (Ex. 22) (indicating \$100,000 contribution to DNC on May 8, 1996); FECInfo database printout of individual contributor data for Samuel Rothberg (Ex. 23) (same); FECInfo database printout of individual contributor data for Barrie Wigmore (Ex. 24) (same); FECInfo database printout of individual contributor data for Robert Menschel (Ex. 25) (same).

Manilow does not appear in DNC records as a donor, but he told the Committee that he made \$100,000 in contributions, which were paid in installments charged to his credit card in order to help him accumulate “frequent flier” mileage. Memorandum of Interview of Lewis Manilow, Oct. 16, 1997, pp. 2-3 (recounting paying via credit card); Wigmore interview, p. 5 (recounting Manilow’s receipt of “frequent flier” miles for credit card donation). FEC records show Manilow as having made \$24,000 in contributions to various Democratic causes after the date of the coffee; the remaining \$76,000 of his commitment to Wigmore may have ended up in the coffers of state Democratic parties. Cf. FECInfo database printout of individual contributor data for Lewis Manilow (Ex. 26) (showing contributions during 1995-96 election cycle). All in all, Manilow had contributed \$145,000 to Democrats in the last three election cycles. See Testimony of Jerry Campane, Sept. 18, 1997, pp. 187-88.

⁶⁵ Wigmore interview, p. 1.

agreed that he, too, would give \$100,000.⁶⁶ Menschel had not previously been a major political contributor: his largest past contribution was no more than “a couple thousand.”⁶⁷ Over the next few days, Wigmore persuaded the other three men to commit to identical \$100,000 contributions.⁶⁸ After the group had attended the Oval Office coffee, Wigmore collected their checks⁶⁹ — some of which had been written beforehand⁷⁰ — and passed them along to the DNC.⁷¹

It is clear that the prospect of a White House visit played some role in inducing the members of this group to commit to a total of \$500,000 in contributions to the DNC. Although one participant, Menschel, claimed that he would have made his \$100,000 donation whether or not he had been invited to the White House,⁷² the prospect of a visit does seem to have affected the nature and timing of at least one of his colleagues’ pledges. According to Lewis Manilow, Wigmore told him that if Manilow were going to make a large contribution anyway, “a nice way to do it” would be to do so as part of

⁶⁶ Wigmore interview, p. 1; Memorandum of Interview of Robert Menschel, Oct. 17, 1997, pp. 1-2.

⁶⁷ Menschel interview, p. 1. Indeed, gifts of this size appear to have been unprecedented for most of these men. *See, e.g.*, FECInfo database printouts of individual contributor data in 1993-94 for Robert Menschel, Lewis Manilow, Barrie Wigmore, Peter Mathias, & Samuel Rothberg (Ex. 27). Manilow told the Committee, however, that he had given \$100,000 during the 1987-88 election cycle. Manilow interview, p. 3.

⁶⁸ Wigmore interview, p. 2.

⁶⁹ As noted above, however, Lewis Manilow made his donations by means of a credit card. *See supra* note 64.

⁷⁰ *See, e.g., infra* note 75.

⁷¹ *See, e.g.*, Wigmore interview, p. 5.

⁷² Menschel interview, p. 2.

Wigmore's group, so that he could visit the President.⁷³ Having been thus told, in effect, that his donation would buy him a Presidential audience, Manilow agreed. Making clear that he understood this connection, Manilow later compared the May 1 visit to his attendance at a previous "event like a coffee" by noting that for the earlier trip, "[t]here was not money at that point, that was not a money coffee."⁷⁴ (It is also instructive that while some of the checks were written before the coffee,⁷⁵ Wigmore himself, the principal organizer of this delegation, refrained from writing his own \$100,000 check — and from collecting those written by his colleagues — until the day after the White House visit had actually occurred.⁷⁶)

The members of Wigmore's group seem to have very much desired a Presidential visit, and to have expected that, after agreeing to make such significant contributions, they should be able to meet personally with President Clinton to convey their messages of support. In discussing the contribution plan with Manilow, Wigmore recalled, the two men decided that they did indeed want to meet with President Clinton in order to "tell the President how [they] feel, [and] what an important job he's doing." Accordingly, after securing these donation commitments from his friends, Wigmore promptly called his old friend Thomas F. ("Mack") McLarty at the White House in order to "see if we can do this." McLarty, in turn, put Wigmore in contact with Ann Braziel at the DNC. According to

⁷³ Manilow interview, p. 1. As to the existence of a causal connection between donation and invitation, Manilow said only that "you can draw your [own] conclusions." *Id.*

⁷⁴ *Id.* at p. 3.

⁷⁵ *See, e.g.*, Robert Menschel check #1296 for \$100,000 to DNC on April 22, 1996 (Ex. 28).

⁷⁶ *See* Barrie Wigmore check #4250 for \$100,000 to DNC on May 2, 1996 (Ex. 29); Wigmore interview, p. 5 (recounting collecting checks from other participants after coffee).

Wigmore, he told Braziel that he and his friends supported the President and would like to meet him. “We all feel the same way,” he recalls telling her, “and [we] would like to tell the President” in person. Braziel told him that “we’ll see what we can do.”⁷⁷

The evidence suggests that but for their contribution commitments, the Wigmore group would not have been invited to the White House on May 1, 1996. In Wigmore’s conversation with Braziel, he told her that his colleagues would be giving money to the DNC. Soon after their conversation, Braziel called Wigmore back to suggest a date on which his group could visit the White House. After a series of discussions, they settled upon May 1 as the date for the event.⁷⁸

Although Wigmore claimed not to recall whether he told Braziel the specific size of their donations,⁷⁹ he apparently did so. The DNC, the White House staff, and President Clinton himself — as they planned the Wigmore coffee — were all soon well aware that these five men had each agreed to become \$100,000 donors.⁸⁰ This appears to have been precisely what was needed: while many Americans may have wished to tell President Clinton their views, few had \$100,000 each to offer the DNC for this privilege.

⁷⁷ Wigmore interview, p. 2.

⁷⁸ *Id.* at p. 2.

⁷⁹ *Id.*

⁸⁰ On a document written by Sullivan on April 29, 1996 and personally reviewed by President Clinton on the day of the coffee, for example, White House aide Phil Caplan wrote: “MR PRESIDENT: Per Doug [Sosnik], the five attendees of this coffee are \$100,000 contributors to the DNC.” Richard Sullivan, memorandum on May 1, 1996 coffee, April 29, 1996 (Ex. 30) (memorandum marked “THE PRESIDENT HAS SEEN 5/1/96”).

Despite the fact that this DNC coffee was originally planned to take place in the Roosevelt Room,⁸¹ it actually occurred in the Oval Office itself, with the President taking time to meet with Wigmore’s five \$100,000 donors between meetings with Palestinian leader Yasser Arafat and the Rev. Billy Graham.⁸² The use of the Oval Office for this DNC function was not revealed to the Committee until the production — after repeated requests for such records — of a videotape of a portion of this event taken by the White House Communications Agency.⁸³ This tape clearly shows the delegation being taken into the Oval Office for coffee.⁸⁴ This belatedly-released videotape thus makes the May 1 coffee the first documented instance in which the Oval Office was used for a fundraising event.

As noted above, President Clinton had been made aware of the group’s \$100,000 commitments prior to this Oval Office meeting.⁸⁵ In case he had forgotten their generosity to the DNC, however, one of the five, Samuel Rothberg, actually brought up the subject of fundraising in the Oval Office over coffee and pastries with President Clinton — telling the President that his speech at the funeral of Israeli Prime Minister Rabin had moved him to make his DNC contribution.⁸⁶

⁸¹ “Schedule of the President for Wednesday, May 1, 1996, Revised Final”, p. 3 (Ex. 31) (listing Roosevelt Room location).

⁸² Wigmore interview, pp. 4-5 (discussing Arafat and Graham); Menschel interview, p. 3 (recounting Graham meeting).

⁸³ For discussion of the White House’s delay in producing videotapes to the Committee, see the section of this report on delays in White House document production.

⁸⁴ White House Communications Agency videotape, May 1, 1996.

⁸⁵ *See supra* text accompanying note 80.

⁸⁶ Wigmore interview, p. 4. DNC Chairman Donald Fowler and Finance Chairman Marvin Rosen were also present during this meeting, although they apparently did not contribute to the discussion. *See id.* at p. 5; Manilow interview, p. 2; Menschel interview, p. 3.

Interestingly, the DNC appeared to have been sufficiently impressed with Barrie Wigmore's ability to raise huge sums for the Democratic Party from his wealthy friends that it invited him to become involved in arranging more meetings with the President for "key people," as part of what Democratic campaign official Alan Patrikoff termed a "fundraising methodology" involving DNC breakfasts, coffees, dinners, and other events. At some point during the period just before the May 1 coffee, Wigmore received a telephone call from Patrikoff, who tried to persuade Wigmore to help the DNC arrange further Presidential meetings as a way of raising money from wealthy donors. Wigmore, however, was not interested in such work; after pledging \$100,000, he felt he had contributed more than his share to the DNC already.⁸⁷

Wigmore's call from Patrikoff underscores the understanding Wigmore must have had — and the White House and the DNC clearly had — that the May 1, 1996 coffee with President Clinton was a DNC fundraising tool. Having already been informed by Patrikoff that DNC "coffees" were part of the party's "fundraising methodology" as a way of enticing contributions from "key people," Wigmore recalls having been upset when Ann Braziel subsequently referred to the upcoming May 1 event as a "coffee." Wigmore claims to have bristled at this terminology; he "thought the concept of a coffee was repugnant" and preferred to think of his group as "all serious players wanting to discuss the [Clinton Administration's] second term."⁸⁸ Nevertheless, it is telling that the word "coffee" was used both by

⁸⁷ Wigmore interview, p. 3. Wigmore described Patrikoff as a friend of his who was a venture capitalist and prominent Clinton fundraiser, as well as the chair of the Democratic Leadership Council (DLC). *Id.*

⁸⁸ *Id.*

Brazier and in DNC and White House documents relating to the May 1 event.⁸⁹ Ultimately, Wigmore had understood Brazier's "repugnant" usage correctly: he and friends were precisely the sort of "key people" from whom the DNC's "coffee" system had been designed to elicit campaign contributions. In Lewis Manilow's words, therefore, the May 1, 1996 event in the Oval Office was indeed a "money coffee."⁹⁰

The June 18, 1996 Coffee

The June 18th coffee illustrates not only the fundraising character of the White House coffees, but the extraordinary degree of control that an individual fundraiser could exert over the DNC decision-making process and over the personal schedule of the President himself. In pursuit of substantial campaign contributions, DNC Managing Trustee Pauline Kanchanalak and DNC Finance Vice Chairman John Huang prevailed over Sullivan's objections, and organized a DNC-sponsored White House coffee at which the President met with three foreign nationals for over one hour. The DNC and the White House permitted this coffee to go forward even though they knew that foreign nationals could not legally contribute to the DNC and that, given the presence of such individuals at the coffee, the coffee could not be cast as a "community outreach" event. In short, the June 18th coffee was a fundraiser held in the White House at which the President took time to hear the views of Kanchanalak's foreign clients in return for substantial contributions from Kanchanalak or her associates.

⁸⁹ See, e.g., Ex. 31 (listing "coffee" on May 1, 1996 with Doug Sosnik at DNC staff contact); Ex. 30 (discussing "coffee with supporters of the Democratic National Committee" on May 1, 1996). Sullivan's memorandum, in fact, described Wigmore's group by noting that they were "[a]ll . . . new supporters of the DNC." *Id.*

⁹⁰ Manilow interview, p. 3.

The June 18, 1996 White House coffee also raises other serious questions, including:

- Why did the President spend over an hour with three DNC contributors and a group of foreign nationals without the knowledge of the NSC and over the objections of DNC executives?
- Why did the coffee occur despite the strong concerns expressed by the DNC's Finance Chairman that Kanchanalak might be using the event for an improper purpose?
- Why were foreign nationals the only persons originally scheduled to attend the coffee if this event were really a "community outreach" or "donor servicing event"?
- Did the President and/or the DNC believe that they would receive contributions from foreign nationals?

An analysis of this coffee demonstrates the following: (a) individual DNC fund-raisers exercised an enormous degree of control over the DNC, the White House, and the President's schedule; (b) the DNC's and the White House's claim that the coffee was merely a "donor servicing" or "community outreach" event is false because, as it was originally planned, no U.S. citizens were invited; (c) John Huang made an explicit solicitation for financial "support" at the coffee; (d) the coffee was a fundraiser in connection with which Huang was given credit for raising over \$180,000 in contributions from Kanchanalak and her sister-in-law, Duangnet ("Georgie") Kronenberg; *and* (e) the actions after the coffee of Kanchanalak and her company, Ban Chang International (USA) Inc. (BCI), suggest that evidence regarding the coffee has either been withheld from the Committee or destroyed.

As so often during this investigation, the Committee has been hampered in its ability to learn all the relevant facts concerning this coffee. Huang and Kronenberg have asserted their Fifth Amendment right against self-incrimination in response to the Committee's inquiries, and Kanchanalak

fled the United States and has remained in Thailand since approximately December 1996. The following pages recount what information is available about this event.

Pauline Kanchanalak

Born in Thailand in 1950, Pauline (Pornpimol) Kanchanalak, a Thai citizen and a legal U.S. resident, graduated from Stanford University in 1983 and first worked for the press section of the Thai Embassy. After leaving the Embassy, Kanchanalak worked in Washington for the Bangkok Post while both she and her husband, Chupong (“Jeb”) Kanchanalak, sought private clients for their new lobbying business. Kanchanalak applied for a position as a Washington lobbyist for the government of Thailand, but was rejected because Thai officials did not believe she had the proper connections. Kanchanalak subsequently became a lobbyist for Ban Chan Group, a Thai property development company, and President of Ban Chang International (USA) Inc., a Washington, D.C. based consulting firm.⁹¹

An early example of Kanchanalak’s attempts to use her political influence is the Blockbuster deal before the Ex-Im Bank. In 1996, Maria Haley,⁹² a director at the Ex-Im Bank, reportedly tried to push through an unusual \$6.5 million financing deal sought by the Sun Tech Group.⁹³ A Sun Tech

⁹¹ For additional information on Kanchanalak’s background, *see* Raymond Bonner and Stephen Labaton, “An Inquiry Clouds a Lobbyist’s Success Story,” *New York Times*, February 9, 1997, p. 26.

⁹² Haley, a former Arkansas resident with strong political ties to the President dating back to 1979, assisted then-Governor Clinton with trade missions to Asia. In 1992, she became the President’s trade advisor (pushing for Arkansas to enter Asian markets). In 1993, Haley was Deputy White House Personnel Director under Bruce Lindsey. Haley is credited with assisting the placement of Huang at the Department of Commerce. In 1994, the President appointed Haley as a Director of the Export-Import Bank.

⁹³ The Sun Tech Group is a Thai conglomerate controlled by Sawasdi Horrungruang (President of Hemaraj Land & Development Public Co., Ltd. and a member of the United States-Thailand Business Council), a wealthy Thai businessman who approached the Ex-Im Bank in late 1995.

subsidiary agreed to pay \$7.7 million to the Blockbuster video rental company for the rights to operate more than 100 stores in Thailand that would be financed by Sun Trust Credit, the Little Rock unit of a large Florida banking chain. In an effort to obtain financing from the Ex-Im Bank for the franchise of Blockbuster video stores in Bangkok, Kanchanalak reportedly called Haley on June 25, 1996, met with her on July 16, 1996, and again called her on August 13 and 14, 1996. Allegedly, Huang also intervened on Kanchanalak's behalf regarding the status of the Ex-Im Bank's decision to provide financing for Sun Tech. Ex-Im Bank records show that Huang called Haley on June 18, 1996 (the date of the White House coffee and Kanchanalak's \$85,000 contribution to the DNC). In August 1996, Haley was the host of a crucial meeting in her office attended by Ex-Im officials and Kanchanalak. Eventually, Haley won support from one of the two groups of Ex-Im Bank officials required for approval, but the Blockbuster deal collapsed amid unresolved questions about the franchise's operations.⁹⁴

In 1994, in a second example of the questionable uses to which Kanchanalak put her political influence, at the request of Thai government, she helped form the United States-Thailand Business Council ("USTBC"). On September 30, 1994, telephone records indicate that Kanchanalak telephoned John Huang at the Department of Commerce.⁹⁵ On that same day, Huang wrote a memorandum urging David Rothkopf,⁹⁶ Assistant Undersecretary at the Commerce Department, to support the USTBC and

⁹⁴ See generally Christopher Drew and Jeff Gerth, "Appointee of Clinton Pushed Deal Sought by a Big Donor," *New York Times*, January 23, 1997, p. 1.

⁹⁵ See September 30, 1994 telephone message slips for Huang (Ex. 32).

⁹⁶ Rothkopf and Jeffery Garten, another Commerce official, met with a group of Indonesian businessmen at the home of James Riady during President Clinton's trade summit trip to Jakarta in October 1994.

to persuade the President to attend the inaugural ceremony.⁹⁷ In early October 1994, furthermore, Kanchanalak apparently attended meetings at both the White House and the Department of Commerce, presumably in an attempt to win Clinton Administration support for the USTBC. Probably not by coincidence, within days of these meetings, she contributed \$32,500 to the DNC.⁹⁸ Although the USTBC never received the grant it wanted, on October 6, 1994, both the President and the Prime Minister of Thailand (Chuan Leek Pai) attended the USTBC's inaugural ceremony.

As with so many other DNC contributors during this period, Kanchanalak's political contributions apparently provided her almost unquestioned access to the White House. Kanchanalak was invited to the White House approximately thirty-three times between January 1993 and November 1996.⁹⁹ As a DNC Managing Trustee, in fact, she received assistance from DNC and White House officials in obtaining special access to the White House and arranging meetings with other influential individuals. A few examples of such access include: (1) membership in an October 1995 official Thailand government delegation that met with Commerce Secretary Ron Brown, in which Kanchanalak was listed as an advisor to then-Deputy Prime Minister Dr. Amnuay Viravan;¹⁰⁰ (2) special White

⁹⁷ See John Huang, Memorandum to David Rothkopf, Sept. 30, 1994 (Ex. 33). Huang also used his Arkansas background to urge administration officials to approve projects in which he was involved. For example, in Rothkopf's September 30, 1994 memorandum, Huang wrote that "[t]here are quite a few members in this proposed Council from Arkansas. They may want to utilize their contacts to get this matter squared away directly from the top even if they offend Sandy and NSC." *Id.*

⁹⁸ See FECInfo database printouts of individual contributor data for Pauline Kanchanalak (Ex. 34).

⁹⁹ See Secret Service WAVES records for Kanchanalak (Ex. 35). Kanchanalak's WAVES records indicate that she was admitted into the White House complex under the names Pauline Kanchanalak and Pornpimol Parichattkul. *Id.*

¹⁰⁰ Memorandum for the Office of Security from Jean Kelly, Thailand Desk Officer for the Department of Commerce, Oct. 18, 1995 (Ex. 36)

House access for business associates and friends (i.e., private White House tours);¹⁰¹ and (3) three scheduled meetings with Sandra J. Kristoff, a top Asia expert for then National Security Advisor Anthony Lake.¹⁰²

Providing this access, however, was not simply an act of charity. In the early 1990s, Kanchanalak had become a significant DNC fund-raiser, consistently holding the title of a DNC Managing Trustee on account of her success in these endeavors. Kanchanalak also served as a co-chair of the DNC's Women's Leadership Forum and was actively engaged with the DNC's Finance Board of Directors. As a result of this status in the DNC, she was invited to and attended numerous White House events (both official and political) and DNC fundraisers.

Nevertheless, Kanchanalak's status as a significant DNC fundraiser was built upon shaky foundations. The DNC was forced to return approximately a quarter of a million dollars in improper campaign contributions which she helped arrange. These contributions, totaling \$253,500, were made under the name P. Kanchanalak — and she was duly given credit for them — but were returned when it was discovered that the money actually came from her mother-in-law, Praitun Kanchanalak.¹⁰³ The

¹⁰¹ See Ex. 37 (compilation of certain Kanchanalak requests for private and special White House tours).

¹⁰² These visits also forced a delay in the consideration of Anthony Lake's nomination to be Director of the Central Intelligence Agency, which Lake later asked be withdrawn. See e.g. John Diamond, "Campaign financing issues cause new delay in Lake confirmation," *Associated Press*, February 12, 1997.

¹⁰³ See Flow chart contribution money trail credited to Kanchanalak and those of her sister-in-law, Duangnet ("Georgie") Kronenberg (Ex. 38).

DNC also returned a contribution by Ban Chang International after it was discovered that this company was the U.S. representative of a foreign corporation.¹⁰⁴

Moreover, the contributions credited to Kanchanalak may have been illegal because they originated from a foreign source. As detailed in Exhibit 38, the source of the funds used in Kanchanalak's and Kronenberg's DNC contributions was her husband, Chupong Kanchanalak. In early June 1996, less than two weeks before Pauline Kanchanalak's coffee at the White House, Chupong Kanchanalak sent \$200,000 in wire transfers from a bank in Bangkok, Thailand, into the U.S. bank accounts of Praitun Kanchanalak and Duangnet Kronenberg. Shortly thereafter, he transferred an additional \$275,510 from Thailand into the bank account of a company called AEGIS Capital Management — which in turn transferred \$275,000 into the U.S. bank accounts of Kronenberg and Praitun Kanchanalak. This total transfer of \$475,000 from Thailand to Praitun Kanchanalak and Duangnet Kronenberg funded the DNC donations these two women made to the DNC, ostensibly in the name of Pauline Kanchanalak, in connection with the June 18, 1996 White House coffee. Without this infusion, neither of their accounts could have afforded these donations.¹⁰⁵

The June 18, 1996 Coffee

The June 18, 1996 coffee provides an illustration of the extraordinary influence major DNC contributors had over the White House, the DNC and high ranking Administration officials. Several points stand out: (1) DNC documents indicate that the June 18 coffee was an illegal DNC-sponsored

¹⁰⁴ See DNC Press Release, Nov. 20, 1996 (Ex. 39) (announcing the returned contributions).

¹⁰⁵ *Id.*

White House fundraiser planned and attended by high-level DNC and White House officials; (2) the timing of the contributions credited to Pauline Kanchanalak, and the DNC reporting method used by Huang, underline the fact that this coffee was a DNC fundraiser; (3) high-ranking DNC officials approved this coffee even though the only non-official attendees at the coffee were to be foreign nationals whom Kanchanalak was lobbying; (4) Huang openly solicited contributions during the June 18th coffee, asking for donations from foreign nationals in the presence of the President; *and* (5) the actions of Kanchanalak and her company, Ban Chang International (USA) Inc., after the coffee raise serious questions as to whether evidence regarding the coffee was withheld or destroyed.

(1) *Briefing Materials*

As discussed above, DNC briefing materials prepared for the President make clear that the June 18, 1996 White House coffee was indeed a fundraiser. Among its detailed financial accounts of DNC specific fundraisers — containing information on each event’s projected revenue, what funds had been sent to federal or non-federal bank accounts, and listings of how much money was “in hand” — the briefing entitled “Democratic National Committee Budget/Fundraising Presentation to the President on 6 June 1996” contains explicit information about the June 18, 1996 coffee.¹⁰⁶ Significantly, the DNC’s entry for this event, which was scheduled to occur less than two weeks after the date of this briefing, made clear that it was a coffee of the fundraising variety. This entry contained the following information:

PRINCIPAL	EVENT/SOURCE	DATE	PRO. REVENUE	PRO. FED.	PRO. CORP.	PRO. NFI	IN HAND	FED. IN	PRO. COST	ACTUAL COST	VARIANCE
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¹⁰⁶ See Ex. 16, p. 32.

POTUS	Coffee (Kanchanalak)	18-Jun	\$400,000	\$40,000	\$200,000	\$160,000	\$0		n/a	n/a	\$0
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Two weeks beforehand, therefore, the DNC anticipated that Pauline Kanchanalak’s June 18 coffee would raise \$400,000.¹⁰⁷ As this chart indicates, these figures were so specific that they identified the portion the coffee’s projected revenue that would be designated as federal dollars (*i.e.*, “hard money” that would be available to Clinton/Gore ’96 rather than simply to the DNC).¹⁰⁸

In other DNC documents, moreover, the DNC listed Kanchanalak’s and Kronenberg’s contributions as deriving from the June 18 coffee. A DNC document written on the day after this coffee entitled “Directed-Donor Checks Received to-Date” lists \$130,000 in contributions from Duangnet Kronenberg and \$142,500 from Pauline Kanchanalak — and recounts them as having been generated by the “John Huang Coffee.”¹⁰⁹ All in all, there can be no question that the coffees were the culmination of Terry McAuliffe’s “project” to raise money for the DNC through fundraising events at the White House, and no question that the June 18, 1996 event was part of this fundraising campaign.

(2) *Contribution Credits*

Both the timing of the contributions credited to Kanchanalak and her sister-in-law by the DNC and the DNC reporting methods used by Huang underline this conclusion that this coffee was a

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ See DNC list of “Directed-Donor Checks Received to-Date” (Ex. 40).

fundraiser. Kanchanalak received credit from the DNC for an \$85,000 contribution on June 18, 1996.¹¹⁰ Significantly, the DNC Tracking Form used for this contribution — which confirms the coffee was a fundraiser by its use of a “Fundraiser Code” — lists Huang as the “DNC Contact” and gives the “Event Location” as “6/18/96 coffee WH.”¹¹¹ Duangnet Kronenberg also was credited with contributing \$50,000 to the DNC on June 18,¹¹² and the DNC credited Kanchanalak with contributing another \$50,000 on June 24.¹¹³ The DNC Tracking Form for this last contribution had the same “Source Code,” “Revenue Code,” and “Fundraiser Code” used for the June 18 contribution; this form, too, lists John Huang as the DNC contact.¹¹⁴

The DNC Tracking Form is used by the DNC to credit the party representative responsible for soliciting an individual’s contribution and to attribute that contribution to the correct event.¹¹⁵ Richard Sullivan, the DNC’s Finance Director at the time of the June 18 coffee, testified he was aware Huang was the DNC representative responsible for Kanchanalak’s contributions in and around June of 1996.¹¹⁶ The DNC briefing schedules covering the actual and projected contributions for the 22 fundraising coffees (including the June 18 coffee) and Huang’s use of the DNC Tracking Form underline the

¹¹⁰ See DNC Tracking Form for P. Kanchanalak donation of \$85,000 on June 19, 1996 (Ex. 41). The check for her \$85,000 donation is dated June 19, 1996, but notations on the Tracking Form indicate that it was credited as of June 18. *Id.*

¹¹¹ *Id.*

¹¹² See Duangnet Kronenberg, check #211 for \$50,000 to DNC on June 18, 1996 (Ex. 42).

¹¹³ See DNC Tracking Form for P. Kanchanalak donation of \$50,000 on June 24, 1996 (Ex. 43).

¹¹⁴ *Id.*

¹¹⁵ See Deposition of Richard L. Sullivan, June 4, 1997, pp. 161-62.

¹¹⁶ *Id.* at pp. 124-25.

conclusion that Kanchanalak's contributions were, in effect, a *quid pro quo* contribution in return for the DNC organizing a White House coffee for her clients.

(3) *Only Foreign Nationals were Expected to Attend*

The original guests for the June 18 coffee included only the President, John Huang, Donald Fowler, Marvin Rosen and Pauline Kanchanalak and her guests — several top officials from Charoen Pokphand Group (“C.P. Group”) in Thailand:¹¹⁷ Dhanin Chearavanont (Chairman and CEO), Sumet Chearavanont (Vice Chairman and President) and Sarasin Virapol (Official and translator). Apart from DNC officials and the President himself, therefore, not a single U.S. citizen or permanent resident alien was expected to attend.¹¹⁸ Shortly before the coffee, however, Kanchanalak was forced to invite U.S. citizens after concerns were raised regarding the appearance of impropriety. After significant pressure from the DNC to invite at least *someone* from the United States, Kanchanalak finally invited two U.S. citizens, asking them to attend only on the day before the coffee. Sullivan was so concerned about the appearance of this coffee that he invited three additional people to attend: Beth Dozoretz, a DNC Managing Trustee, and Robert and Renee Belfer, also DNC Managing Trustees.¹¹⁹

Sullivan knew Kanchanalak to have been a DNC fundraiser since 1991,¹²⁰ and after learning that Kanchanalak wanted to “help out in a big way,” he talked with Marvin Rosen and Huang “about

¹¹⁷ The C.P. Group is Thailand's largest multinational company and one of the largest foreign investors in the People's Republic of China .

¹¹⁸ See Deposition of Richard L. Sullivan, June 4, 1997, p. 127. Perhaps not coincidentally, Dhanin Chearavanont was the only private businessman with whom the President met on his subsequent trip to Thailand in November 1996.

¹¹⁹ See Deposition of Beth Dozoretz, Sept. 2, 1997, pp. 88-90.

¹²⁰ See Deposition of Richard L. Sullivan, June 4, 1997, pp. 124-25. Sullivan also testified that “the White House looked to her as some kind of advisor on Asian issues.” *Id.* at p. 133.

working with Pauline to get her to come to the table, to make her contribution, to raise some money.”¹²¹

According to Sullivan, in fact, DNC representatives were “always asking her [to] give something to come to this and that.”¹²²

John [Huang] came . . . at some point in the late spring of ’96 and said that Pauline is ready to do her part. She is thinking about doing between 300 and 500 [thousand dollars] in the next couple of months, do a couple of events.¹²³

Principally, in or about the spring of 1996, Huang wrote to Kanchanalak to confirm setting up the June 18 coffee with President Clinton.¹²⁴ Huang recommended that Kanchanalak “bring a couple of people to a coffee” to this event.¹²⁵

As noted, however, because Huang’s original list of her invitees contained only three Thai executives from the C.P. Group,¹²⁶ Sullivan grew concerned that Kanchanalak intended only to invite her foreign clients to the June 18 coffee. Sullivan expressed concern to Huang that Kanchanalak was

¹²¹ *Id.* at p. 125.

¹²² *Id.*

¹²³ *Id.* at p. 126.

¹²⁴ *See* John Huang, Memorandum to Pauline Kanchanalak, undated (Ex. 44) (listing subject as “Coffee on Tuesday, June 18, 1996).

¹²⁵ Deposition of Richard L. Sullivan, June 4, 1997, p. 126. Huang’s memorandum stated that “[w]e look forward to seeing you and your guests at the White House coffee on Tuesday, June 18, 1996.” Ex. 44.

¹²⁶ *See* Deposition of Richard L. Sullivan, June 4, 1997, p. 127.

using the coffee for an “improper” purpose by inviting only foreign businessmen,¹²⁷ telling Huang that Kanchanalak needed to “invite potential donors, American citizens.”¹²⁸ Sullivan testified as follows:

when John came up with a preliminary list of who she was going to bring. It included — the list was her and the three, the three people from Thailand. I said, John that’s not — I recall saying, John that’s not what we’re looking for. I don’t want to get — I said, I would prefer — you know, I was thinking she was bringing in some people, fellow people that she would be working with in fund raising, some people that might be potential donors, American citizens.

* * *

We want[ed] potential donors and to tell her to, at least, get some more American citizens, more potential donors, more people who are of greater use to us down the road.¹²⁹

In response to these concerns, Sullivan recalled, Huang replied that the coffee was “very, very important to [Kanchanalak],”¹³⁰ that he and Kanchanalak were “adamant” about having the coffee and “insisted” that the C.P. Group businessmen be permitted to attend.¹³¹ Indeed, the June 18 coffee was the only time Sullivan could recall Huang “express[ing] some emotion” about a particular event.¹³²

According to Sullivan, Huang

said something to the effect of, you know, as you know, Richard, Pauline has been a big contributor, a big supporter. It goes back to Vic Rayier and Ron Brown and she is very high maintenance. She has been good to

¹²⁷ *Id.*

¹²⁸ *Id.* at pp. 127-28, 133.

¹²⁹ *Id.* at pp. 127-28.

¹³⁰ *Id.*

¹³¹ *Id.* at pp. 128 & 132.

¹³² *Id.* at pp. 129 & 135.

us and she is making a — she is going to be good to us and help us into the fall. This is important to her and I feel strongly about it.¹³³

In effect, therefore, Kanchanalak's continued contributions to the DNC rode upon whether or not she was permitted to entertain her Thai clients at the White House.

Ultimately, however, Kanchanalak reacted to Sullivan's concerns by inviting two U.S. citizens to the coffee: Dr. Karl Jackson (the president of the USTBC)¹³⁴ and Clarke Wallace (its executive director).¹³⁵ Sullivan still had concerns about the propriety of Kanchanalak's coffee, suspecting — correctly, as it turned out — that neither Jackson nor Wallace would contribute to the DNC.¹³⁶ Despite Sullivan's continued reservations, however, Marvin Rosen approved the coffee.¹³⁷

(4) *Huang Openly Solicited Contributions*

According to Jackson and Wallace, the two U.S. citizens invited at the last minute¹³⁸ to the June 18 White House coffee by Pauline Kanchanalak in order to assuage Sullivan's concerns about

¹³³ *Id.* at pp. 129-30.

¹³⁴ Jackson — who in addition to being the president of the USTBC served as director of the Southeast Asia Program of the Johns Hopkins School of Advanced International Studies — had previously worked as Assistant to the Vice President for National Security Affairs from 1991 to 1993. Prior to that, he was the Special Assistant to the President for National Security Affairs and Senior Director for Asian Affairs at the National Security Council (“NSC”). He also served as Deputy Assistant Secretary of Defense for East Asia from 1986-1989. Jackson has been employed by Foreign Exchange Concepts since January 1993. *See* Karl Jackson, Curriculum Vitae (Ex. 45). As President of the USTBC, Dr. Jackson worked with Wallace and Kanchanalak. Testimony of Dr. Karl Jackson, Sept. 16, 1997, pp. 4-5.

¹³⁵ Deposition of Richard L. Sullivan, June 4, 1997, pp. 129, 144-45.

¹³⁶ *Id.* at p. 144. Sullivan also expressed concerns that there might be negative press if the President had a small coffee with foreigners. *See* Deposition of Richard L. Sullivan, June 5, 1997, p. 81.

¹³⁷ Deposition of Richard L. Sullivan, June 4, 1997, p. 135.

¹³⁸ Jackson received his invitation from Kanchanalak through Wallace approximately one or two days prior to the coffee. Jackson testimony, p. 5.

fundraising impropriety, Huang explicitly solicited DNC contributions at this event in the presence of the President.

Jackson, who had agreed to attend the coffee in the hope that he would have the opportunity to discuss with the President the possibility of a Presidential visit to Thailand,¹³⁹ met Kanchanalak and Wallace outside the White House, where she introduced Jackson to Huang for the first time.¹⁴⁰ While entering the White House security check point, Jackson overheard Kanchanalak and Huang discussing the DNC.¹⁴¹ In fact, Kanchanalak pulled Jackson aside before they entered the White House and explained to him that this coffee was sponsored by the DNC;¹⁴² prior to that point he had been unaware of any DNC role.¹⁴³ While on their way to the Map Room — where the coffee was ultimately held — Jackson met Kanchanalak’s clients from the C.P. Group: Khun Dhanin, Khun Sumet, and their interpreter, Khun Sarasin.¹⁴⁴ At the Map Room, Jackson met Director of White House Personnel Bob Nash, Don Fowler, Marvin Rosen, Robert Belfer, and Beth Dozoretz.¹⁴⁵ Jackson was surprised by the attendance of high-level DNC representatives such as Fowler because, as a former official in the Bush Administration, Jackson was aware that it was illegal to conduct fundraising inside the White House.¹⁴⁶

¹³⁹ *Id.* at p. 5.

¹⁴⁰ *Id.* at p. 6.

¹⁴¹ *Id.* at p. 7.

¹⁴² *Id.*

¹⁴³ *Id.*

¹⁴⁴ *Id.*

¹⁴⁵ *Id.* at pp. 8-9.

¹⁴⁶ *Id.* at pp. 14-15.

Once they had been joined by the President and everyone was seated in the Map Room, Jackson recalled that Fowler stood up and welcomed everyone.¹⁴⁷ Jackson then recalled the following sequence of events:

Fowler said, “It’s a pleasure to welcome all of you here to this coffee on behalf of the Democratic National Committee, and these coffees are important so that the President can maintain contact with people. This is particularly — this is important, but it is particularly important in an election year and this is an election year, arguable [sic] the most important since the one that brought Abraham Lincoln to this house.”¹⁴⁸

After these introductory remarks by the DNC Chairman, Jackson testified, the party’s Vice Chair for Finance gave some brief comments of his own:

Huang stood up and said that he would like to reiterate the welcome of Chairman Fowler and that he agreed with Chairman Fowler that this was an election year, and he went on to say, “Elections cost money, lots and lots of money, and I am sure that every person in this room will want to support the re-election of President Clinton.”¹⁴⁹

Wallace confirms the substance of these remarks.¹⁵⁰ Jackson was shocked that the DNC had sponsored the June 18th coffee and, in particular, found Huang’s statements entirely inappropriate.¹⁵¹ It seemed

¹⁴⁷ *Id.* at pp. 10-11.

¹⁴⁸ *Id.* at p. 10-11.

¹⁴⁹ *Id.* at pp. 10-11.

¹⁵⁰ Wallace recalled, however, that Huang’s statements may have been made toward the end of the coffee rather than at its outset. Testimony of Clarke Wallace, Sept. 16, 1997, pp. 105-07. Jackson’s and Wallace’s recollection of the *timing* of Huang’s statements may differ, but their memory of the substance of his statements is entirely consistent.

¹⁵¹ Jackson testimony, pp. 10-12.

clear to him that Huang's comments were a solicitation for political contributions, and he was astounded such statements had been made in the presence of the President.¹⁵²

The coffee lasted for approximately 90 minutes, with the C.P. Group officials speaking for most of the time.¹⁵³ Jackson also recalled that he and Kanchanalak spoke briefly.¹⁵⁴ During the course of the coffee, Jackson recalled that someone raised the possibility that the President might stop in Thailand while in Asia to attend the upcoming APEC summit.¹⁵⁵ After hearing this comment, Jackson passed an encouraging note to the President, stating that were this to occur, President Clinton would be the first President since Richard Nixon to visit Bangkok.¹⁵⁶

Jackson's recollection of the events at the June 18th coffee is supported by sworn affidavits submitted by two of his close associates, R. Roderick Porter and John Taylor, respectively the President and Chairman of Foreign Exchange Concepts — who recall Jackson's contemporaneous accounts of the coffee.¹⁵⁷ According to Porter, just after Jackson returned from the coffee on June 18, 1996,

¹⁵² *Id.* at pp. 14-15. This testimony is thus far the only direct evidence of DNC solicitations for money in the White House. Other solicitations may well have occurred. WHCA's videotape of an April 1996 White House coffee, for example, shows DNC Chairman Fowler commencing his welcoming remarks to the guests by praising them as "loyal and generous supporters." White House Communications Agency videotape, April 1, 1996. As it was WCHA's practice — in the 44 tapes of White House coffees hitherto released by the White House — to videotape only the first few moments of each coffee, however, no record is available of the rest of Fowler's comments to these "generous" donors assembled at the White House on that occasion.

¹⁵³ Jackson testimony, pp. 12-13.

¹⁵⁴ *Id.* at p. 13.

¹⁵⁵ *Id.* at pp. 13-14.

¹⁵⁶ *Id.*

¹⁵⁷ See Affidavit of R. Roderick Porter, Sept. 15, 1997 (Ex. 46); Affidavit of John Taylor, Sept. 15, 1997 (Ex. 48). Porter has known Jackson personally and professionally since January 1993 and they shared the same office in the summer of 1996. See Ex. 46.

[he] explained that he had just attended a small White House coffee with, among other people, the President, members of the Charoen Pokaphand Group Company, Ltd. (“C.P. Group”), Don Fowler and other gentlemen affiliated with the Democratic National Committee.

Dr. Jackson stated that he believed the event was an improper solicitation for money by the DNC in the White House. Dr. Jackson explained that he was upset because one of the gentlemen affiliated with the DNC had solicited money in the White House in the presence of the President.¹⁵⁸

“[W]ithin a day or two of June 18, 1996,” Taylor recounted, Jackson expressed the view that he “believed that the White House coffee was an improper ‘shakedown’ for money from the foreign businessmen in the presence of the President.”¹⁵⁹

The credibility of Jackson’s testimony, which of course reflects badly upon Kanchanalak, is further bolstered by his continuing personal and professional relationship with her.¹⁶⁰ He speaks with Kanchanalak over the phone a few times each month and believes they continue to have a good working relationship.¹⁶¹ Far from having any interest in hurting his colleague after the June 18 coffee, in fact, Jackson has gone out of his way to help Kanchanalak. After Kanchanalak told him that she was closing Ban Chang International because of negative publicity surrounding her participation in the June 18

¹⁵⁸ *Id.*

¹⁵⁹ Ex. 47.

¹⁶⁰ *See* Jackson testimony, p. 19.

¹⁶¹ *Id.* at pp. 15 & 19. At no point before giving his testimony before the Committee had Jackson spoken with Kanchanalak about what transpired at the June 18 White House coffee. *Id.* at p. 15.

coffee, for example,¹⁶² Jackson opened a new company, Global Investments, Inc., with Kanchanalak as its only client.¹⁶³

Significantly, Wallace's¹⁶⁴ recollection of the June 18 coffee corroborates the essentials of Jackson's account. Wallace knew that Kanchanalak was a financial contributor to the DNC, and was told by Usma Kahn, a BCI employee, that Kanchanalak was also a DNC Managing Trustee.¹⁶⁵ Indeed, building upon her relationship with the DNC, Kanchanalak occasionally provided Wallace and other employees the opportunity to attend White House events,¹⁶⁶ among them a White House ceremony in the summer of 1995 on the occasion of the President's departure on a trip to Michigan.¹⁶⁷ Wallace also knew that Duangnet Kronenberg dealt with the DNC on Kanchanalak's behalf, and that she would call the DNC to arrange for business associates and other individuals to attend White House events, among them White House tours, Presidential radio addresses, and the annual White House Easter Egg Roll.¹⁶⁸

¹⁶² *Id.* at p. 18.

¹⁶³ *Id.* at pp. 112-13.

¹⁶⁴ Clarke Wallace graduated from the University of Virginia in 1990 and then taught English in Thailand for approximately eight months. After interviewing with Kronenberg and Kanchanalak, Wallace began working for the USTBC on March 1, 1995. *See* Deposition of Clarke Wallace, August 27, 1997, p. 5. The USTBC shared office space with Kanchanalak's company, Ban Chang International ("BCI"), which was engaged in the development of new business relating to Thailand (i.e., establishing franchises and joint ventures between U.S. and Thailand businesses) and which has the C.P. Group as one of its most important clients. (As a result of sharing offices, employees of USTBC helped with certain BCI matters, such as answering the phone and general clerical work.) For a period of time, BCI also shared office space with Ban Chang Group (owned by Chupong Kanchanalak) in Bangkok. *Id.* at pp. 8-11.

¹⁶⁵ *Id.* at p. 16.

¹⁶⁶ *Id.* at pp. 17-18.

¹⁶⁷ *Id.*

¹⁶⁸ *Id.* at pp. 18-20.

In addition, Wallace recalled that Susan Lavine and Lorin Supina, both DNC affiliates, frequently called for or visited Kanchanalak, and that Kanchanalak attended business-related events at the White House attended by the President or the First Lady.¹⁶⁹

Wallace also noted that Huang visited and called Kanchanalak at BCI's offices.¹⁷⁰ In fact, Wallace remembered, Huang visited BCI's offices and had a private meeting with Kanchanalak only a day or two before the June 18 Coffee.¹⁷¹ After the meeting, Wallace learned from Kanchanalak that she was arranging a coffee at the White House for the chairman of the C.P. Group.¹⁷² She then asked Wallace to attend the coffee as well, and told Wallace to inform Jackson that he also was invited to attend.¹⁷³ In instructing Wallace to invite Jackson, however, Kanchanalak behaved somewhat oddly, requesting that Wallace not follow the usual procedure of sending Jackson a written memorandum. Instead, Kanchanalak requested that Wallace telephone Jackson in order to discuss the White House visit.¹⁷⁴

She said at some point not to fax information to Karl but call him on the phone because this was a really unique, special opportunity and not

¹⁶⁹ *Id.* at pp. 21-22 & 26.

¹⁷⁰ *Id.* at p. 26.

¹⁷¹ *Id.* at p. 31-32.

¹⁷² *Id.* at p. 32. The C.P. Group delegation arrived in Washington, D.C. a day before the coffee and left D.C. approximately two days after the coffee. *See id.* at pp. 58-59. It appears that the June 18 coffee was a primary reason the C.P. Group's executives came to Washington.

¹⁷³ *Id.*

¹⁷⁴ *Id.* at p. 33. Jackson maintained a separate office from the USTBC in June of 1996.

everyone gets to do this sort of thing and just exercise caution by just telling him on the phone.¹⁷⁵

On the day of Kanchanalak's meeting with Huang, Wallace also saw a seating chart for the coffee in Kanchanalak's office.¹⁷⁶

Most significantly, Wallace confirmed Jackson's recollection that Huang solicited contributions at the June 18 coffee. Wallace had met Huang once or twice before the coffee and knew that he had worked for the Department of Commerce.¹⁷⁷ At the coffee, Wallace learned that Huang no longer worked at the Department of Commerce, and that he was now working for the DNC — and least through the 1996 election.¹⁷⁸ Once inside the Map Room, Wallace also met Dozoretz, Rosen, Fowler and Nash,¹⁷⁹ and recalls thinking at the time that Kanchanalak must have been very important to the DNC in order for Rosen and Fowler to attend.¹⁸⁰ Wallace thought it odd to have so many DNC officials at the coffee, and had the (correct) impression that the coffee had been arranged in conjunction with the DNC.¹⁸¹

¹⁷⁵ *Id.* at pp. 32-33. Kanchanalak also indicated someone might have the opportunity to fly on Air Force One to Thailand. *Id.* at p. 34.

¹⁷⁶ *Id.* at p. 42.

¹⁷⁷ *Id.* at pp. 30-31.

¹⁷⁸ *Id.* at pp. 43-44.

¹⁷⁹ *Id.* Wallace knew Fowler was Chairman of the DNC and he learned that Rosen was "Chairman of Finance" for the DNC at the coffee. *Id.* at pp. 45-46.

¹⁸⁰ *Id.* at p. 46.

¹⁸¹ *Id.* at pp. 47-48.

According to Wallace, after some opening remarks by Fowler, a brief statement by the President, and Kanchanalak's introductions of the Thai officials, C.P. Group Chairman Dhanin Chearavanont spoke for approximately 30 minutes.¹⁸² After this, Jackson and Belfer posed some brief questions.¹⁸³ As Wallace later recounted, the President then introduced him to the assembled guests, describing Huang as "someone who [was] a friend and someone who had done a lot of good work for the Democratic National Committee."¹⁸⁴

And then John Huang spoke and he said that the President, thank you very much for being here, President, and I think speaking more to the table, he said, as you know, he said, this President is the right man to lead the country into the 21st century, into the next millennium, and I think we have one small hurdle or something like that, which is the election in November and I'm sure you all will do everything you can to support that, support the-everyone at this table will do what they can to support the President.¹⁸⁵

Wallace also recalled that Huang probably made a comment about "how expensive elections were."¹⁸⁶

To Wallace, as to Jackson, Huang's comments had very clear implications: the DNC was asking the President's coffee guests for campaign contributions. These remarks seemed to be aimed at

[h]elping to either to help to raise the money or help to strengthen the DNC somehow either through networking to get people to support the President or to networking to get people to give donations.¹⁸⁷

¹⁸² The topics discussed by Chearavanont included how U.S. companies could successfully conduct business in China and the pending transfer of Hong Kong to China. *Id.* at p. 53.

¹⁸³ *Id.* at pp. 52-54.

¹⁸⁴ *Id.* at pp. 54-55.

¹⁸⁵ *Id.*

¹⁸⁶ *Id.* at p. 56.

¹⁸⁷ *Id.* at p. 55.

After recounting the events of June 18 reviewing the relevant documentation, Wallace concluded that the coffee had been a fundraiser:

Q: Now, you've seen checks from a P. Kanchanalak the day after the coffee for \$85,000 and a week or so later for \$50,000 and you've now seen a DNC document projecting incomes from a variety of different coffees, you were at the coffee, you gained an impression and sense of the things that were at the coffee. Seeing all that, as you sit here today, do you have an understanding of what exactly was going on at this coffee, at this particular June 18th coffee you attended?

A: It appears it was a Fund-raiser.¹⁸⁸

After the coffee concluded and the C.P. Group executives left the White House, Jackson, Wallace and Kanchanalak went to the NSC offices in the Old Executive Office Building to visit Bill Wise, who had worked for Jackson when he was Assistant to the Vice President for National Security Affairs.¹⁸⁹ Wise was surprised to hear that the President had just hosted a meeting with senior executives from Thailand's C.P Group. Wise had no prior knowledge of this event or the visit of the Thai businessmen,¹⁹⁰ and could find no mention of this event on the NSC's schedule for the President.¹⁹¹ Jackson found the NSC's ignorance of the meeting troubling; during the Bush Administration, it was his understanding that the NSC was kept informed of the President's schedule -- and that policy-making

¹⁸⁸ *Id.* at pp. 85-86.

¹⁸⁹ *See* Jackson testimony, p. 30.

¹⁹⁰ *Id.* at pp. 30-31.

¹⁹¹ *Id.* Richard Sullivan claims to have understood that Karen Hancox of the White House Political Affairs Office had vetted the June 18th coffee attendees with the NSC. *See* Deposition of Richard L. Sullivan, June 4, 1997, p. 137. *See also* the section of this report on White House vetting procedures.

and fundraising were considered separate activities.¹⁹² The NSC's ignorance in this case increased Jackson's suspicion that the DNC and the President had used the coffee to improperly — perhaps even illegally — solicit campaign contributions in the White House.¹⁹³

(5) *Other Attendees' Recollections*

The other persons attending at the June 18 Coffee — Dozoretz, the Belfers, Rosen, Fowler, and Nash — claimed not to recall hearing Huang solicit DNC contributions in the Map Room. On this point, however, their memory may be influenced by their strong affiliations with the DNC, the White House, or both. More importantly, while they cannot recall Huang making the remarks recounted in detail by Jackson and Wallace, these other attendees recall so little *else* of substance concerning the coffee that their lack of memory in this particular respect is hardly surprising.

Dozoretz was the DNC fundraiser responsible for the Belfers' invitation to the coffee. She was a successful DNC fundraiser and a personal friend of the President and the First Lady.¹⁹⁴ She was a founding member of the Women's Council for the Senate, and had helped organize the DNC Women's Leadership Forum in 1993.¹⁹⁵ Dozoretz and her husband raised approximately \$120,000 for the Clinton/Gore campaign in 1992.¹⁹⁶ Between 1992 and 1996, Dozoretz and her husband personally

¹⁹² Jackson testimony, pp. 91-92.

¹⁹³ *Id.* at pp. 49-50.

¹⁹⁴ *See* Dozoretz deposition, pp. 12-16. Indeed, Dozoretz played golf with the President the day before her deposition by the Committee and less than two weeks prior to her hearing testimony. *Id.* at p. 72.

¹⁹⁵ *Id.* at pp. 8, 12; *see also* Beth Dozoretz, personal statement and resume (Ex. 48).

¹⁹⁶ *See* Dozoretz deposition, p. 10.

contributed over \$100,000 to Democratic campaigns and candidates and helped arrange corporate contributions to the Democratic Party totaling approximately \$200,000.¹⁹⁷ She consistently earned the status of DNC Managing Trustee between 1992 and 1996, either by personally contributing more than \$50,000 or by raising in excess of \$250,000 annually. In fact, she chaired the DNC Managing Trustee program for approximately 10 months.¹⁹⁸ Dozoretz's other fundraising achievements include: raising approximately \$100,000 at the kick-off event for Clinton/Gore '96;¹⁹⁹ planning a tea event for the First Lady in October of 1995 for women who had raised a minimum of \$5,000;²⁰⁰ and raising more than \$2 million for Democratic gubernatorial, U.S. Senate, and Presidential candidates since 1994.²⁰¹ Dozoretz also spoke frequently with White House officials such as Harold Ickes, Maggie Williams,²⁰² Doug Sosnik,²⁰³ Evelyn Lieberman,²⁰⁴ and Ron Klain²⁰⁵ about her DNC fundraising activities.

¹⁹⁷ *Id.* at pp. 20-23. Dozoretz also is listed in the Vice President's DNC fundraising call sheets. *See* DNC Finance Call Sheet (Ex. 49).

¹⁹⁸ *See* Dozoretz Deposition, pp. 27, 29.

¹⁹⁹ *Id.* at pp. 32-33.

²⁰⁰ *Id.* at p. 39.

²⁰¹ *Id.* at p. 43. Dozoretz also attended two gatherings at local D.C. hotels to review DNC television advertisements. The first meeting was in the fall of 1995 and consisted of less than twenty people (including the President, Rosen and Fowler). *Id.* at pp. 56-58. The group previewed advertisements, and Rosen explained the need to raise extra money to pay for them because of their extraordinary expense. *Id.* at p. 61. The second meeting was in the spring of 1996 and celebrated the success of the advertisements. *Id.*

²⁰² *Id.* at p. 47.

²⁰³ *Id.* at p. 48.

²⁰⁴ *Id.* at pp. 128-29.

²⁰⁵ *Id.* at p. 129.

In March or April of 1996, Robert and Renee Belfer agreed to contribute \$100,000 to the DNC through Dozoretz.²⁰⁶ Belfer contributed the first \$50,000 of this total in May of 1996,²⁰⁷ contributing an additional \$40,000 after the June 18 coffee. Renee Belfer's sister contributed the final \$10,000, which was credited toward the Belfers' \$100,000 commitment.²⁰⁸ At the time Robert Belfer made the \$100,000 commitment, Dozoretz told him it was possible he would be able meet with the President. Belfer claimed not to have believed that this contribution was a *quid pro quo* for the meeting,²⁰⁹ but Dozoretz confirmed that although no specific amount was explicitly requested, guests at such coffees were expected to make substantial contributions:

I don't think somebody would really be considered to attend (a coffee) if they hadn't contributed at a significant level. It could have been \$25 (thousand). It could have been 50 (thousand), but conversely, it was not that if you — if you contributed X-amount of dollars, you would go to one of these gatherings.²¹⁰

Richard Sullivan was aware of Dozoretz's fundraising endeavors on behalf of the DNC.²¹¹ Indeed, it was Sullivan who involved her in the June 18 event, calling Dozoretz approximately two

²⁰⁶ See Deposition of Robert Belfer, Sept. 6, 1997, pp. 8-9.

²⁰⁷ *Id.* at p. 9.

²⁰⁸ *Id.* at p. 70.

²⁰⁹ *Id.* at p. 37.

²¹⁰ See Dozoretz deposition, p. 79.

²¹¹ *Id.* at p. 46.

weeks beforehand to inform her that she and the Belfers might be able to attend a White House coffee.²¹²

At this point, however, Dozoretz was unsure of the event's exact location and time.²¹³

In contrast to the specific recollections of Jackson and Wallace, in their testimony to the Committee, Dozoretz and the Belfers had only a vague memory of the details of the June 18 coffee. The Belfers could not say, for example, how long in advance of the coffee Sullivan had first contacted them, and remembered few details of the coffee itself.²¹⁴ Neither Dozoretz nor Belfer could recall Huang soliciting contributions at the June 18 coffee as recounted by Jackson and Wallace.²¹⁵ Indeed, though she professed to be quite certain that Huang had *not* solicited money in the White House, Dozoretz could apparently remember *nothing* else about the remarks made at the coffee. She could not recall, for example, the substance of Fowler's opening remarks,²¹⁶ anything of what Kanchanalak said to the assembled guests,²¹⁷ anything of what Jackson said,²¹⁸ or whether there were any closing remarks at

²¹² *Id.* at pp. 88-89.

²¹³ *Id.* at pp. 89-90.

²¹⁴ *See* Belfer deposition, pp. 12-13.

²¹⁵ *See* Dozoretz deposition, pp. 116-17; Belfer deposition, p. 25. Dozoretz testified that “[i]f he said anything, it was inconsequential.” *See* Dozoretz deposition, p. 117. She did not recall Huang saying anything about the election, *id.* at pp. 142-43, or expressing the hope that everyone at the coffee would “support” the President. *Id.* at p. 143. Dozoretz stated that if Huang had made those types of statements she would have been upset because she “had two of [her] donors in the room” and she “would have been very sensitive to anything that would have been brought up about [her] donors being solicited by anybody but [her].” *Id.* at p. 143.

²¹⁶ *Id.* at p. 108.

²¹⁷ *Id.* at pp. 109 & 118.

²¹⁸ *Id.* at p. 114.

all.²¹⁹ Dozoretz could not even remember anything of what the President himself had said at the coffee.²²⁰

It is also noteworthy that Dozoretz had meetings with Robert and Renee Belfer and with White House attorneys before her interview and deposition before the Committee. Dozoretz had conversations with former Counsel to the President Jack Quinn and with White House Special Counsel Lanny Breuer for example, prior to her meetings with Committee staff.²²¹ Dozoretz also admitted that she had spoken with the Belfers *about the June 18, 1996 coffee* before they met with Committee staff.²²²

For his part, DNC Finance Chairman Marvin Rosen recalled attending the June 18 coffee with Kanchanalak, Belfer, Dozoretz and Huang.²²³ As with Dozoretz and the Belfers, he could not recall anyone “making any comment relating to solicitation of funds for the DNC and/or the Clinton Gore campaign at that coffee,”²²⁴ and did not remember Huang “making any statement at the coffee.”²²⁵ He also did not recall Kanchanalak making any remarks.²²⁶ His only recollection of the President’s role was that the President addressed the group; he did not remember anything about what the President said.²²⁷

²¹⁹ *Id.* at p. 116.

²²⁰ *Id.* at p. 118.

²²¹ *Id.* at pp. 68-72.

²²² *Id.* at pp. 148-49.

²²³ *See* Deposition of Marvin S. Rosen, May 19, 1997, pp. 48-49.

²²⁴ *Id.* at p. 49.

²²⁵ *Id.*

²²⁶ *Id.* at p. 50.

²²⁷ *Id.* at p. 51.

Rosen also testified that while he was not sure what he believed at the time of the June 18 coffee, he now believed that Kanchanalak may have used her clients attendance at the coffee to meet her commitment to raise a certain amount of funds for the DNC.²²⁸

If anything, the memories of DNC Chairman Donald Fowler and White House Director of Presidential Personnel Bob Nash were worse than that of Dozoretz, the Belfers, and Rosen. Fowler remembered attending the June 18 coffee,²²⁹ but claimed to have no clear recollection of it.²³⁰ In fact, Fowler said that he could not recall whether Huang had attended this event — or even whether any of the other guests had done so.²³¹ Like Fowler, Nash could recall essentially nothing about the coffee. He could not remember the date of the event or the names of all the attendees,²³² he could not recall any of the specific topics discussed by the C.P. Group executives, and he did not know whether the President had made any opening statement.²³³ Since they could essentially recall nothing about the June 18 coffee *at all*, their failure to remember the Huang solicitation detailed by Jackson and Wallace is hardly surprising.²³⁴ Jackson's and Wallace's testimony about the June 18 coffee, therefore, stands uncontradicted.

(6) *Possible Withholding or Destruction of Evidence*

²²⁸ *Id.* at p. 255.

²²⁹ *See* Deposition of Donald L. Fowler , May 21, 1997, p. 135.

²³⁰ *Id.* at p. 311.

²³¹ *Id.* at pp. 135-36.

²³² Deposition of Bobby Nash, June 25, 1997, p. 268.

²³³ *Id.* at pp. 272-73.

²³⁴ *See, e.g., id.* at p. 275.

On or about January 1, 1997, Ban Chang International was closed.²³⁵ In December 1996, FBI agents visited BCI's offices in the execution of a criminal search warrant, acting on information suggesting that the company may have been destroying documents sought by federal investigators.²³⁶ Before the company closed, BCI employee Usma Kahn removed information from Ban Chang files pertaining to projects intended for a new company called Global Investments.²³⁷ It is not known what happened to these files.²³⁸ In addition, an outside contractor (who was a friend of Kahn) removed certain related information from BCI's computer hard-drives, copying it onto diskettes.²³⁹ These also seem to have disappeared.²⁴⁰ According to Wallace, such removal of information from the hard drives was unusual.²⁴¹ More ominously, after the FBI raid, Kanchanalak told Wallace that he would need a lawyer; she even offered to help pay for one. In a telephone conversation, Wallace

told her about the FBI raid, I told her about the interest [in] the CP Group and our donations and she mentioned the fact that I needed a lawyer to represent me and she talked about how she may be able to help financially and then we talked about the U.S. Thailand Business Council projects like four or five things I was working on. And she had some knowledge of them because she was in Thailand and was working with Jeb.

²³⁵ See Wallace deposition, p. 63.

²³⁶ *Id.* at p. 71.

²³⁷ *Id.* at p. 64.

²³⁸ See *id.* at p. 65.

²³⁹ *Id.* at pp. 65-66.

²⁴⁰ Wallace did not know what Kahn did with the diskettes and did not have access to the diskettes when responding to the Committee's subpoena. *Id.* at pp. 66-68.

²⁴¹ *Id.* at p. 69.

* * *

[Kanchanalak then] told me . . . to be careful about, you know, what I, be careful when I think about what I remember about the coffee because it could end up being very controversial or cause some problems for people.²⁴²

Furthermore, before Wallace was to testify before a federal grand jury inquiring into campaign finance abuses, Kanchanalak proposed helping him with financial expenses resulting from investigations into possible wrongdoing in connection with the June 18 coffee.²⁴³ Wallace, however, declined both this offer of money and Kanchanalak's suggestion that he "be careful" about "what I remember about the coffee."

Conclusion

There can be no question that the DNC used White House coffees, overnight stays, and other White House perquisites as explicit fundraising events to pay for the extraordinarily expensive media campaign the Democratic Party deemed necessary to save President Clinton and Vice President Gore from electoral defeat in 1996. For this reason, as George Stephanopoulos put it, money "became a near obsession at the highest levels" of the DNC and in the White House. Driven by this "obsession," the DNC and White House "pulled out all the stops" to raise money, and were not above using the White House for this purpose²⁴⁴ — just as Terry McAuliffe had suggested in his 1994 proposal for various

²⁴² *Id.* at pp. 72 & 74-76.

²⁴³ *Id.* at pp. 76-77.

²⁴⁴ Stephanopoulos, *supra* note 2.

DNC fundraising “projects.”²⁴⁵ While not *every* overnight visit and White House coffee served this purpose, DNC and White House documents and witness testimony show that the Democratic Party and the White House unquestionably organized certain coffees and other events in the White House specifically as fundraisers — even to the point of assigning “projected revenue” totals, assigning “Fundraiser Codes,” and tracking contributions given in connection with each event.²⁴⁶ These events netted approximately \$31.5 million for the DNC.

The May 1, 1996 coffee, was but one example of what Alan Patrikoff described as the DNC’s use of coffees in its “fundraising methodology.” There is no question, therefore, that the May 1, 1996 Oval Office coffee was a DNC fundraising event. Its participants were invited only after they had each pledged to give \$100,000 to the Democratic Party; these commitments were well known to the event’s DNC organizers, and the President himself was informed of them in advance of the meeting. Nor is there any serious question that these donations and the invitations to the May 1 group were causally connected. The organizer of the group, Barrie Wigmore, urged at least one of its participants, for example, to make a contribution as part of this group because doing so would make possible a visit with President Clinton. Wigmore, in turn, had himself been told by DNC fundraisers that the Democratic Party used White House coffees as part of its “fundraising methodology” — as a way to elicit donations from “key people” — and knew that the DNC considered the May 1 event to be just such a coffee. It was, in other words, what Lewis Manilow termed a “money coffee,” which occurred in the Oval Office itself, an undeniably “public” space within the White House complex. This coffee constitutes, therefore,

²⁴⁵ See also the section of this report on the White House’s thirst for money during the 1995-96 election cycle.

²⁴⁶ It is illegal to solicit campaign contributions on government property. See 18 U.S.C. § 607.

the first instance uncovered by the Committee of President Clinton's use of the Oval Office as part of his party's "fundraising methodology."

If anything, the June 18, 1996 coffee was an even more blatant and inappropriate use of the White House for DNC fundraising. It was organized, over the objections of the DNC's finance director, in order to provide an opportunity for the President to meet with business executives from Thailand's C.P. Group in return for donations from and arranged by Pauline Kanchanalak, who herself funded these contributions with money from sources in Thailand. The specific details of how and why this coffee came about remain unclear because the three key figures — Huang, Kronenberg, and Kanchanalak — have either invoked their Fifth Amendment privilege against self-incrimination or have simply fled the country.

Moreover, when all the evidence is considered, it appears that at this June 18 coffee, Huang openly asked for DNC contributions in the Map Room at the White House, in the presence of the President. Jackson and Wallace had a clear, vivid, and consistent recollection of Huang's solicitation. The Minority has alleged that Jackson invented this story out of partisan animus supposedly originating in his status as a registered Republican and as a former assistant to former Vice President Dan Quayle. As recounted above, however, Jackson's testimony is supported by Wallace — who has never contributed to either party — and is corroborated by sworn statements from Jackson's business associates attesting to his consistent and contemporaneous memory of these events. Both Jackson and Wallace, in fact, continue to maintain personal friendships and business relationships with Kanchanalak. By contrast, Dozoretz and the Belfers are fervent supporters of the President and the DNC, and raised or contributed several hundred thousand dollars on behalf of the Democratic Party in 1996 alone.

Moreover, neither Dozoretz nor any of the other guests apparently remember enough detail about the events of June 18 to be able to say anything about it with certainty — and certainly not enough to enable them to cast serious doubt upon the Jackson and Wallace accounts simply on the strength of their claimed inability to recall Huang’s comments. At this point, the only people who might be able to clarify this matter have refused to cooperate with the Committee: Huang has invoked the Fifth Amendment, Kanchanalak has fled the country, and President Clinton has declined to testify.