

# CAMPAIGN FINANCE IMPROPRIETIES AND POSSIBLE VIOLATIONS OF LAW

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## HEARING BEFORE THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT HOUSE OF REPRESENTATIVES ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

OCTOBER 8, 1997

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## CONTENTS

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Hearing held on October 8, 1997 .....	Page 1
Letters, statements, etc., submitted for the record by:	
Allen, Hon. Thomas H., a Representative in Congress from the State of Maine, prepared statement of .....	332
Barrett, Hon. Thomas M., a Representative in Congress from the State of Wisconsin, prepared statement of .....	381
Burton, Hon. Dan, a Representative in Congress from the State of Indiana: Letter dated October 6, 1997 .....	4
Prepared statement of .....	14
Condit, Hon. Gary A., a Representative in Congress from the State of California, prepared statement of .....	364
Cummings, Hon. Elijah E., a Representative in Congress from the State of Maryland, prepared statement of .....	390
Davis, Hon. Danny K., a Representative in Congress from the State of Illinois, prepared statement of .....	418
Davis, Hon. Thomas M., a Representative in Congress from the State of Virginia, prepared statement of .....	325
Ford, Hon. Harold E., Jr., a Representative in Congress from the State of Tennessee, prepared statement of .....	436
Kanjorski, Hon. Paul E., a Representative in Congress from the State of Pennsylvania, prepared statement of .....	354
Lantos, Hon. Tom, a Representative in Congress from the State of California, Republican fundraising letters press packet .....	340
Mica, Hon. John L., a Representative in Congress from the State of Florida, information concerning committee expenses .....	393
Portman, Hon. Rob, a Representative in Congress from the State of Ohio, prepared statement of .....	330
Ros-Lehtinen, Hon. Ileana, a Representative in Congress from the State of Florida, lyrics to a song .....	377
Sanders, Hon. Bernard, a Representative in Congress from the State of Vermont, prepared statement of .....	368
Schiff, Hon. Steven, a Representative in Congress from the State of New Mexico, prepared statement of .....	324
Sessions, Hon. Pete, a Representative in Congress from the State of Texas, prepared statement of .....	432
Shays, Hon. Christopher, a Representative in Congress from the State of Connecticut, prepared statement of .....	322
Towns, Hon. Edolphus, a Representative in Congress from the State of New York, prepared statement of .....	399
Turner, Hon. Jim, a Representative in Congress from the State of Texas, prepared statement of .....	427
Waxman, Hon. Henry A., a Representative in Congress from the State of California: Letters exchanged regarding the investigation .....	50
Prepared statement of .....	48





## **CAMPAIGN FINANCE IMPROPRIETIES AND POSSIBLE VIOLATIONS OF LAW**

**WEDNESDAY, OCTOBER 8, 1997**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,  
*Washington, DC.*

The committee met, pursuant to notice, at 11:10 a.m., in room 2154, Rayburn House Office Building, Hon. Dan Burton (chairman of the committee) presiding.

Present: Representatives Burton, Gilman, Hastert, Morella, Shays, Cox, Ros-Lehtinen, McHugh, Horn, Mica, Davis of Virginia, McIntosh, Souder, Shadegg, LaTourette, Sununu, Pappas, Snowbarger, Barr, Portman, Waxman, Lantos, Owens, Towns, Kanjorski, Condit, Sanders, Maloney, Barrett, Norton, Fattah, Cummings, Kucinich, Blagojevich, Davis of Illinois, Tierney, Turner, Allen, and Ford.

Staff present: Kevin Binger, staff director; Richard Bennett, chief counsel; Dan Moll, deputy staff director; Judith McCoy, chief clerk; Teresa Austin, assistant clerk/calender clerk; Robin Butler, office manager; William Moschella, deputy counsel and parliamentarian; Will Dwyer, director of communications; Ashley Williams, deputy director of communications; Barbara Comstock, chief investigative counsel; Tim Griffin, Robert Rohrbaugh, Jim Wilson, and Uttam Dhillon, senior investigative counsels; Dave Bossie, oversight coordinator; Phil Larsen, investigative consultant; Kristi Remington, Alicemary Leach, Bill Hanka, and David Kass, investigative counsels; John Irving and Jason Foster, investigators; Carolyn Pritts, administrative investigative assistant; David Jones and John Mastranadi, investigative staff assistants; Phil Schiliro, minority staff director; Phil Barnett, minority chief counsel; Agnieszka Fryszman, Elizabeth Mundinger, Kristin Amerling, Andrew McLaughlin, and David Sadkin, minority counsels; Ellen Rayner, minority chief clerk; Jean Gosa, minority staff assistant; and Sheridan Pauker, minority research assistant.

Mr. BURTON. The Committee on Government Reform and Oversight will come to order. Could we have the doors closed, please, and could everyone take their seats?

Today, we are going to start our investigation with opening statements from both the majority and minority sides of the aisle. We will try to get through these in an expeditious manner. I would like for Members, if at all possible, to keep their statements to 5 minutes.

I hope to be one of the few who violates that rule, but as the chairman I will use my prerogative as chairman to go into a little bit more detail than others may be able to.

As we begin these hearings, we are confronted with questions involving the basic integrity of our Democratic electoral process. We must address serious questions regarding the respect that this White House has for legitimate oversight and even the criminal justice system.

Before we begin our opening statements today, I would like to comment on the recently released White House tapes. In the past few days, it has come to light that videotapes of White House coffees were hidden from this committee, the Senate and the Justice Department, despite numerous subpoenas which have been outstanding. Ours was outstanding for 7 months.

Back in March of this year, we subpoenaed these records. We specifically asked for videotapes and audiotapes, unedited.

Let's look at the language that's on the screen. When the White House failed to respond to our subpoenas, we were forced to move to contempt in May of this year. Only then did the President's men commit to a full production of the records. At that time, Mr. Ruff told me personally that the contempt citation we were moving was the impetus for them coming around.

On June 27, 1997, the President's counsel, Mr. Ruff, officially certified that the White House, and this is right out of his letter, "produced all documents responsive to the committee subpoenas;" all documents responsive to the committee's subpoenas.

Of course, that was not the case. It is now apparent that even when the Senate learned of these tapes, the White House continued to provide misinformation on their very existence. As the Washington Post observed yesterday, quote, the attitude of this White House toward the truth, whenever it is in trouble, is the same: Don't tell it or tell only as much as you absolutely must, or as helps, end quote.

Now, the President says he will cooperate. Yet our request on Monday for the complete logs of all videotaped or audiotaped events at the White House by close of business Tuesday was not complied with. They continue to run the clock and divert attention to other matters.

In addition to that, we have now been informed there may be some fund-raising tapes, up to 150, that we don't have. And so when the President says they have complied, all we have to do is look at the tapes. Well, we would like to have all the tapes unedited in their entirety. And we do not yet have them.

This is not good faith compliance. We intend to fully examine this.

I would also like to enter for the record my October 6, 1997 letter to the White House relating to these matters. Without objection, that will be so entered.

[The letter referred to follows:]

### **Definitions and Instructions**

(1) For the purposes of this subpoena, the word "record" or "records" shall include, but shall not be limited to, any and all originals and identical copies of any item ... taped , filmed, graphically portrayed, video or audio taped, however produced or reproduced, and includes, but is not limited to, any writing, reproduction, transcription, photograph, or video or audio recording...

**March 4, 1997, subpoena to the White House**

DAN BURTON, INDIANA  
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**House of Representatives**  
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BERNARD SANDERS, VERMONT  
MINORITY

October 6, 1997

The Honorable William Jefferson Clinton  
The White House  
Washington, D.C. 20500

Dear Mr. President:

The Committee on Government Reform and Oversight issued a subpoena for records to the White House on March 4, 1997, after letter requests for records from former Chairman Clinger and myself had gone largely unresponded to by that date in connection with the Committee's investigation into illegal fundraising and related matters. The first requests from this Committee regarding John Huang and the Rydys were made a year ago this month. When the White House failed to comply with numerous congressional subpoenas, this Committee was forced to schedule a contempt hearing in May 1997.

Upon scheduling of that hearing, your counsel, Charles Ruff, candidly admitted to me that the contempt hearing finally "focused" his attention on promptly responding to the committee's subpoenas and he committed to complete production by mid-June 1997. I believed then, as I believe now, that it is unfortunate that it took the scheduling of a contempt hearing to "focus" White House attention on complying with congressional subpoenas. The recent events with the White House videotapes of fundraising events demonstrates that the White House still is not complying with our subpoenas.

As you know, the White House and the President have a duty to respond promptly to congressional subpoenas. That unfortunately has not been our experience, nor has it been the practice of this White House to promptly respond to subpoenas. This is not unique to Mr. Ruff's work in the Counsel's office, but rather, has been a pattern of behavior from the outset of this

Administration and throughout all five of your White House Counsels.

On June 27, 1997, Mr. Ruff certified to this committee that the White House produced all documents responsive to the Committee's subpoenas at that time. Since then, he has produced additional documents on more than a dozen separate occasions beginning July 3, 1997 and most recently, yesterday, October 5, 1997, when the White House produced a videotape of White House coffees. These tapes were deliberately withheld from this Committee despite the knowledge of the existence of these videotapes by numerous senior White House officials such as Mack McLarty, Erskine Bowles, Doug Sosnick, Harold Ickes and Marsha Scott, as well as yourself.

The Committee's March 4, 1997 subpoena clearly called for videotapes as records that are responsive to our subpoenas. Notably in paragraph one regarding definitions in the Committee's subpoena to the White House it states:

For the purpose of this subpoena, the word "record" or "records" shall include, but shall not be limited to, any and all originals and identical copies of any item whether written, typed, printed, recorded, transcribed, punched, taped, filmed, graphically portrayed, **video or audio taped**, however produced or reproduced, and includes, but is not limited to, any writing, reproduction, transcription, photograph, or **video or audio recording**, produced or stored in any fashion.....

When the Committee does not receive subpoenaed records, normally the presumption would be that such documents do not exist. Furthermore, the White House provided misleading documents which indicated that no recordings were made at the coffee events (see attached, EOP 023930, 023910 and 023953). Given the "hide and seek" games the White House apparently plays with documents, we are left to guess which documents have been withheld and what other types of records which are clearly under subpoena have not been provided.

It is even more disturbing to learn that the White House has known of these tapes for over two months now yet failed to inform this Committee about records which were clearly responsive to our March 4, 1997 subpoena. That it took the White House Counsel's office two months to determine the status of these tapes is testimony to the fact that many individuals at the White House are not cooperating with this investigation and that there is deliberate foot-dragging and misrepresentations going on within the White House.

Since there were many individuals in the White House who were aware of these tapes, whether or not the Counsel's office was aware of them is immaterial. As Mr. Ruff noted to me in his letter of September 11, 1997, he "instructed White House staff promptly to inform [his] office if they discovered any responsive documents that had been overlooked." Clearly, senior White House staff do not take the responsibility to lawfully respond to subpoenas seriously. I would hope that you would personally correct this situation immediately.

Furthermore, even when your Counsel learned of particular tapes pertaining to the White House coffees -- allegedly last Wednesday -- no one contacted this Committee to inform us of this information. My staff had to contact the Counsel's office on Saturday after the Time magazine story reported the existence of the tapes. My staff did not receive a return call until Sunday and at that time was informed a tape would be provided to this Committee simultaneously with providing it to the press.

In order to be in compliance with the Committee's March 4, 1997 subpoena, it is necessary for your staff to provide the committee by close of business Tuesday, October 7, with all of the logs identifying what events at the White House have been videotaped and/or audiotaped and that you commit to providing **all relevant and unedited videotapes and/or audiotapes by Friday, October 10, 1997**. I would note that the tapes provided to the Committee to date only consist of a compilation of tapes as reviewed by your staff. This is not responsive to our subpoena. I also request that the names of all those involved with preparing, editing and reviewing these tapes be provided by close of business, Tuesday October 7, 1997. Thank you for your prompt attention to this matter.

Sincerely,



Dan Burton  
Chairman

Attachments

cc: Rep. Henry Waxman

Mr. BURTON. Now to our investigation, there are almost daily revelations about troubling actions taken by senior White House and Democratic National Committee officials in the frenzy to fill the campaign coffers. The American people have a right to know what went wrong. There were millions of dollars in campaign contributions that have been returned because of illegal or highly suspicious sources.

As the chief oversight committee in Congress, the Committee on Government Reform and Oversight serves this role in informing the American people about how laws designed to govern our free elections may have been thwarted.

We are committed to thorough and fair hearings on the role of foreign money in recent campaigns. While the excesses of the White House and the Democratic National Committee may have propelled this investigation, the committee also is examining matters relating to the Republican National Committee and will continue to follow the facts wherever they lead us, in either party.

We are here today because we are compelled, by credible allegations of wrongdoing and by our public responsibility, to conduct oversight of these matters. Numerous individuals have pled guilty to criminal charges relating to campaign fund-raising. In the course of our investigation, we have found credible evidence of illegal foreign money funneled and conduit payments made to the Democratic National Committee.

The committee has amassed considerable evidence relating to the activities of former senior DNC official and Clinton appointee John Huang, and former Clinton appointee Charlie Trie. We are, however, at the very beginning of this investigation. I have no illusions that our task will be an easy or a quick one. This is going to take some time.

This committee's hearings will cover many subjects, because the reported abuses of campaign laws and misuse of Government resources are vast. Our initial focus has been on how political parties took or raised contributions from foreign sources. I am gravely concerned about foreign governments, foreign companies or foreign nationals trying to influence our electoral process and also our foreign policy.

Of equal concern, however, is the possibility that the United States is perceived by other countries as so corrupt that they would believe that they could tamper with our democratic process to further their own agenda. At the end of the day, the individuals who are involved must be held accountable.

It was not, "the system," which solicited millions of dollars in illegal contributions. The system did not rent out the Lincoln bedroom. The system didn't withhold subpoenaed records. The system is not responsible for individuals ignoring the campaign finance laws that we already have. It is individuals who are responsible for these actions. It is individuals who must be held accountable. The administration and others are using, "the system," as an excuse to change the subject. We are talking about existing laws being broken here.

Although the Clinton White House is extremely adept at spin control and damage control, it claims to be hopelessly incompetent when it comes to locating records subpoenaed by this committee,

the Senate committee, or its own Justice Department. As the Washington Post asked yesterday, quote, Can anyone believe this is on the up and up? end quote. You simply could not make up some of the more outlandish actions taken by this, “anything goes White House.”

Last February, this committee received documents from Harold Ickes. We were stunned to see the President’s own handwriting—he said he didn’t know anything about this initially—but his own handwriting ordering, quote, ready to start overnights right away. Give me the top 10 list back along with \$100,000 to \$50,000, end quote.

He didn’t know anything about it and yet his handwriting proved otherwise. In this atmosphere, is it any surprise to find Chinese arms dealers, drug dealers, leaders and fugitives from justice attending DNC events at the White House with the President? The tone was set at the top. And as Harry Truman said, the buck should stop there.

We have learned that the chairman of the Democratic National Committee contacted a man named Bob at the CIA on behalf of a DNC donor. The National Security Council was overruled on providing access to DNC donors who had been described as hustlers. Millions of dollars in conduit payments were made to the DNC. We are told, it was simply a mistake; everybody does it; or the system is to blame. These are the words of people looking to shift the responsibility and the blame.

All Americans should understand that these campaign finance scandals are unprecedented in many ways and international in scope. Over 60 people have taken the fifth amendment or fled the country. These people are now unavailable to aid in our efforts to get at the truth and let America know what the truth is—American people know what the truth is.

Many of these individuals are close friends of the President. Let’s take a look at some of the President’s close friends and associates who refuse to cooperate with this investigation.

First, we have John Huang, who has taken the fifth amendment. Mr. Huang has been a friend of the President’s since the 1980’s. He visited the White House over 90 times, between 1993 and 1996. At a July 22, 1996 fund-raiser, the President praised, quote, his long-time good friend, John Huang, end quote, who raised over \$3 million for the DNC.

Before coming to Washington in 1994, Mr. Huang worked for the Riady-owned Lippo Group. We find the Lippo Group and the Riadys throughout this whole mess.

He raised funds for the President and the DNC during the 1992 election. After President Clinton took office, Mr. Huang requested a political appointment in the Clinton administration. After Mr. Huang and James Riady met with the President, Mr. Huang finally received his appointment to the Department of Commerce in July 1994.

At the same time that the Clinton administration hired Mr. Huang, and I hope everybody gets this, the Riady family hired Webb Hubbell and paid him \$100,000 for no apparent work. After Mr. Huang worked at the Commerce Department for a little over



a year, there was a concerted effort to move him over to the Democratic National Committee.

Associates of the Riady family contacted numerous DNC and administration officials on John Huang's behalf. Mr. Huang and Mr. Riady met with the President in September 1995 to request that Mr. Huang move to the DNC. According to Bruce Lindsey, Mr. Huang felt that he, quote, could be most helpful to the President, end quote, at the DNC.

More than half of the over \$3 million he raised at the DNC was pledged to be returned because the contributions were illegal or highly questionable.

Next, we have Charlie Trie who has fled the country. Like John Huang, Charlie Trie also knew the President for years in Arkansas and visited the White House on dozens of occasions. DNC documents from the summer of 1994 list Trie as an FOB, friend of Bill. His \$100,000 contribution during the summer of 1994 gave him a seat at the President's head table during the Presidential gala; for a \$100,000 contribution.

These contributions came just days after he received a \$100,000 wire from the Lippo Bank. And Mr. Trie, to the best of our knowledge, never made a lot of money and certainly couldn't afford a \$100,000 contribution. He was of moderate income.

Next, we have the Riady family, who controls the Lippo Group, which employed John Huang. The Riadys supported President Clinton in Arkansas throughout the 1980's, made large contributions to the DNC and State parties in the closing months of the 1992 campaign, and as I mentioned earlier, paid Webb Hubbell \$100,000. The Riadys are not in the country and refuse to make themselves investigable to this committee or other investigators.

Just last September, however, James Riady was available to attend intimate meetings with the President. And it won't surprise anyone that Webb Hubbell has also taken the fifth amendment and refused to cooperate with this committee.

Hubbell was one of the President's best friends from Arkansas. President Clinton appointed him to the No. 3 position at the Justice Department. In early 1994, Hubbell found himself in the middle of the Whitewater scandal. Because of his legal problems, Hubbell resigned his top Justice Department job in the spring of 1994. By the end of the year, while under criminal investigation, Hubbell, with apparent ease, earned over half a million dollars, at least a half million dollars, in consulting fees for doing little, if no, work.

Administration officials and Clinton friends found this work for Hubbell because even as Mack McLarty candidly acknowledged in notes he took, quote, law firms were reluctant to touch him, end quote, meaning Webb Hubbell.

At what was reportedly a critical juncture in the Whitewater investigation in June 1994, Mr. Hubbell received the \$100,000 payment from a Lippo affiliate. This payment followed numerous meetings of the Riadys and John Huang at the White House in June 1994.

Former special assistant to the President and 1992 Clinton fundraiser, Mark Middleton, has also taken the fifth amendment. Mr. Middleton met on dozens of occasions with James Riady, John Huang, Charlie Trie and Charlie Trie's business partner, Ng Lap

Seng while he worked for the White House Chief of Staff, Mack McLarty. When Mr. Middleton left the White House in February 1995, he turned his White House access and ties to these individuals into Asian business deals. Mr. Middleton also remained active in the 1996 campaign and directed donors to the DNC and the White House coffees.

Mark Jimenez, a former client of Mark Middleton, is the most recent witness to invoke the fifth amendment before this committee.

Next, we have Johnny Chung, the infamous hustler, who gave \$366,000 to the DNC, has taken the fifth. It was Mr. Chung who said, in July of this year, quote, I see the White House is like a subway. You have to put in coins to open the gates, end quote.

Mr. Chung should know. He made 55 trips to the White House and was a frequent guest in the First Lady's office. Mr. Chung was able to bring a delegation of Chinese businessmen into the White House for lunch at the White House Mess, among other perks. In exchange, he was expected to give money.

One call sheet, prepared for DNC Chairman Don Fowler read, quote, Johnny committed to contribute \$75,000 to the DNC reception in Los Angeles on September 21st. He has still not sent his contribution. Tell him if he does not complete his commitment ASAP, bad things will happen. That's a threat, end quote.

Lack of cooperation by so many people should not be rewarded with a lack of attention, but rather with a commitment or a more vigilant investigation.

How is it that so many highly placed friends of the President have ended up taking the fifth or fleeing the country? Sixty-one people have refused to cooperate with either our committee or the Senate committee's investigation. We will not allow these obstacles to defeat our obligations to the American people. They have a right to know.

Although people may be impatient for hearings, what this committee is doing is slow, painstaking work. We will hold hearings when we are satisfied that we can present important pieces of this puzzle to the American people and not before.

The President and the Vice President should assist by reaching out to these 60-plus witnesses, many of whom are close friends, and ask for their help to get to the truth.

Mr. President, Tom Brokaw contacted Charlie Trie. Why not you? He is a friend of yours.

Mr. President, aren't you curious as to how Charlie Trie was able to contribute hundreds of thousands of dollars to the DNC when he did not have a successful business venture? Where did you think he got all of that money that he gave to the DNC that made him a managing trustee? The people have a right to know.

Mr. President, your long-time friend, John Huang, is reportedly sitting at home these days. Why don't you ask him to come forward and explain his fund-raising practices and where the money came from? The people have a right to know.

Mr. President, your former Associate Attorney General and close friend and golfing partner, Webb Hubbell, refuses to discuss his \$100,000 payment from the Riadys, a payment which came shortly after numerous visits to the White House by the Riadys and John

Huang were made. Don't you think the American people deserve an explanation? The people have a right to know.

Mr. President, do you condone this wall of silence erected by your friends? If not, Mr. President, tear down that wall.

We have heard much about campaign finance reform in the past few weeks. Mr. President, if you want to be a leader in campaign finance reform, then lead by example. Help us find out who broke the current laws that are already on the books. The laws that were broken were not hazy or fuzzy. They are straightforward laws such as it is illegal to funnel foreign money into campaigns and it is illegal to use conduits to funnel money into campaigns. Will you help us, Mr. President? Or will we have to wait for a Justice Department that reads the Washington Post for its next investigative lead?

In our constitutional system of checks and balances, Congress serves as an independent reviewer of the facts. Among the several tools available to us is the granting of immunity to individuals with important information for our investigation. Tomorrow, we will hear the testimony of three witnesses who have been immunized by this committee, the sister of Charlie Trie, Manlin Fong, her friend, Joseph Landon, and a Los Angeles businessman, David Wang.

In addition, the committee also has received a proffer from two key witnesses. In May of this year, Nora and Gene Lum pled guilty to felony conspiracy to violate Federal campaign laws. As a part of the Lums' plea agreement with the Justice Department, they were granted immunity by the Justice Department from further prosecution under the Federal election statutes. The attorneys for Nora and Gene Lum have provided a written proffer to the committee, which outlines the areas about which they will provide testimony.

The proffer indicates that the Lums will testify on a number of significant matters currently under investigation by this committee. The committee consideration of the Lums' proffer has been under way for several months by staff on both sides of the aisle.

Representatives of the minority were present at a July meeting when the proffer was first made by the Lums' attorneys. Further, they accompanied the majority staff at a meeting to discuss the matter with the Justice Department officials.

The Justice Department initially indicated they did not agree with the committee's suggestion to grant immunity to these witnesses, even though they have already themselves granted these people immunity.

On July 23, 1997, I sent a letter to Attorney General Reno requesting an explanation of their position. To date, I have not received any response from the Attorney General, and it has been 3 months. Sounds like they are pretty busy over there.

Today, with the permission of the Lums' attorneys, I am making this proffer available to the committee members and the public. I plan to schedule a committee business meeting to consider immunity for the Lums before the end of this month. The Lums' proffer and the investigative work that has been done by the committee staff indicates that the solicitation and utilization of foreign money and conduit payments did not begin after the Republicans won con-

trol of the Congress in 1994. Rather, it appears that the seeds of today's scandals may have been planted as early as 1991.

In conclusion, I would like to note there is a growing concern that there was real corruption in the financing of campaigns in this country and that this corruption may have affected our foreign policy and possibly our national security.

The American people have a right to know whether any national interests were put in jeopardy by these activities. Let's get the facts out.

As Abraham Lincoln said, "Let the people know the facts and the country will be saved."

I ask unanimous consent that all exhibits be made a part of the record and without objection, that will be done.

Mr. KANJORSKI. Objection.

Mr. BURTON. You do object?

Mr. KANJORSKI. Mr. Chairman, I do object. I want to call the Chair's attention to the fact that the Chair just violated the Rules of the House, as I understand them. If the Chair will refer to Rule 11, clause 2(k)7, it is stated there that no evidence or testimony taken in executive session may be released or used in public sessions without the consent of this committee.

As I understand it, there has been no vote in this committee to release any of the facts or testimony contained in depositions previously taken, and the Chair has exhibited on the screen exhibit C-6 with a statement taken from the deposition of David Mercer.

Mr. BURTON. Give me just a second to check with my legal counsel, would you please?

Mr. KANJORSKI. Certainly.

[Pause.]

Mr. BURTON. The gentleman is correct. One exhibit in the information we want to submit for the record should not have been divulged at this time, but all of the other exhibits will be made a part of the record, with the exception of the one the gentleman referred to.

Mr. KANJORSKI. Further reserving the right to object, Mr. Chairman, and certainly not intending to object to any of the exhibits the chairman has offered, and quite frankly, calling the chairman's attention to the fact, it was the minority side of this committee that fought to disclose all of these depositions so that this information could properly be brought before the public. I reiterate that the chairman should reconsider his position in denying the press, the American public, and the minority of this committee the use of those depositions at this hearing so that we can properly bring out all the facts and information that are relevant to this hearing.

Mr. BURTON. That is a matter that has been under discussion and we will consider to review that.

Mr. MICA. Regular order.

Mr. KANJORSKI. No further objection.

Mr. MICA. Regular order.

Mr. BURTON. Do I hear an objection?

Mr. KANJORSKI. No objection.

Mr. BURTON. No objection. So the information will be submitted for the record, with the exception of the document that was referred to.

[The prepared statement of Hon. Dan Burton, and the information referred to follow:]

## 1

troubling actions taken by senior White House and Democratic National Committee officials in the frenzy to fill campaign coffers. The American people have a right to know what went wrong. There were millions of dollars in campaign contributions that have been returned because of illegal or highly suspicious sources.

As the chief oversight committee in Congress, the Committee on Government Reform and Oversight serves this role in informing the American people about how laws designed to govern our free elections may have been thwarted. We are committed to thorough and fair hearings on the role of foreign money in recent campaigns. While the excesses of the White House and the Democratic National Committee may have propelled this investigation, the Committee also is examining matters relating to the Republican National Committee and will continue to follow the facts wherever they lead us.

We are here today because we are compelled by credible allegations of wrongdoing and by our public responsibility to conduct oversight of these matters. Numerous individuals have pled guilty to criminal charges relating to campaign fundraising. In the course of our investigation we have found credible evidence of illegal foreign money funneled and conduit payments made to the Democratic National Committee. The Committee has amassed considerable evidence relating to the activities of former senior DNC official and Clinton appointee John Huang and former Clinton appointee Charlie Trie. We are, however, at the very beginning of this investigation. I have no illusions that our task will be an easy or quick one.

This Committee's hearings will cover many subjects because the reported abuses of campaign laws and misuse of government resources are vast. Our initial focus has been on how political parties took or raised contributions from foreign sources. I am gravely concerned about foreign governments, foreign companies or foreign nationals trying to influence our electoral processes. Of equal concern, however, is the possibility that the United States is perceived by other countries as so corrupt that they would believe they could tamper with our democratic process to further their own agenda.

At the end of the day, the individuals who were involved must be held accountable. It was not "the system" which solicited millions in illegal contributions. "The system" didn't rent out the Lincoln Bedroom. "The system" didn't withhold subpoenaed records. "The system" is not responsible for individuals ignoring the campaign finance laws that we already have. It is individuals who are responsible for these actions. It is individuals who must be held accountable. The administration and others are using "the system" as an excuse to change the subject.

Although the Clinton White House is extremely adept at spin control and damage control, it claims to be hopelessly incompetent when it comes to locating records subpoenaed by this Committee, the Senate Committee or its own Justice Department. As The Washington Post asked yesterday, "Can anyone believe this is on the up and up?"

You simply could not make up some of the more outlandish actions taken by this "anything goes" White House. Last February, this Committee received documents from Harold Ickes. We were stunned to see the President's own handwriting ordering: "Ready to start overnights right away....give me the top 10 list back, along with the \$100,000, \$50,000 . . ." In this atmosphere is it any surprise to find Chinese arms dealers, drug dealers and fugitives from justice attending DNC events at the White House with the President? The tone was set at the top.

We've learned that the Chairman of the Democratic National Committee contacted a man named "Bob" at the CIA on behalf of a DNC donor. The National Security Council was overruled on providing access to DNC donors who it described as "hustlers." Millions of dollars in conduit payments were made to the DNC. We're told -- "it was a simple mistake," "everybody does it," or "the system" is to blame. These are the words of people looking to shift the blame.

All Americans should understand that these campaign finance scandals are unprecedented in many ways and international in scope. Over 60 people have taken the Fifth or fled the country. These people are now unavailable to aid in our efforts to get at the truth. Many of these individuals are close friends of the President. Let's take a look at some of the President's close friends and associates who refuse to cooperate with this investigation:

First we have JOHN HUANG who has pled the Fifth. Mr. Huang has been a friend of the President since the 1980s. He visited the White House over 90 times between 1993 and 1996. At a July 22, 1996 fundraiser the President praised his, "longtime good friend John Huang" who raised over \$3 million for the DNC. Before coming to Washington in 1994, Mr. Huang worked for the Riady owned Lippo Group. He raised funds for the President and the DNC during the 1992 elections.

After President Clinton took office, Mr. Huang requested a political appointment in the Clinton Administration. After Mr. Huang and James Riady met with the President, Mr. Huang finally received his appointment to the Department of Commerce in July of 1994. At the same time that the Clinton Administration hired Mr. Huang, the Riady family hired Webster Hubbell and



paid him \$100,000 for no apparent work. After Mr. Huang worked at the Commerce Department for a little over a year, there was a concerted effort to move him over to the DNC.

Associates of the Riady family contacted numerous DNC and administration officials on John Huang's behalf. Mr. Huang and Mr. Riady met with the President in September 1995 to request that Mr. Huang move to the DNC. According to Bruce Lindsey, Mr. Huang felt that he "could be most helpful to the President" at the DNC. More than half of the over \$3 million dollars he raised at the DNC was pledged to be returned because the contributions were illegal or highly questionable.

Next we have CHARLIE TRIE, who has fled the country. Like John Huang, Charlie Trie also knew the President for years in Arkansas and visited the White House on dozens of occasions. DNC documents from the Summer of 1994 list Trie as an "FOB" - Friend of Bill. His \$100,000 dollar contribution during the summer of 1994 gave him a seat at the President's head table during the Presidential gala. These contributions came just days after he received a \$100,000 dollar wire from the Lippo Bank.

Next we have the RIADY FAMILY who controls the Lippo Group, which employed John Huang. The Riadys supported President Clinton in Arkansas throughout the 1980s, made large contributions to the DNC and state parties in the closing months of the 1992 campaign and as I mentioned earlier, paid Webster Hubbell \$100,000. The Riadys are not in the country and refuse to make themselves available to investigators. Just last September, however, James Riady was available to attend intimate meetings with the President.

And it won't surprise anyone that WEBSTER HUBBELL has also taken the Fifth and refused to cooperate with the Committee. Hubbell was one of the President's best friends from Arkansas. President Clinton appointed him to the number three position at the Justice Department. In early 1994, Hubbell found himself in the middle of the Whitewater scandal. Because of his legal problems, Hubbell resigned his top Justice Department job in the Spring of 1994. By the end of the year, while under criminal investigation, Hubbell with apparent ease, earned over half a million dollars in consulting fees for doing little, if any, work. Administration officials and Clinton friends found this work for Hubbell, because as even Mack McLarty candidly acknowledged in notes he took: "law firms [were] reluctant to touch him." At what was reportedly a critical juncture in the Whitewater investigation in June 1994, Mr. Hubbell received the \$100,000 dollar payment from a Lippo affiliate. This payment followed numerous meetings of the Riadys and John Huang at the White House in June 1994.

Former Special Assistant to the President and 1992 Clinton fundraiser, **MARK MIDDLETON** also has taken the Fifth. Mr. Middleton met on dozens of occasions with James Riady, John Huang, Charlie Trie, and Charlie Trie's business partner, Ng Lap Seng while he worked for White House Chief of Staff Mack McLarty. When Mr. Middleton left the White House in February 1995, he turned his White House access and ties to these individuals into Asian business deals. Mr. Middleton also remained active in the 1996 campaign and directed donors to the DNC and White House coffees. **MARK JIMENEZ**, a former client of Mark Middleton, is the most recent witness to invoke the Fifth Amendment before the Committee.

Next, we have, **JOHNNY CHUNG**, the infamous "hustler" who gave \$366,000 to the DNC, has taken the Fifth. It was Mr. Chung who said in July of this year, "I see the White House is like a subway: You have to put in coins to open the gates." Mr. Chung should know, he made 55 visits to the White House and was a frequent guest in the First Lady's office. Mr. Chung was able to bring a delegation of Chinese businessmen into the White House for lunch at the White House Mess, among other perks. In exchange, he was expected to give money. One call sheet prepared for DNC Chairman Don Fowler read: "Johnny committed to contribute \$75,000 to the DNC reception in Los Angeles on September 21. He has still not sent his contribution. Tell him if he does not complete his commitment ASAP bad things will happen."

Lack of cooperation by so many people should not be rewarded with a lack of attention, but rather with a commitment for a more vigilant investigation. How is it that so many highly placed friends of the President have ended up taking the Fifth or fleeing the country? 61 People have refused to cooperate with either our Committee or the Senate Committee's investigation.

We will not allow these obstacles to defeat our obligations to the American people. They have a right to know. Although people may be impatient for hearings, what this committee is doing is slow painstaking work. We will hold hearings when we are satisfied that we can present important pieces of this puzzle to the American people.

The President and the Vice President should assist by reaching out to these 60 plus witnesses -- many of whom are close friends -- and ask for their help to get to the truth. Mr. President, Tom Brokaw contacted Charlie Trie -- why not you? Mr. President, aren't you curious as to how Charlie Trie was able to contribute hundreds of thousands of dollars to the DNC when he didn't have any successful business ventures? Where did you think he got all that money that made him a DNC "Managing Trustee"? The people have a right to know.

Mr. President, your "longtime good friend" John Huang is reportedly sitting at home these days, why don't you ask him to come forward and explain his fundraising practices and where the money came from? The people have a right to know.

Mr. President, your former Associate Attorney General and close friend Webster Hubbell refuses to discuss his \$100,000 payment from the Riadys -- a payment which came shortly after numerous visits to the White House by the Riadys and John Huang. Don't you think the American people deserve an explanation? The people have a right to know.

Mr. President do you condone this wall of silence erected by your friends? If not Mr. President, tear down that wall.

We have heard much about campaign finance reform in the past few weeks. Mr. President, if you want to be a leader in campaign finance reform, lead by example. Help us find out who broke the laws that are already on the books. The laws that were broken were not hazy or fuzzy laws. They are straightforward laws such as: it is illegal to funnel foreign money into campaigns and it is illegal to use conduits to funnel money into campaigns. Will you help us Mr. President? Or will we have to wait for a Justice Department that reads the Washington Post for its next investigative lead?

In our constitutional system of checks and balances, Congress serves as an independent reviewer of the facts. Among the several tools available to us is the granting of immunity to individuals with important information for our investigation. Tomorrow we will hear the testimony of three witnesses who have been immunized by this Committee, the sister of Charlie Trie, Manlin Fong; her friend, Joseph Landon; and a Los Angeles businessman, David Wang.

In addition, the Committee also has received a proffer from two key witnesses. In May of this year, Nora and Gene Lum pled guilty to felony conspiracy to violate federal campaign laws. As a part of the Lums plea arrangement with the Justice Department, they were granted immunity from further prosecution under the federal election statutes.

The attorneys for Nora and Gene Lum have provided a written proffer to the Committee which outlines the areas about which they will provide testimony. The proffer indicates that the Lums will testify on a number of significant matters currently under investigation by the Committee. Committee consideration of the Lum's proffer has been underway for several months by staff on both sides of the aisle. Representatives of the minority staff were present at a July meeting when the proffer was first made by the Lums' attorneys. Further,

they accompanied the majority staff at a meeting to discuss this matter with Justice Department officials.

The Justice Department initially indicated they did not agree with the Committee's suggestion to grant immunity to these witnesses. On July 23, 1997, I sent a letter to Attorney General Reno requesting an explanation of this position. To date I have not received any response from the Attorney General.

Today, with the permission of the Lums' attorneys, I am making this proffer available to the Committee Members and the public. I plan to schedule a Committee business meeting to consider immunity for the Lums before the end of this month.

The Lum's proffer and the investigative work that has been done by the Committee staff indicates that the solicitation and utilization of foreign money and conduit payments did not begin after the Republicans won control of the Congress in 1994. Rather, it appears that the seeds of today's scandals may have been planted as early as 1991.

In conclusion, I would like to note, there's a growing concern that there was real corruption in the financing of campaigns in this country and that this corruption may have affected our foreign policy or national security. The American people have a right to know whether any national interests were put in jeopardy by these activities. Let's get the facts out. As Abraham Lincoln said, "Let the people know the facts and the country will be saved."

THE WHITE HOUSE  
WASHINGTON

June 27, 1997

**BY HAND**

The Honorable Dan Burton  
Chairman  
House Government Reform and Oversight Committee  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, D.C. 20515

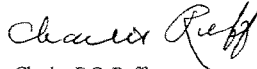
Dear Mr. Chairman:

As we discussed yesterday, this letter serves to certify that, to the best of my knowledge, the White House has produced all documents responsive to the Committee's subpoenas, with the exception of those documents that appear on the privilege logs that we have provided to the Committee.

We have made every effort to collect and produce, on the schedule reflected in my letter of May 20, 1997, all documents that are responsive to the Committee's subpoenas. Further, however, in order to ensure to the maximum extent possible that no responsive documents have been overlooked, I have directed my staff to continue their efforts to see to it that all areas that may contain such documents have been searched and that all responsive documents have been produced. As a result of that continuing process, we have located some additional documents, which we are producing today under separate cover, and we will, of course, produce promptly any others that are found.

I appreciate your and the Committee's courtesy as we have worked through this process.

Sincerely,



Charles F. C. Ruff  
Counsel to the President

cc: The Honorable Henry A. Waxman

## The Washington Post

AN INDEPENDENT NEWSPAPER

### Giving Good Faith a Bad Name

A REPORT ON THE NEWS has found that the White House is not only giving good faith a bad name but is also giving it a bad reputation. The investigation was made by the Washington Post and the Washington Post-Newsweek. The investigation was made by the Washington Post and the Washington Post-Newsweek. The investigation was made by the Washington Post and the Washington Post-Newsweek.

While House officials were shocked that any one would accuse them of backsliding, they did not deny it. They said they were not backsliding. They said they were not backsliding. They said they were not backsliding. They said they were not backsliding. They said they were not backsliding.

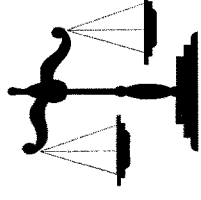
"The attitude of the White House toward the truth whenever it is in trouble is the same. Don't tell it, or tell only as much of it as you absolutely must, or as helps."

As the White House officials were shocked that any one would accuse them of backsliding, they did not deny it. They said they were not backsliding. They said they were not backsliding. They said they were not backsliding. They said they were not backsliding.

A principal line of defense when good-faith investigations are conducted is that the White House is not backsliding. They said they were not backsliding. They said they were not backsliding. They said they were not backsliding. They said they were not backsliding.

THE WHITE HOUSE

# **GUILTY PLEAS OBTAINED PURSUANT TO THE FUNDRAISING INVESTIGATION**



1. **NORA LUM, DNC Fundraiser**
2. **GENE LUM, DNC Fundraiser**
3. **TRISHA LUM, Straw Donor**
4. **MICHAEL BROWN, Illegal Campaign Donor**
5. **JERE NASH, Teamsters campaign manager**
6. **MARTIN DAVIS, Teamsters consultant**
7. **MICHAEL ANSARA, Teamsters consultant**

US House of Reps.  
 and Congress  
 are the only  
 2000 or more  
 in the  
 US House of Reps.  
 and Congress  
 are the only  
 2000 or more  
 in the

EXHIBIT  
C-49



## **John Huang:**



- Twenty-year friend of the President
- Former Commerce Department official
- Former DNC Finance Vice-Chairman
- Raised over \$3 million for the DNC, much of which was returned

**Pleading the Fifth**

### **Webster Hubbell:**

- Close personal friend of the President
- Former law partner of Hillary Clinton
- Former Associate Attorney General

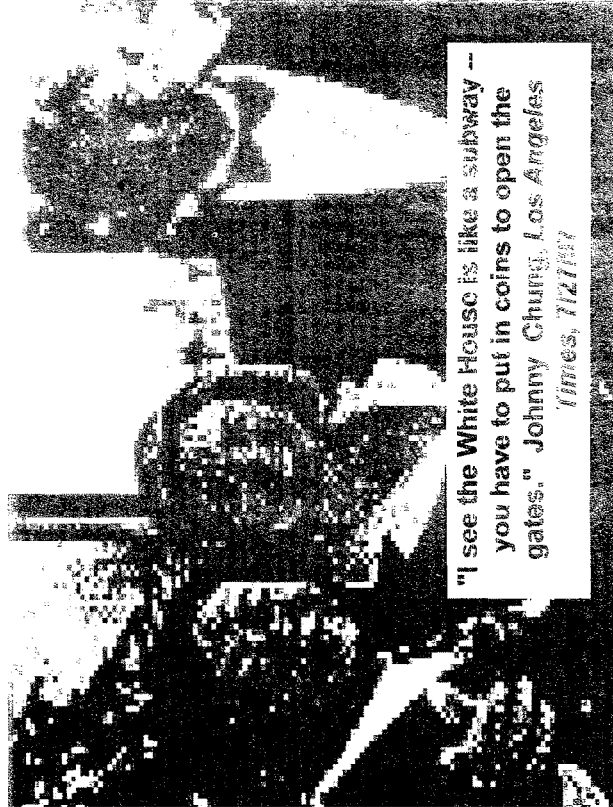
### **Convicted Felon Pleading the Fifth**



# "law firms reluctant to touch him"

[illegible]

EXHIBIT  
C-8

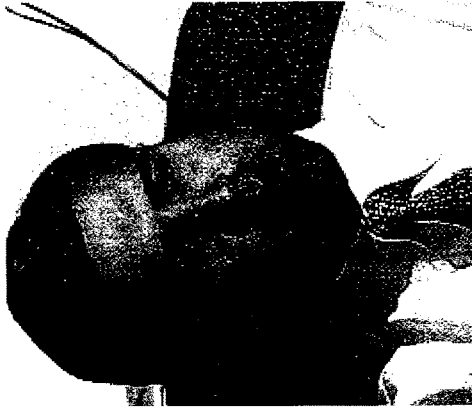


"I see the White House is like a subway -- you have to put in coins to open the gates." Johnny Chung, *Los Angeles Times*, 7/27/99

## **Mark Middleton:**

- Former White House aide
- Arkansas fundraiser
- Left the White House to start his own business specializing in Asian affairs

## **Pleading the Fifth**

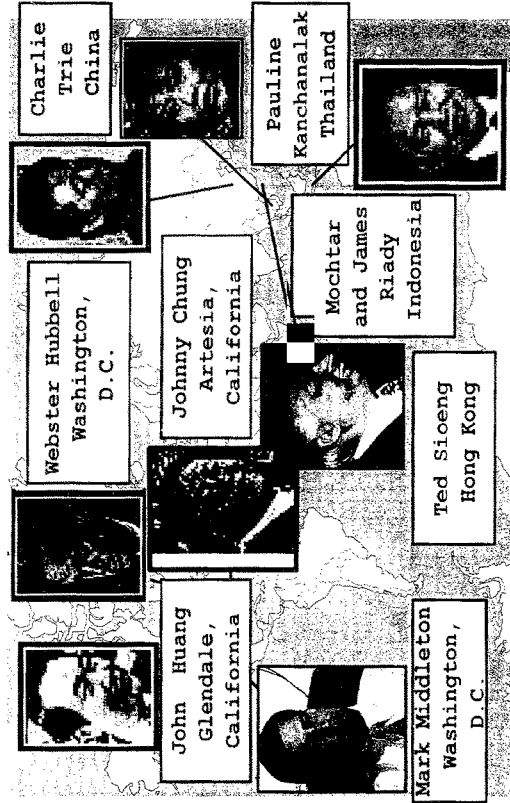


# 61

30

Witnesses  
Unavailable

## WHERE IN THE WORLD ARE THE COMMITTEE'S KEY WITNESSES?



October 7, 1995

100-8-96

MEMORANDUM FOR THE PRESIDENT

PHIL CAPLAN, Esq.

**SUBJECT:** Recent Political Information Items

We are forwarding the following recent political information (news):

[illegible]

**Non-Responsive Material  
Has Been Redacted**



**Contributions Returned or to  
be Returned by the DNC**

**\$2,825,600**

Source: Democratic National Committee press release, 6/27/97

"An Instinct to Deceive: What will it take to persuade this White House to tell the truth simply and promptly once a scandal is brewing? Apparently not even the advice of two lawyers of uncontested loyalty to President Clinton can overcome the cover-up instinct that has made a quagmire of Whitewater and is turning the Indonesian fund-raising affair into a matter that neither Congress nor the Attorney General can ignore."

**The New York Times**

November 20, 1996

"It puts up a false front, offers a misleading version of events. If and when that fails, as often occurs, it puts up another, and another -- as many as it takes. Then Administration officials bemoan the cynicism with which what they have to say is so often greeted and wonder aloud, or pretend to wonder, why they are not believed ... The dispensing of truth in reluctant dribs and drabs does indeed have the corrosive effect that the White House itself periodically deplores ..."

*The Washington Post*

January 17, 1997

**"The White House at first would play  
dumb, claim not to have known  
anything about the episode, whatever it  
was and then, confronted with  
evidence to the contrary, would dole  
out the truth a grudging grain at a  
time when it spoke the truth at all."**

36

***The Washington Post***

**January 23, 1997**

"They [the White House] put out a story that may or may not be technically true but creates a false impression. They benefit from the impression, which is allowed to stand for as long as it serves, meaning until it is shot down or about to be shot down."

*The Washington Post*

April 3, 1997

**"The pattern here is familiar.  
New information keeps dripping  
out while the White House  
argues that the investigations  
into the Clinton's finances have  
gone on too long."**

38

***The New York Times***  
July 3, 1997

**"The documents also show the DNC's clear disdain for laws limiting contributions to candidates, as opposed to political parties."**

**The New York Times**

July 24, 1997

**"It was, in short,  
laundered money. More  
troubling still is the  
possibility that the White  
House did know."**

**The New York Times**  
July 31, 1997



"[The Senate hearings] have also yielded fresh evidence that the White House and the Democratic National Committee chose to look the other way as funds flowed illegally from foreign sources into the Clinton re-election campaign, greatly strengthening the case for an independent counsel to get to the bottom of the entire mess."

**The New York Times**

August 3, 1997

"Recent weeks have brought fresh evidence that the

Department's [Justice] investigators are either lethargic or over their heads. Even worse, Attorney General Janet Reno's failure to seek an independent counsel to oversee the probe no longer looks like a principled assertion of faith in Justice's career staff. It looks like a political blocking operation to protect President Clinton and Mr. Gore from the vigorous investigation that would be aimed at any other officeholder who has received so much suspicious money."

**The New York Times**

September 14, 1997

**"The attitude of the White  
House toward the truth  
whenever it is in trouble is the  
same. Don't tell it, or tell only as  
much of it as you absolutely  
must, or as helps."**

**The Washington Post**

**October 7, 1997**

**Memo to Don Fowler from  
Harold Ickes, 4/17/96**

[illegible]

**"That was the other campaign that had problems with that [allegations of improper fundraising], not mine."**

**"all matters dealing with allocation and expenditure of monies involving the [DNC] ... are subject to the prior approval of the White House"**

**-President Clinton  
Press Conference  
11/8/96**

Mr. BURTON. We will now hear from Mr. Waxman, the ranking minority member.

Mr. WAXMAN. Mr. Chairman, months ago the Democrats on this committee, led by Congressman Gary Condit, asked that we get copies of the depositions taken by the Senate. We debated the issue in committee, wrote to Senators Thompson and Glenn with the request and we raised the issue several more times with your staff. So I was skeptical when I received a tip 2 weeks ago that, in fact, you had copies of many of those depositions, and I was disappointed to learn last week that it was true that you did have copies of the Senate depositions, but had not shared them with us.

You explained this mistake by pointing to staff and administrative error. That has also been the explanation for at least five other instances when the minority received misinformation or didn't receive documents. It is also the explanation given 2 seconds ago when it was pointed out that a deposition taken in executive session was leaked right here at this hearing, even though it is against the rules of the Congress to release depositions without a vote of the committee. In fact, when the Democrats asked that all the depositions be made public, the Republicans argued against it, saying that they didn't think it was appropriate. It seems like the majority's view is, release is appropriate on a selective basis if it serves a particular purpose.

Now, the explanation for that is simply another bungle, another error, another mistake, somebody else was responsible, probably the staff. Now, I have accepted your explanations, but I still find this conduct inexcusable.

In the same way, I can understand the White House's explanation for the coffee tape fiasco, but I still find it inexcusable. This seems to happen so often with the White House, that I wondered whether it is nefarious conduct, as the chairman has concluded, or just a lack of competence. I believe Charles Ruff, the President's Counsel, would not intentionally mislead Congress. And since in many cases it is the failure to provide the information when first requested and not the substance of the information that is damaging, ineptness seems to be a more logical explanation.

At this point, this seems to me to be the case with the coffee videos. But it is still inexcusable. When you go beyond that, as you did this morning, Mr. Chairman, then it becomes clear that partisanship, again, is the dominant theme in our committee. And no investigation can be credible so long as it is motivated by partisanship.

Our committee has, of course, a fundamental obligation to investigate serious abuses of our Nation's campaign finance laws without regard to the political consequences, whether they be to the Democrats or Republicans. Every Democrat on this committee has supported such an effort. In fact, on March 6th, all 20 minority members signed a letter to Speaker Gingrich supporting an aggressive and comprehensive investigation into all alleged campaign finance abuses.

We did, however, offer a suggestion: Instead of authorizing two identical and duplicative efforts, the House and Senate resources should be consolidated into one thorough and bipartisan investigation.

We continue to believe our proposal would have saved money and been more effective at uncovering the truth about what really happened last year.

Well, neither Speaker Gingrich nor any of the Republican members of this committee ever responded to that letter. Instead, the House and Senate committees have investigated the same issues, deposed the same witnesses and subpoenaed the same documents with no coordination between us.

Everything that the chairman outlined in his opening statement this morning for around 15 minutes, we didn't need to spend a single dime on to investigate because it was all reported by the press or the Senate.

Senator Thompson has now chaired 26 days of hearings and he, Senator Glenn and their colleagues have provided a valuable service. The Senate hearings may not have captured the public's attention, but they have uncovered disturbing conduct and exposed some of our campaign system's most glaring deficiencies.

In contrast, our committee's work has been beset by a series of problems and raw partisanship. I won't recite the litany, but our low point probably came in July when the Republican chief counsel resigned because he said he had not been given the authority to, quote, implement the standards of professional conduct, end quote, necessary to do his work.

In addition, Mr. Rowley noted that he wanted to, quote, follow where the evidence leads, end quote, while others wanted to use the investigation simply to, quote, slime, end quote, the Democrats. After Mr. Rowley left, the committee's Republican staff was without a chief counsel for nearly 2 months.

Perhaps the best measure of partisanship is that of the 554 subpoenas and requests for information Chairman Burton has issued, 544 have been directed at Democratic targets. Only 10 have sought information for Republican fund-raising abuses. Given those numbers, it is no surprise that Chairman Burton once reportedly predicted that his investigation would ensure Republican control of the House in 1998.

Now, given Senator Thompson's work, we face a real question of purpose. We have already spent almost \$3 million without holding a single hearing. Before we invest millions more, we should have a clear understanding of what we are doing and how it relates to what Senator Thompson and Independent Counsel Kenneth Starr have already investigated.

Well, we won't find that understanding today. Instead, we are likely to hear a quotable series of partisan but unsubstantiated accusations.

Keep in mind, as they are presented, that Chairman Burton and his colleagues have refused to release the 52 depositions the committee has taken, except in the one instance where they released it improperly today, at least a portion of one deposition.

Those depositions comprise nearly all of the committee's investigative work, and the reason those depositions remain secret is they offer no support for the accusations you will hear.

One final point. I began my comments by recognizing the serious responsibility we have to investigate, but we also have an equally

serious responsibility to legislate when reform is needed, and our campaign finance system is in desperate need of reform.

Several of our colleagues on this committee, including Representative Tom Allen from Maine, Representative John Tierney from Massachusetts, and Representative Chris Shays from Connecticut have sponsored bills that would improve the system. I have cosponsored their legislation and hope my colleagues won't be content just to investigate last year's problems. Our system is broken and our job is to fix it.

Mr. Chairman, I look forward to tomorrow's hearing and working with you, as best we can, and I want to, at the conclusion of this statement, put into the record the letters we have exchanged about our committee's investigation and the letters to Speaker Gingrich to be included in the record following my statement.

Mr. BURTON. Without objection.

[The prepared statement of Hon. Henry A. Waxman and the information referred to follow:]

STATEMENT OF REPRESENTATIVE HENRY A. WAXMAN  
OCTOBER 8, 1997

Our Committee has a fundamental obligation to investigate serious abuses of our nation's campaign finance laws without regard to the political consequences for the Republican and Democratic parties.

Every Democrat on this Committee has supported such an effort. In fact, on March 6, all twenty minority members signed a letter to Speaker Gingrich supporting an aggressive and "comprehensive investigation into all alleged campaign finance abuses." We did, however, offer a suggestion--instead of authorizing two identical and duplicative efforts, the House and Senate resources should be consolidated into one thorough and bipartisan investigation. We continue to believe our proposal would have saved money and been more effective at uncovering the truth about what really happened last year.

Neither Speaker Gingrich nor any of the Republican members of this Committee ever responded to that letter. Instead, the House and Senate Committees have investigated the same issues, deposed the same witnesses, and subpoenaed the same documents, with no coordination between us.

Senator Thompson has now chaired 26 days of hearings and he, Senator Glenn, and their colleagues have provided a valuable service. The Senate hearings may not have captured the public's attention, but they have uncovered disturbing conduct and exposed some of our campaign system's most glaring deficiencies.

In contrast, our Committee's work has been beset by a series of problems and raw partisanship. I won't recite the litany, but our low point probably came in July, when the Republican Chief Counsel resigned because he said he had not been given the authority to "implement the standards of professional conduct" necessary to do his work. In addition, Mr. Rowley noted that he wanted "to follow where the evidence leads" while others wanted to use the investigation simply to "slime" the Democrats. After Mr. Rowley left, the Committee's Republican staff was without a Chief Counsel for nearly two months.

Perhaps the best measure of partisanship is that of the 554 subpoenas and requests for information Chairman Burton has issued, 544 have been directed at Democratic targets. Only 10 have sought information for Republican fundraising abuses. Given those numbers, it's no surprise that Chairman Burton once reportedly predicted that his investigation would ensure Republican control of the House 1998.

Given Senator Thompson's work, we face a real question of purpose. We have already spent almost \$3 million without holding a single hearing. Before we invest millions more, we should have a clear understanding of what we're doing and how it relates to what Senator Thompson and Independent Counsel Kenneth Starr have already investigated.



We won't find that understanding today. Instead, we are likely to hear a quotable series of partisan but unsubstantiated accusations. Keep in mind as they are presented that Chairman Burton and his colleagues have refused to release the 52 depositions the Committee has taken. Those depositions comprise nearly all of the Committee's investigative work. And the reason those depositions remain secret is that they offer no support for the accusations you will hear.

One final point. I began my comments by recognizing the serious responsibility we have to investigate--but we also have an equally serious responsibility to legislate when reform is needed. And our campaign finance system is in desperate need of reform.

Several of my colleagues--including Rep. Allen, Rep. Tierney, and Rep. Shays--have sponsored bills that would improve the system. I have cosponsored their legislation and hope my colleagues won't be content to just investigate last year's problems. Our system is broken and it's our job to fix it.

Mr. Chairman, I look forward to tomorrow's hearing and ask unanimous consent that the letters we've exchanged about our Committee's investigation and the letter to Speaker Gingrich be included in the record following my statement.

DAN BURTON, INDIANA  
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA  
RANKING MINORITY MEMBER

ONE HUNDRED FIFTH CONGRESS

## Congress of the United States

### House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

January 24, 1997

The Honorable Dan Burton  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Mr. Chairman:

Thank you for providing me with copies of letters you have sent to various government agencies and private parties requesting documents relating to alleged campaign fundraising abuses. I look forward to cooperating with you in this important investigation.

Your letters raise some questions, however, regarding how the Committee will handle the documents that it may receive from government agencies and others in response to your requests. In particular, I am concerned about the treatment that the Committee will afford documents that may contain confidential information. For example, at this time I do not know what procedures the Committee will follow to insure that confidential documents are not inadvertently released, nor the conditions, if any, under which confidential documents (or the contents thereof) may be released by the Committee. I also do not know who will and who will not be provided access to these documents. For example, I do not know if staff of member offices or outside parties will be given access to confidential documents or will be provided information about their contents (I do assume, however, that minority staff will have access to the documents).

It is clear that difficulties may arise if different rules for handling confidential documents apply to different parties. Without a unified set of procedures for handling confidential documents, dozens of separate understandings may be necessary with the many government agencies and private parties who may have confidential documents responsive to your requests. Such a situation could be truly unworkable -- and could result in unnecessary delay in obtaining desired documents.

The minority members of the Committee have a strong interest in insuring that the Committee adopt fair and workable procedures for handling documents received during the course of the Committee's investigation. I request, therefore, that our staffs meet as soon as possible to develop an appropriate set of procedures for handling these documents. Ideally, such

procedures could then be applied uniformly to all documents received in the course of this important investigation.

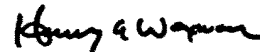
It is also my desire to be able to join with you on many of the document requests to the Administration and others. A bipartisan understanding on how documents will be handled would, of course, facilitate this.

I do not wish to delay any person's response to your document requests. However, to avoid the problems that could arise if each of the numerous recipients of your letters separately engages in negotiations with the Committee about how responsive documents will be treated, I suggest that it may be advisable for us to reach an agreement on appropriate procedures before the Committee receives documents under the pending requests.

I would also suggest that our staffs discuss the conditions under which Administration officials and others are interviewed by staff, as I understand that requests for staff interviews have also been made.

In closing, I want to reiterate my desire to cooperate with you in this investigation. The Committee will be providing a great service if we are able to conduct a thorough and bipartisan investigation into campaign finance issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry A. Waxman".

Henry A. Waxman  
Ranking Minority Member

DAN BURTON, INDIANA  
CHAIRMAN

ONE HUNDRED FIFTH CONGRESS

HENRY A. REAGAN, CALIFORNIA  
RANKING MINORITY MEMBER

**Congress of the United States**  
**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143  
(202) 225-5074  
February 3, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

I want to thank you again for your public statements pledging a bipartisan approach to our Committee's work. I share your view and am looking forward to working together. As we begin this process, I want to bring two important organizational issues to your attention.

The first is the allocation of Committee funding. This is the first time either of us have gone through this process on the Committee, and as you prepare your proposed budget for the Committee on House Oversight, I wanted to make sure you knew some of my preliminary views.

In the Committee on House Oversight's Funding Resolution Report for the 104th Congress (Report 104-74, page 7), Chairman Thomas wrote the following:

To ensure fairness to all Members, the Republicans, when they were in the minority, argued that all committees should allocate at least one-third of resources to the minority. As the new majority, Republicans remain committed to achieving that goal. The Committee is pleased that Republican chairmen have made substantial progress by more than doubling the number of committees that will allocate one-third of resources to the minority--from four committees in the past, to nine committees in the 104th Congress. In addition, under all the current proposed budgets, committees are either at the one-third standard or have increased the allocation of resources to the minority over that allocated in the 103rd Congress. Our goal is to have all Committees, with the agreement of the chairman and ranking minority member, provide at least a one-third allocation of resources, for use by the minority as directed by the ranking minority member, as soon as practicable.

The Honorable Dan Burton  
February 3, 1997  
Page Two

Unfortunately, our Committee did not comply with the one-third allocation formula in the 104th Congress. In 1996, for instance, the Minority was given only 26 (or 24%) of the 105 staff positions assigned to the Committee. Similarly, the Minority's salary allocation (\$1,370,000) was significantly below the one-third allocation provided to the Committee.

Although the Committee on House Oversight's official policy is for at least a one-third allocation for the Minority, I don't believe a level above one-third is practicable at this time given the transition that would be needed from the 1996 budget and staff levels. Accordingly, I am only requesting that our Committee follow the minimum House Majority/Minority one-third funding allocation policy for the 105th Congress, and that this allocation be reflected in the budget proposal you submit to the Committee on House Oversight.

If the budget proposal you submit is identical to the 1996 plan, under a one-third allocation the Minority would receive a total of 35 staff positions and approximately \$1,691,253 in salary funding. Of course, if you request funding above the 1996 level these figures would increase by one-third.

Complying with the Committee on House Oversight's allocation policy isn't just a matter of fairness; it is essential if Minority members are to participate fully and effectively in the legislative and oversight process. And it is especially important given the thorough and comprehensive investigations on sensitive issues you and Senate Governmental Affairs Committee Chairman Thompson have indicated you will pursue.

The second issue relates to the Majority/Minority ratios for the Committee's seven subcommittees. It is my hope that we can agree to ratios that are fair and that allow every Minority member wishing to serve on two subcommittees the opportunity to do so.

I am enclosing with this letter an attachment that illustrates the party ratios in both the full House, the Committee, and the subcommittee ratios you have proposed. Although Democrats now hold 43% of all House seats, we have only been given 45% of the seats on the Government Reform Committee. Moreover, under your proposed subcommittee ratios, Democrats would receive only 41% of the 78 subcommittee positions.

The Honorable Dan Burton  
February 3, 1997  
Page Three

Ironically, your proposed subcommittee ratios are more imbalanced than last Congress. In the 104th Congress, the minority was awarded over 43% of the subcommittee assignments. This Congress, even though the minority increased its seats in Congress, the minority would be awarded only 41% of the subcommittee assignments. Relative to last Congress, your proposal would cut the number of subcommittee assignments available to the minority by 6 assignments, while cutting the number of subcommittee assignments available to the majority by only 4 assignments.


Aside from whether this proposal is fair, at this time I cannot assess whether it would allow every Democratic member (and Rep. Sanders) an opportunity to serve on two subcommittees. I will not be able to poll the Democratic members for preferences until an estimated five vacancies are filled by new Committee members. As you know, these assignments will not be made until the dispute between the Republican and Democratic leaderships over the ratios for all Committees is resolved.

I suggest that we postpone the Committee organization until those assignments are made and that at that time we discuss whether your proposed subcommittee ratios meet the needs of the Minority or whether an adjustment is appropriate. It would also allow our staffs adequate time to discuss the proposed rules for the Committee and resolve any differences we might have. I am confident that any issues relating to ratios and the rules can be quickly and easily resolved.

Thank you for your consideration, and please know that I am ready to discuss these issues at your convenience.

With best wishes, I am

Sincerely,

  
HENRY A. WAXMAN  
Ranking Minority Member

## RATIOS IN THE 105TH CONGRESS

	<u>Number</u>	<u>Percentage</u>
<u>House of Representatives</u>		
Republicans:	227	52.18
Democrats (and Rep. Sanders):	208	47.82
<u>Committee on Government Reform and Oversight</u>		
Republicans:	24	54.54
Democrats (and Rep. Sanders):	20	45.46
<u>Proposed Ratios for Subcommittees</u> (Republicans to Democrats and Rep. Sanders)		
<u>Civil Service:</u>	5 : 3	62.5 : 37.5
<u>D.C.:</u>	5 : 3	62.5 : 37.5
<u>Postal Service:</u>	5 : 3	62.5 : 37.5
<u>GMIT:</u>	7 : 5	58.3 : 41.7
<u>NEG:</u>	8 : 6	57.1 : 42.9
<u>National Security:</u>	9 : 7	56.3 : 43.8
<u>Human Resource:</u>	7 : 5	58.3 : 41.7
<u>Subcommittee Total:</u>	46 : 32	59.0 : 41.0

DAN BURTON, INDIANA  
C. KAMMARE

ONE HUNDRED FIFTH CONGRESS

HENRY S. REEDMAN, CALIFORNIA  
RANKING MEMBERS

**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

February 10, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for taking the time to meet with me on Tuesday. I'm glad we had a chance to talk and that some of the issues we have discussed have already been resolved.

At our meeting you shared with me a memorandum relating to the Committee on House Oversight's official policy of ensuring that the minority should receive a minimum of one-third of the resources allocated to a committee. The memorandum noted that although the minority on the Government Reform Committee did not receive a one-third allocation in 1996, it still received a greater percentage than that given to the Republican minority in the 103rd Congress.

As you know, however, in 1995 the new Republican Majority combined the Committee on the District of Columbia, the Committee on Post Office and Civil Service, and the Committee on Government Operations to make the new Committee on Government Reform and Oversight. According to information provided to the Congressional Research Service from the Republican staff of the House Oversight Committee, these three Committees had a total of 201 staff positions in 1994. The Republican Minority received 48 (or 23.88%) of these slots (see enclosed chart). The actual percentage, in fact, may well have been higher, since CRS relied only on Republican staff members for data.



The Honorable Dan Burton  
 February 10, 1997  
 Page Two

Nonetheless, the 23.88% is actually higher than what the Democratic Minority of the Government Reform and Oversight Committee received in the 104th Congress. As you know, in the last Congress Democrats received 25 (or 23.81%) of the 105 staff positions allocated to the Committee. Moreover, the actual allocation for salary was significantly less than 23.81%.

These numbers are the reason I take exception to the argument that it should take several Congresses for our Committee to reach the one-third allocation formula. I understand the resentment many Members feel about the treatment Republicans received under previous Democratic Chairman of the Government Operations Committee. But the cooperative experiences on the Committees on the District of Columbia and Post Office and Civil Service is relevant. When the Committee staff ratios are aggregated, we not only didn't move forward with a one-third allocation in the last Congress, we actually moved slightly back from what the Republican Minority received in 1994. The unfairness of this result is accentuated by the fact that there are now many more Minority Members of Congress (208 Democrats including Rep. Sanders) than there were in 1994 (177 Republicans).

The debate over funding for the Senate Governmental Affairs Committee is also instructive. Although there is a dispute over how much money should be spent on the Senate investigation, there is a clear agreement that the minority should receive a one-third allocation of the Committee's resources.

I again want to reiterate how important it is for our Committee to join most of the other House committees in complying with the policy of allocating to the minority a minimum of one-third of the Committee's resources. As Chairman Thomas wrote in the 1995 Funding Resolution, "our goal is to have all Committees, with the agreement of the Chairman and ranking minority member, provide at least a one-third allocation of resources, for use by the minority as directed by the ranking minority member, as soon as practicable."

We should comply with the House allocation policy, we should be consistent with the Senate policy (especially since Democrats hold more seats in the House (48%) than in the Senate (45%)), and we should recognize that it is essential for the Minority to be treated fairly given the extraordinarily sensitive nature of our work.

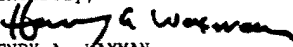
The Honorable Dan Burton  
February 10, 1997  
Page Three

I anticipate that given the scope of the pending investigation you will be requesting additional funding from the Committee on House Oversight. Additional resources will make the transition to a one-third allocation less disruptive to our Committee, and I request that you include that allocation in the budget proposal you submit this week.

Again, thank you for your consideration and assistance.

With best wishes, I am

Sincerely,

  
HENRY A. WAXMAN  
Ranking Minority Member

1994 COMMITTEE STAFF RATIOS												
COMMITTEES	STATUTORY			RATIO			INVESTIGATIVE			RATIO		
	TOT	MAJ	MIN	MAJ	MIN	MAJ	TOT	MAJ	MIN	MAJ	MIN	RATIO
AGRICULTURE	30	20	10	67%	33%	33%	36	24	12	67%	33%	
ARMED SERVICES	30	20	10	67%	33%	33%	59	43	16	78%	21%	
BANKING	27	19	8	70%	30%	30%	8	5	3	63%	38%	
D.C.	30	20	10	67%	33%	33%	71	52	19	73%	27%	
EDUCATION & LABOR	30	20	10	67%	33%	33%	111	95	16	86%	14%	
ENERGY & COMMERCE	30	20	10	67%	33%	33%	67	52	15	78%	22%	
FOREIGN AFFAIRS	30	20	10	67%	33%	33%	61	52	9	85%	15%	
GOVERNMENT OPS	30	20	10	67%	33%	33%	36	29	7	81%	19%	
HOUSE ADMINISTRATION	30	20	10	67%	33%	33%	46	41	5	89%	11%	
INTELLIGENCE	30	20	10	67%	33%	33%	44	33	11	75%	25%	
JUDICIARY	30	20	10	67%	33%	33%	42	34	8	81%	19%	
MERCHANT MARINE	30	20	10	67%	33%	33%	45	37	8	82%	18%	
NATURAL RESOURCES	30	20	10	67%	33%	33%	57	49	8	70%	30%	
POST OFFICE	30	20	10	67%	33%	33%	18	15	3	83%	17%	
PUBLIC WORKS	30	20	10	67%	33%	33%	58	44	14	76%	24%	
RULES	30	20	10	67%	33%	33%	16	12	4	75%	25%	
SCIENCE, SPACE & TECH	30	20	10	67%	33%	33%	17	13	4	71%	29%	
SMA BUSINESS	27	17	10	63%	37%	37%	64	52	12	81%	19%	
STANDARDS	30	20	10	67%	33%	33%	856	672	184	79%	21%	
VETERANS AFFAIRS	30	20	10	67%	33%	33%	47	32	15	68%	32%	
WAYS & MEANS	30	20	10	67%	33%	33%	94	72	22	77%	23%	
TOTAL	543	362	181	67%	33%	33%	1356	1034	322	74%	26%	

a Operates with bipartisan staff.

b Authorized statutory staff via H. Res 58 in 1983.

c Non-partisan staff are not reflected in these figures.

Source: 1994 Republican Committee Surveys

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DAN BURTON, INDIANA  
CHAIRMAN

ONE HUNDRED FIFTH CONGRESS

HENRY H. HARTMAN, CALIFORNIA  
RANKING MEMBER

**Congress of the United States**  
**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143  
(202) 225-5074

February 18, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

Before our Committee formally organized last week, we met and discussed the procedures the Committee would follow in issuing subpoenas. As you know, I believe there is enough evidence of improper and questionable campaign activities by both parties to warrant serious congressional investigation. It is also my view any investigation should be bipartisan, fair, and comprehensive.

Although it has now been less than a week since we adopted the Committee rules, it is clear to me that the procedures we agreed to are not being followed and that the majority is setting a course that will result in partisan conflict, not bipartisan cooperation. In addition to a clear breach of the policy governing Committee subpoenas, the minority has not been given any information about the budget you are submitting for the Committee's activities, nor have we been assured that we will receive at least a one-third allocation of all resources given to the Committee so that we can fully participate in all investigations and legislation.

In our February 4, 1997, meeting, we discussed the procedure you would follow before authorizing or issuing subpoenas. My staff proposed that in light of problems that arose last Congress, the Committee rules should be changed to require explicitly that you consult with the minority in advance before authorizing and issuing subpoenas. You responded that you did not wish to modify the Committee rules, but that you would not authorize or issue any subpoenas without consulting with me in advance. Indeed, I recall that you said you would track me down for consultation even if I was "off in Rangoon." I told you that given your commitment to consult with me, I would rely on your word and not pursue a change to the Committee rules.

The Committee met to organize on February 12. Prior to the meeting, your staff agreed to a request from my staff that we engage in a colloquy at the meeting to formalize your commitment to consult with me before authorizing or issuing subpoenas. When I raised this issue,

however, you said it would be your policy to provide "notice" to the minority before issuing subpoenas unless "unusual circumstances" were present. This response was different from your prior commitment to me in at least two significant ways. First, "notice" of your intent to issue subpoenas is different than "consultation" about the advisability of issuing the subpoenas. Second, your original commitment to me contained no ambiguous "unusual circumstances" loophole.

I raised these discrepancies privately with you during a break in the meeting. In that conversation, you affirmed your original commitment to consult with the minority before unilaterally issuing subpoenas and explicitly agreed that you would make a "good faith effort" at "consultation" in every instance, without exception. Accordingly, I sought no change in the Committee rules, despite the fact that I think it is a better course in such a sensitive investigation to follow the Senate policy of either having all Committee members vote on whether a subpoena should be issued or obtaining the concurrence of the ranking minority member.

By February 16, however, both the spirit and the letter of the commitment to consult with minority were clearly violated.

The first problem occurred on February 14, when -- without a Committee vote or my concurrence -- you authorized and issued subpoenas to Webster Hubbell, Mark Middleton, Yah Lin Charles Trie, and John Huang. Although I was given prior notice of your intent to issue these subpoenas, my staff was not provided copies of the actual subpoenas to review until approximately two hours before they were to be issued. This extraordinarily limited time for review obviously made it impossible to engage in any meaningful consultation about the appropriateness of the subpoenas or to make suggestions regarding their scope.<sup>1</sup>

The second problem became apparent during your February 16 appearance on "Meet the Press." During your interview you announced that you had signed 20 additional subpoenas -- again without a Committee vote or my concurrence -- on February 15. Despite your promise to consult with me, neither you nor your staff contacted me or any of my staff prior to your action. I was not given even prior notice -- much less a meaningful opportunity to consult with you.

This is an especially important issue because the issuance of a subpoena is an exceptionally serious step. It compels the person who receives the subpoena to provide documents to the Committee against his or her will. The person who receives the subpoena often has to expend tremendous resources to comply with its terms and to hire expensive legal counsel. Failure to comply fully with the subpoena can subject the individual to a number of serious legal consequences, including being held in contempt of Congress.

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<sup>1</sup>I understand that an unanticipated problem arose for the majority staff in preparing the subpoenas. The appropriate and obvious solution to such a problem, however, would have been simply to delay the issuance of the subpoenas until the next day.

For these reasons, Democrats always proceeded with great caution before issuing subpoenas when they controlled the Committee. In fact, the record is very clear that under a Democratic majority, no subpoenas were issued without either (1) a vote of the Committee authorizing the subpoenas or (2) the concurrence of the ranking minority member. These safeguards provided appropriate checks and balances against the potential abuse of a subpoena being unilaterally issued by the chairman. They insured that subpoenas would not be issued to advance a partisan political agenda or to conduct a "fishing expedition."

Unfortunately, these elementary checks and balances are not being followed in the DNC/RNC campaign finance investigation. Rather than seeking Committee approval or my concurrence, you are exercising your power to issue subpoenas unilaterally. I don't dispute that you have this power -- indeed, you may be the only House chairman to have this extraordinary grant of authority. I do think, however, that it would be wise not to break from historical precedent and instead adhere to the prior practice of either voting on subpoenas or issuing subpoenas only with the concurrence of the minority.

It is also essential that the Committee establish bipartisan procedures for handling the documents that your subpoenas seek to compel, including procedures for protecting privileged and confidential information. In my view, it is simply premature to compel any person to submit documents to the Committee before these procedures are in place.

I first wrote to you about the need for appropriate procedures on January 24, 1997. As I explained to you in that letter, it is premature to ask for confidential or privileged documents until procedures are in place that assure that such documents will not be leaked to the press or otherwise disclosed without a vote of the Committee. At our February 4 meeting, I gave you proposed procedures for handling documents, including procedures for protecting privileged or confidential documents.

The cornerstone of the procedures I proposed is the principle that privileged or confidential documents cannot be disclosed without a vote of the Committee or the concurrence of the ranking minority member. This principle derives from the House rules and precedent, including House rule XI clause 2(k)(7), which provides that "[n]o evidence or testimony taken in executive session may be released or used in public sessions without the consent of the committee." As the Parliamentarian's office has specifically advised, "the chairman has no unilateral authority, not possessed by any other member, to release such material." House Practice, Committees sec. 16 (emphasis added).

To date, I have not received any definitive response to either my January 24 letter or to the proposed procedures I personally delivered to you on February 4. However, your staff has informally advised my staff that you intend to take the position that you may make a unilateral decision to release publicly any privileged or confidential information provided to the Committee under a subpoena.

Under these circumstances, it is premature for you to issue any subpoenas to any witnesses, regardless of how justified the subpoenas may otherwise be. There is great doubt whether you actually have the legal authority to issue a subpoena to obtain privileged or confidential documents if your intent is to release these documents unilaterally. Moreover, even if you were to have this extraordinary power, it would be unfair to the recipients of the subpoenas to compel them to submit documents to the Committee before the procedures under which the documents will be handled are clearly delineated.

I am taking the time to share my concerns with you because I have been impressed with your repeated statements of bipartisanship and your assurances of fair investigations -- rhetoric that is in fundamental conflict with the actions of these past five days.

If the Committee is to pursue an investigation into alleged campaign finance abuses, the Committee's Democratic minority will be willing to work with you to insure that the Committee aggressively pursues all legitimate allegations of improper campaign finance activities, no matter where or to whom they lead. With proper procedures in place to handle documents -- including privileged or confidential documents -- I believe we could agree on the appropriateness of issuing subpoenas to witnesses who have relevant information concerning alleged campaign finance abuses, but who have refused to cooperate voluntarily with the Committee. For example, if proper confidentiality procedures were in place, and if the minority had been given a real opportunity to work with you and your staff in advance, I would have supported carefully crafted subpoenas to Webster Hubbell, Mark Middleton, Yah Lin Charles Trie, and John Huang.

I appreciate your consideration of these concerns, and would be grateful if you would share with me specific information about your plans on addressing these issues and the pending budget issues facing our Committee.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee

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TEL: 202 225 4099

P. 002

DAN BURTON, INDIANA  
CHAIRMAN

FEB 19 1997

ONE HUNDRED FIFTH CONGRESS

HENRY A. WAXMAN, CALIFORNIA  
RANKING MEMBER**Congress of the United States****House of Representatives****COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT**

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-6074

February 19, 1997

The Honorable Henry Waxman  
 Ranking Minority Member  
 Committee on Government Reform and Oversight  
 U.S. House of Representatives  
 Washington, D.C. 20515

Dear Henry:

Thank you for your letter, which I received yesterday. I appreciate you sharing your concerns with me, and I would like to respond to several points.

When the Committee met to organize last week, we had a colloquy and a private conversation regarding the issuance of subpoenas. I stated that it would be my policy to notify you in advance of issuing subpoenas and consult with you on them. I further stated that in unusual circumstances, which would be very rare, it may be necessary to issue a subpoena without notifying you first, but that you would be notified as soon as possible. I emphasized that, should this occur, it would be in extremely rare circumstances. You expressed your preference for a standard of "concurrence of the minority or a committee vote" before issuing a subpoena, and your discomfort with the exception that I laid out to "prior notification." However, in the end, we shook hands and I thought the matter was resolved.

I was therefore surprised when you stated in your letter that, "The first problem occurred on February 14, when -- without a Committee vote or my concurrence -- you authorized and issued subpoenas to Webster Hubbell, Mark Middleton, Yah Lin Charles Trie, and John Huang." Since we hadn't agreed to a standard of "concurrence or a committee vote," I did not consider this a problem.

In order to put the matter in proper perspective, I must point out that our staff did discuss the subpoenas several times. The four subpoenas directed the production of documents which, with only a few exceptions, were the subject of the informal letter requests sent to the same recipients (and copied to your office) weeks ago. In addition, on February 12 we again provided your staff with copies of the letter requests along with copies of the letters from counsel for Messrs. Hubbell, Middleton, Trie and Huang stating that their clients would not voluntarily



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TEL: 202 225 4099

P. 003

produce the documents. While it is true that your staff was provided with final copies of the proposed subpoenas only a few hours before they were issued, the only specific objection voiced by your staff was the direction that Webster Hubbell produce all documents showing contacts he had (if any) with the Chinese Embassy. I saw nothing inappropriate with that request given Mr. Hubbell's relationship to the Lippo Group. My staff asked whether the minority needed more time to review the proposed subpoenas and was told to "go ahead" and issue them.

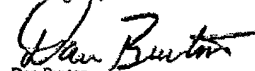
On the subject of my appearance on "Meet the Press," I would like to clarify what happened because there has been some confusion. On the program, I stated that I would be issuing 20 subpoenas in the coming week, but that I was not at liberty to discuss the details, because I had not yet consulted with you on them. I stated publicly that I would not issue the subpoenas until our staffs had an opportunity to sit down and review them. I repeated this on CNN "Late Edition." However, on Monday, the Washington Post mistakenly reported that I had issued the 20 subpoenas over the weekend. My staff director called your staff director at home on Monday afternoon to assure him that this was not the case, and that we wished to meet to discuss the subpoenas before any action was taken.

I would like to emphasize that no subpoena was issued before our staffs met Tuesday afternoon and this morning, when they had an opportunity to extensively discuss the subpoenas. In addition, I shall continue to make sure that you and your Committee staff will be kept advised of pending subpoenas, and that we will have a chance to consult on them.

Let me also state that I would like this to be a bipartisan investigation. Our staffs are currently meeting to determine if we can reach an agreement on how documents should be handled. I hope that we can come to an understanding. I should inform you that, as I have stated in the past, it is not my intention to surrender my right as Chairman to release documents if in my judgement it is necessary. As I have stated, it is not my intention to routinely release documents in a careless or haphazard manner. However, regardless of how infrequently I intend to use this power, it would be irresponsible of me to surrender it. Despite our disagreement on this issue, I hope that we can reach an overall agreement so we can move forward in a bipartisan way.

Thanks again for sharing your concerns. I hope that I have been able to alleviate at least some of them. If you would like to discuss these issues, please give me a call.

Best Regards,

  
Dan Burton  
Chairman

DAN BURTON, HOVANS  
CHAIRMAN

HENRY A. WADSWORTH, CALIFORNIA  
RANKING MINORITY MEMBER

ONE HUNDRED FIFTH CONGRESS

**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-6074

February 20, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman,

Thank you for responding to my February 18 letter. I agree that the minority did receive advance notification that you planned to issue the first four subpoenas. It is also true, however, that the actual subpoenas were given to the minority at the last moment and with too little time to engage in substantive consultation.

I will not revisit the other points I raised in my previous letter, except to note that the events of the past week have not met the expectations that I had for conducting a genuine bipartisan investigation. Although I hope a cooperative effort will be possible, I am deeply concerned about three threshold issues that will determine how our work proceeds in the months ahead.

First, it is clear to me that we disagree on how our Committee should proceed in issuing subpoenas. I do not believe that you should issue subpoenas unilaterally, absent extraordinary circumstances. I recognize that under the House and Committee rules, you have the power to issue subpoenas without my concurrence or a Committee vote. The issuance of a subpoena, however, is an exceptionally serious measure that compels the person subpoenaed to provide documents to the Committee against his or her will, often at great personal sacrifice and expense. As a matter of prudence, you should not invoke this compulsory process unilaterally.

As you are aware, the Democratic chairmen who preceded you also had the authority to issue subpoenas unilaterally, but they deliberately did not exercise this power. Rather they issued subpoenas only after obtaining (1) the concurrence of the ranking minority member or (2) a Committee vote. These safeguards, which are also being followed by Senator Thompson in the Senate investigation, provide minimal checks and balances that seek to insure that the subpoena power is not abused for partisan political advantage. The Committee should follow these same safeguards.

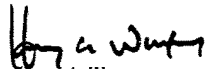
Second, in your letter you reassert your view that in addition to having the right to issue subpoenas unilaterally, you also have the right to release unilaterally any documents provided to the Committee under these subpoenas, including documents that contain privileged or confidential information. I do not believe you have this right under the House rules.

If you insist on this course, it will be an extraordinary assertion of power. I know of no legal precedent -- in Congress or in the United States -- for the authority you claim. In essence, you would individually be able to compel through subpoena and then release confidential information without seeking the approval of the Committee. My staff can find no member of Congress who ever proceeded in such a sweeping and unilateral manner. I think it is beyond the scope of your powers as chairman and an unwise position to assert given the sensitive nature of the Committee's investigation. The issue is not whether you or your staff would act carelessly -- the issue is whether any individual should have such enormous power, unchecked by Committee rules or procedures.

Third, I still have no information regarding the budget you are seeking for the Committee or whether you intend to comply with the official House policy of allocating one-third of all resources to the minority. There have been press reports that you will be requesting an amount comparable to Senator Thompson's proposal, along with informal indications that you plan to urge that the minority receive significantly less than a one-third allocation. I think my views on these issues have been made clear in my previous letters. I urge you to provide specific information to the minority as quickly as possible.

As you know, I feel very strongly that it is in our nation's interest that we work together, and I genuinely appreciate the public and private commitment to bipartisanship that you have expressed. But these expressions will have little meaning unless we resolve these three issues quickly. I hope we will find agreement on these important points and that together we will aggressively investigate all improper fundraising activities.

Sincerely,

  
Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

DAN BURTON, INDIANA  
CHAIRMAN

HENRY A. WELSH, CALIFORNIA  
RANKING MINORITY MEMBER

ONE HUNDRED FIFTH CONGRESS

**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

February 26, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing about several important administrative issues that directly affect the ability of the minority to participate fully in our Committee's work.

Although I still have not received the specific information I requested regarding our Committee's budget, I have just learned that you have in fact submitted a budget request to the Committee on House Oversight. It also appears that you have introduced a funding resolution (H. Res. 65). As you know, I was not consulted in the preparation of this budget; our Committee did not debate or vote on the budget; we have no agreement on the percentage of the budget to be allocated to the minority; and I have no copy of the budget.

Our Committee rules are explicit on this point. Rule 18(e) provides that the "chairman of the full committee shall...[p]repare, after consultation with...the minority, a budget for the committee" (emphasis added). The submission of a budget without consultation of the minority plainly violates this rule.

I want to make clear again--as I did in my letters of February 3, February 10, and February 20--that the minority requests that we receive one-third of the resources allocated to the Committee. This allocation complies with both the official House policy and the allocation Senator Thompson has provided to the minority on his committee.

The Honorable Dan Burton  
February 26, 1997  
Page Two

Mr. Chairman, I once again renew my request that your budget proposal be provided to the minority and that we meet to discuss this issue. Because the minority has no information, it is impossible for the Democrats to plan rationally for the work facing our Committee. It is affecting hiring and salary decisions, the need for adequate work space, and equipment orders. We are being hamstrung--intentionally or not--in our ability to participate in the campaign finance investigation.

On a separate matter, my staff was informed yesterday that several items on the January 28, 1997, equipment list the minority submitted to the Committee have been rejected without explanation. In the last Congress, the minority submitted virtually no equipment requests and, as a result, we have a pressing need for computers, copying machines, telephone and telephone services, and other essential equipment.

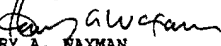
It is unclear to me how the minority can do its work without proper equipment or whether you agree that the minority has the right to decide for itself what equipment it needs. If a percentage of the budget is specifically allocated to the minority, it would seem obvious that the minority would have the authority to decide what is the best use of that money. I would also like to discuss this issue with you this week.

On a related issue, I would be grateful if you can share with me a listing--by room number and square footage--of all office space provided to the Committee.

At this point, Mr. Chairman, I am growing concerned on how we are approaching the serious challenge facing us. I have tried repeatedly to make it clear that I want to work with you in the Committee and am committed to aggressively investigating all fundraising abuses. This is not a situation where the minority is attempting to impede your work, but one in which we are anxious to cooperate.

Accordingly, I am puzzled by your actions on the Committee budget and by the slow progress we are making in resolving the issues related to subpoenas and the confidentiality of documents. Our investigation is now underway, but the most fundamental parameters for our work have not been established.

Sincerely,

  
HENRY A. WAXMAN  
Ranking Minority Member

cc: Members of the Government Reform and Oversight Committee

DAVE BURTON, IOWA  
CHAIRMAN

HEMPHILL, CALIFORNIA  
RANKING MINORITY MEMBER

ONE HUNDRED FIFTH CONGRESS

**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

February 27, 1997

The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform  
And Oversight  
Washington, D.C. 20515

Dear Henry:

I want to respond to your most recent letter, of February 26. Again, I appreciate your offer of cooperation, and I regret that we are having some difficulty in resolving some of these organizational issues.

I am enclosing a copy of our initial budget submission. As you know, this proposal is based on our current staff levels, and does not include resources sufficient for carrying out a number of investigations on the Committee's agenda. As my staff has communicated to yours, we are still developing this second part of our budget. The process has been somewhat complicated because new revelations continue to be reported in the press, forcing us to continually reassess our needs.

On the subject of majority/minority staff ratios, it is my intention to continue former Chairman Clinger's policy of giving the minority 25% of the Committee's staff slots and salary funds. As I have noted to you in our previous meeting, I believe that this is a fair policy, and that this represents considerably more in terms of resources than the minority received when the Democrats were in the majority. As you know, when you and your colleagues in the Democratic Caucus were in the majority, the minority on the Government Reform Committee always received less than 20% of the staff:

- \* 1994 -- 18.5% for the minority
- \* 1993 -- 17.1% for the minority
- \* 1992 -- 15.4% for the minority
- \* 1991 -- 17.2% for the minority

In addition, I was informed by the House Oversight Committee that in 1990, the Democratic Caucus approved a policy of giving the minority no more than 20% of the committee staffs. In light of this history, I believe that Mr. Clinger was very fair with Mrs. Collins, and that I am being very fair with you as well.

I also want to address your continuing concerns about Committee guidelines regarding the release of documents. As I have stated, while I do not intend to make it a regular practice to release documents before hearings are held or reports are issued, I do not intend to surrender the right to do so if it becomes necessary. You have stated your view that House Rule XI, clause 2(k)(7) prohibits a committee chairman from releasing committee documents without a vote of the committee. However, this provision applies specifically to evidence obtained in executive session. It does not apply to other materials. To clarify this, I would point you to a 1984 memorandum issued by House Counsel Steven Ross. The issue at the time was a decision by a Post Office and Civil Service Committee Subcommittee chairman to release documents to a Senate Committee regarding Ed Meese, without a vote, prior to a Senate vote on his confirmation. Mr. Ross wrote:

"That the House, and the full committee have specifically provided for committee or subcommittee approval prior to the release of executive session material indicates a different procedure applies for non-executive session and unclassified material."

This makes it very clear that this rule applies only to executive session material.

As I have stated, I have a strong desire to work with you in a bipartisan manner during this Congress. I will bend over backwards to try to do so. However, I do not think it is fair to ask me to surrender powers that belong to the chairman. If you were in the majority and if you were the Chairman, I think you would take the same position.

Thanks for your understanding. I hope that we can resolve these issues so we can move forward in a cooperative way.

Best Regards,



Dan Burton  
Chairman

DAN BURTON, OHIO  
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA  
RANKING MEMBER

ONE HUNDRED FIFTH CONGRESS

## Congress of the United States

### House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

March 2, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to ask you to join with me in writing former Vice President Dan Quayle, Senator Don Nickles, the Republican Senatorial Inner Circle, and the National Republican Senatorial Committee to seek information about the use of the Vice President's residence for fundraising activities during the Bush Administration.

The Committee is investigating is whether access to the White House and other federal facilities has been improperly used for fundraising purposes. As you stated today on ABC's "This Week" program, if federal officials are "using government facilities or government technology to solicit ... contributions, then there is a question of legality." In furtherance of this investigation, the Committee has requested -- and received -- hundreds of pages of documents from Harold Ickes and others regarding alleged fundraising activities at the White House.

I have recently received evidence that appears relevant to the Committee's investigation. Specifically, the evidence I have received indicates that the Vice President's residence may have been the site of fundraising events during the Bush Administration. If the information I have received is correct:

- (1) Vice President Quayle held a reception at the Vice President's residence on September 23, 1990, "in honor of the members of the Republican Senatorial Inner Circle";
- (2) This event was a fundraising event, in that access was specifically provided to any person who paid "membership dues to the Inner Circle";
- (3) Individuals who paid the dues necessary to join the "Inner Circle" were explicitly promised that they would have "the opportunity to meet the Vice President and his wife at their home, participate in closed-door briefings with national and



The Honorable Dan Burton  
March 2, 1997  
Page 2

international figures, and then top the evening off by joining a Senator, Cabinet member or U.S. Senate candidate for a private dinner."

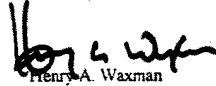
The evidence I have received about these fundraising activities includes a letter dated August 31, 1990, from Senator Don Nickles, the chairman of the Republican Senatorial Inner Circle, to nominees for the "Inner Circle." This letter -- portions of which are quoted above -- describes the access to the Vice President and other senior administration officials that would be provided to individuals who joined the "Inner Circle." A copy of this letter is attached.

I believe that the activities described in Senator Nickles's letter fall squarely within the scope of the Committee's investigation into improper fundraising activities. Indeed, they appear to be the most explicit evidence of the use of federal property for fundraising that has yet come to light.

Thus, I request that you join with me in sending the attached letters to former Vice President Dan Quayle, Senator Don Nickles, the Republican Senatorial Inner Circle, and the National Republican Senatorial Committee. These letters request documents relating to the fundraising event at the Vice President's residence, the identity of the attendees at the event, and other information about the event and the "Inner Circle."

My staff is available to meet with your staff at any time to discuss these requests further.

Sincerely,

  
Henry A. Waxman  
Ranking Minority Member

Encl.

cc: Members of the Government Reform and Oversight Committee

REPUBLICAN SENATORIAL  
*Inner Circle*

SENATOR BOB DOLE  
CHAIRMAN

August 31, 1990

Dear Inner Circle Nominee:

It's one of the most historic homes in America.

And, because it's also the home of one of America's most famous families, few individuals decline an invitation to attend an event there.

That's why I'm writing to you today.

Vice President and Mrs. Dan Quayle have graciously invited the members of the Inner Circle to join them for a reception on the lawn of the Vice President's residence during the Inner Circle's Fall Briefing, September 23rd and 24th.

By now, you have already heard from both Vice President Quayle and Senator Bob Dole inviting you to become a member of this prestigious group. If you have already responded to their invitations, thank you. If not, it is imperative that I hear from you today -- one way or the other -- so I know whether or not to include you in the planning for our Fall Briefing.

I know that you do not want to be left out.

Truly, no other organization offers you the opportunity to meet the Vice President and his wife at their home, participate in closed-door briefings with national and international figures, and then top the evening off by joining a Senator, Cabinet member or U.S. Senate candidate for a private dinner.

All within a single two day trip to Washington!

By accepting this invitation now, you'll also be able to participate in a full year's worth of exciting Inner Circle activities.

Perhaps the greatest asset about membership in the

page two

Inner Circle is that it brings together men and women who share a common commitment -- a commitment to a continuation of the strong, responsible Republican leadership which has re-shaped and rejuvenated this country during the past ten years.

That's because 100% of your membership dues to the Inner Circle are used to provide vital campaign assistance for our Senate candidates, incumbents and challengers alike, to restore the Republican majority in the United States Senate.

I want to assure you that Inner Circle membership will be one of the most rewarding investments you will ever make.

To accept your Inner Circle membership and secure your place for all of our upcoming events, please complete the enclosed Nomination Acceptance and Fall Briefing Registration form, and return it to me in the enclosed postage-paid envelope.

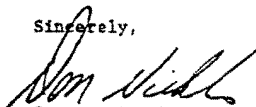
Please don't delay -- it is imperative that I have this information in hand as soon as possible.

If you can't accept your Inner Circle nomination at this time, I understand. However, I would hope that you will register your approval of our quest for a Republican Senate Majority by forwarding a contribution.

I know that President Bush, Vice President Quayle and my Republican Senate colleagues will be delighted to learn that you have joined them in the ranks of our nation's leadership as a member of the Republican Senatorial Inner Circle.

I look forward to seeing you at the Vice President's residence on September 23rd.

Sincerely,



Senator Don Nickles  
Chairman

P.S. Since our reception with Vice President and Mrs. Quayle requires Secret Service clearance for everyone, it is mandatory that you include your social security number and date of birth on your membership acceptance form. If you have any questions or need additional information, please call our Membership Services Coordinator, Chris Young, at (202) 675-6106. Thank you.



*The Vice President and Mrs. Quayle*  
*request the pleasure of your company*  
*at a reception*  
*in honor of the members of the*  
*Republican National Union Circle*  
*on the lawn of the*  
*Vice President's Residence*  
*Sunday, September Twenty-Third*  
*One thousand nine hundred and ninety*  
*in the City of Washington*

*R. F. V. P. Limited*

*Bureau Allen*

DAN BURTON, INDIANA  
CHAIRMAN

ONE HUNDRED FIFTH CONGRESS

HENRY A. WAXMAN, CALIFORNIA  
RANKING MEMBER

## Congress of the United States

### House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-6074

March 3, 1997

The Honorable Dan Quayle  
One Indiana Square  
Indianapolis, Indiana 46204

Dear Mr. Quayle:

Pursuant to its authority under Rules X and X1 of the House of Representatives, the Committee on Government Reform and Oversight is conducting an investigation into foreign contributions to the Democratic National Committee, other alleged campaign fundraising abuses, questionable contributions made to the Presidential Legal Expense Trust and/or the legal defense funds of administration officials, political activities of agency officials, misuse of agency resources, and any related matters arising out of these areas. As part of this investigation, the Committee requests the following information.

#### Definitions and Instructions

(1) For the purpose of this request, the word "record" or "records" shall include, but shall not be limited to, any and all originals and identical copies of any item whether written, typed, printed, recorded, transcribed, punched, taped, filmed, graphically portrayed, video or audio taped, however produced or reproduced, and includes, but is not limited to, any writing, reproduction, transcription, photograph, or video or audio recording, produced or stored in any fashion, including any and all computer entries, memoranda, diaries, phone bills, telephone logs, telephone message slips, tapes, notes, talking points, letters, journal entries, reports, studies, drawings, calendars, manuals, press releases, opinions, documents, analyses, messages, summaries, bulletins, disks, briefing materials and notes, cover sheets or routing cover sheets or any other machine readable material of any sort whether prepared by current or former employees, agents, consultants or by any non-employee without limitation. "Record" shall also include redacted and unredacted versions of the same record.

(2) For purposes of this request, the terms "refer" or "relate" and "concerning" as to any given subject means anything that constitutes, contains, embodies, identifies, mentions, deals, with, or is any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.

The Honorable Dan Quayle  
March 3, 1997  
Page 2

(3) For purposes of this request any records requested include all records which you have in your physical possession as well as any records to which you have access, any records which were formerly in your possession or which you have put in storage or anyone has put in storage on your behalf. Unless a time period is specially identified, the request, includes all documents to the present.

Requested Items

(1) All records relating to the reception in honor of the Republican Senatorial Inner Circle at the Vice President's residence on September 23, 1990.

(2) A list of (a) all persons invited to attend the reception in honor of the Republican Senatorial Inner Circle at the Vice President's residence on September 23, 1990, (b) all persons who actually attended the reception in honor of the Republican Senatorial Inner Circle at the Vice President's residence on September 23, 1990, and (c) all membership dues and other contributions to the Republican Senatorial Inner Circle or the National Republican Senatorial Committee received from such persons.

(3) An inventory of (a) the costs of the reception in honor of the Republican Senatorial Inner Circle at the Vice President's residence on September 23, 1990, and (b) any reimbursement of these costs paid for by the Republican Senatorial Inner Circle, the National Republican Senatorial Committee, or other nonfederal entity.

(4) Any other records relating to access to federal facilities or federal officials (including elected members of Congress or their staffs) provided to members or prospective members of the Republican Senatorial Inner Circle.

Due Date

The information requested should be provided to the Committee in 2157 Rayburn House Office Building by 5 p.m. March 17, 1997. If you have any questions, please contact \_\_\_\_\_ of the majority staff at 225-5074 or Philip Barnett of the minority staff at 225-5051.

Sincerely,

[Similar letters to Senator Don Nickles, the Republican Senatorial Inner Circle, and the National Republican Senatorial Committee]

DAN BURTON INDIANA  
- CHAIRMAN

HENRY A. WADSWORTH CALIFORNIA  
- RANKING MINORITY MEMBER

ONE HUNDRED FIFTH CONGRESS

**Congress of the United States**  
**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143  
(202) 225-5074

March 7, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Burton:

Although I want our committee to conduct a thorough campaign finance investigation, I strongly object to the subpoenas you issued to the White House this week. These subpoenas seek the compulsion of records beyond the scope of the available evidence and exceed any recognized legal basis -- to the point where they both threaten the ability of the President and the White House to perform properly their official functions and infringe upon the First Family's privacy.

The issuance of a subpoena is an official action of Congress that compels an individual to submit documents against his or her will. In the judicial context, subpoenas must satisfy three requirements -- relevancy, admissibility, and specificity -- and are limited to production that is not immaterial, unreasonable, oppressive or irrelevant. See *United States v. Komisaruk*, 885 F.2d 490, 494-95 (9th Cir. 1989). A court also must consider the privacy interests of the subpoena's recipients. See *United States v. Dale*, 155 F.R.D. 149 (S.D. Miss. 1994). At the very least, the standards for the issuance of a subpoena by Congress should be as stringent as these judicially created standards. Indeed, given the lack of recourse that a recipient of a congressional subpoena has to challenge the reasonableness of the subpoena -- short of being held in contempt of Congress -- Congress should be especially mindful to craft its subpoenas with great precision to reflect the proper scope of the investigation and to minimize unnecessary burdens on the recipient. See *United States v. AT&T*, 567 F.2d 121, 129 (D.C. Cir. 1977) ("Congress' investigatory power is not, itself, absolute."); *Senate Select Comm. v. Nixon*, 498 F.2d 725, 733 (D.C. Cir. 1974) (congressional subpoenas that are "too attenuated" will not be enforced).

Your subpoenas to the White House -- issued unilaterally without the concurrence of the minority or a vote of the Committee -- do not meet these most basic tests. Instead, they overreach, needlessly jeopardize national security, and unnecessarily intrude on personal privacy. Several requests are particularly objectionable.

The Honorable Dan Burton  
 March 7, 1997  
 Page 2

First, the subpoenas seek extraordinarily sensitive national security and foreign policy documents that have no conceivable bearing on the investigation. One subpoena, for instance, requests "[a]ll phone records from Air Force I and Air Force II for the period September 1995 through November 5, 1996" (request #43). The documents covered by this request include phone calls made by the President and his national security team to foreign governments. An example of a phone call that would be disclosed by this request is a private call placed by the President to a foreign leader prior to the announcement of a foreign policy decision that impacts the other government. Disclosure of such a call -- or the sequence in which such calls are made -- would severely compromise U.S. security interests.

Another example is the request for "[a]ll records relating to official delegation trips abroad" (request #18). This request goes well beyond seeking merely the names of donors who traveled on official delegation trips abroad and instead seeks all records relating to all official delegation trips abroad. Plainly, this request would encompass policy recommendations and decisions relating to these trips that undoubtedly contain information of vital national security importance. Moreover, by requesting information on all visitors to the White House residence (request #21), the subpoena would, for example, require disclosing the names of foreign envoys who have met secretly with the President or his advisors.

Similarly suspect is request #35, which seeks all records relating to the American Institute in Taiwan -- a federally funded, non-profit corporation that serves as the primary diplomatic channel to Taipei. This request improperly pries into the Administration's indirect contacts with a country not officially recognized by the U.S. The information sought by this request, if publicly released, could have far-reaching ramifications on U.S. security interests in East Asia.

These requests are unprecedented. It is well-settled that "it is the constitutional duty of the Executive to protect the confidentiality necessary to carry out its responsibilities in the field[] of international relations." *N.Y. Times Co. v. United States*, 403 U.S. 713, 730 (1971) (Stewart, J., concurring). Indeed, in signing legislation requiring the disclosure of certain intelligence information to Congress, President Bush cautioned that the legislation "cannot be construed to detract from the President's constitutional authority to withhold information the disclosure of which could significantly impair foreign relations [and] the national security." Statement on Signing the Intelligence Authorization Act, FY 1991, 27 *Weekly Comp. Pres. Doc.* 1137 (Aug. 14, 1991). These requests do not meet these standards. They have no connection to any campaign finance abuses. Simply stated, they are a blatant fishing expedition among the nation's most sensitive national security secrets.

The subpoenas are also an inappropriate invasion of the First Family's privacy. Recently, the President voluntarily provided a list of overnight guests at the White House. Despite this disclosure, request #21 seeks all records of everyone "who was in the White House residence"



DAN BURTON, INDIANA  
CHAIRMAN

HENRY A. HEDGEMAN, CALIFORNIA  
RANKING MINORITY MEMBER

ONE HUNDRED FIFTH CONGRESS

## Congress of the United States

### House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

March 10, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

Pursuant to House rule XI clause 2(c)(2), we are writing to request that you convene a special meeting of the Committee to establish fair procedures and approve an appropriate scope and budget for the Committee's investigation into alleged campaign finance abuses.

As the minority members of the Committee, we wish to work with you and the other majority members in investigating alleged campaign finance abuses. As a prerequisite to bipartisan cooperation, however, the Committee must adopt impartial procedures for the conduct of the investigation; the investigation must avoid pursuing a strictly partisan agenda; and the minority must be provided adequate resources to participate actively in the investigation. Unfortunately, without seeking the approval of the Committee, you have implemented procedures that are unfair to the minority and have established a partisan scope and budget for the investigation.

The ranking minority member has written you on January 24, February 3, February 18, February 20, February 26, and March 7 of this year to raise these issues and make suggestions for more appropriate ways to proceed. The ranking minority member has also met privately with you on February 4 and February 27 to raise our concerns directly with you. These efforts have been to no avail. Despite the minority's many requests, you have determined to proceed in a manner that vests unprecedented power in the chair and that unfairly prejudices the minority.

At this point, we have no alternative but to appeal your decisions to the full Committee. For this reason, we request that you call a special meeting of the Committee under House rule XI clause 2(c)(2) at which we will ask the Committee to vote on whether the procedures, scope, and budget that you have set for the investigation are appropriate. The traditions of the House -- as well as principles of fundamental fairness -- dictate that we should be afforded the opportunity to bring our concerns before the Committee for decision by Committee vote.

The Honorable Dan Burton  
March 7, 1997  
Page 3

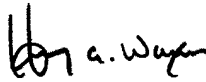
over the past four years. Similarly, the request also seeks all records relating to Camp David guests. None of these requests makes an exception for White House staffers, Chelsea Clinton's friends, relatives of the First Family, or visits by doctors, clergy and other personal advisors. Nor have you established -- as you are required to -- any basis for seeking this kind of personal information. As such, your subpoena unfairly intrudes into a legitimate realm of personal privacy of the President. The President's family deserves to be treated no differently from any other American family, and has no less right to expect that its privacy be respected.

Lastly, rather than asking for all White House contacts with the Democratic National Committee (DNC) involving fundraising for the 1996 elections, request #27 seeks all records relating to the DNC from the past four years, regardless of whether they involve the subjects of this investigation. The subpoena's attempt to obtain the Democratic party's internal documents appears to demonstrate a plainly partisan approach to this investigation.

These are just a few examples of your failure to tailor your requests to the White House to the scope of this investigation. This approach seems completely unwarranted in light of the White House's repeated representations to me of its desire to cooperate fully and in good faith. It is my understanding that this very week, the White House agreed to provide documents in response to your principal request and to finish production within the next two weeks. In light of such a pledge of cooperation, your subpoena is unwarranted.

A serious investigation is characterized by targeted, disciplined requests for information. In contrast, your White House subpoenas are unfocused, lack specificity, and fail to demonstrate relevancy. These subpoenas do not reflect credibly on the Committee and suggest a view that your power to investigate is unrestrained and absolute. I object to the process and to the subpoenas.

Sincerely,



HENRY A. WAXMAN  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

The Honorable Dan Burton  
 March 10, 1997  
 Page 2

At the special meeting, we would raise the following three matters: (1) whether the "Protocol for Documents" that you have announced, which gives you the unilateral authority to release Committee documents, is a fair protocol; (2) whether you should have the authority to issue subpoenas unilaterally, without seeking either the concurrence of the ranking minority member or a Committee vote; and (3) whether the scope of the investigation and the budget requests that you have submitted to the Committee on House Oversight are appropriate.

Our concerns regarding each of these three fundamental issues are described in more detail below.

#### The Protocol for Documents

Late last month, you announced a "Protocol for Documents" that "sets forth the procedures to be followed by the House Committee on Government Reform and Oversight for the obtaining, handling and releasing of documents and other materials during investigations conducted by the Committee." Under this protocol, you "retain the discretion" to release Committee documents "to the media ... or to any other person" without the prior consent of the Committee. Indeed, you assert that you may even release to the media -- without the approval of the Committee -- confidential and privileged documents obtained by the Committee through subpoena.

The unilateral authority that you assert to release Committee documents, including privileged and confidential documents, is an extraordinary and unprecedented power. It far exceeds the power of the chair in other similar investigations, such as the Iran-Contra investigation, House ethics investigations, and the Senate Whitewater investigation.

The unilateral implementation of the "Protocol for Documents" is also inconsistent with the House rules. We have consulted extensively with the House Parliamentarian about this matter. After careful consideration, the Parliamentarian has advised us that the unilateral implementation of the Protocol -- without the approval of the Committee -- is not consistent with the House rules.

House rule XI clause 2(e)(2) provides that "[a]ll committee hearings, records, data, charts, and files shall be kept separate and distinct from the congressional office records of the Member serving as chairman of the committee; and such records shall be the property of the House." According to the Parliamentarian, the documents submitted to the Committee pursuant to Committee requests or subpoenas become part of the Committee records and files. As such, they must be handled under procedures adopted by the Committee -- not under procedures announced unilaterally by the chair.

The Honorable Dan Burton  
 March 10, 1997  
 Page 3

House rule XI clause 2(m)(2)(A), which provides committees with their subpoena authority, is also relevant. This rule provides that the power to issue subpoenas resides in the Committee. Under this rule, the chair can issue a subpoena only when the authority to do so has been expressly "delegated" by the Committee to the chair. Under this rule, according to the Parliamentarian, all documents received under a subpoena belong to the Committee. Even when a chair has been delegated authority to issue subpoenas, the chair's delegated authority under the rule is limited to the issuance of the subpoena. The documents that are received pursuant to the subpoena belong to the Committee and must be handled under procedures adopted by the Committee.

The Parliamentarian's advice makes it clear that it is the Committee -- not the chair acting on its own -- that must decide how the documents received during the investigation will be handled. It is necessary, therefore, that a Committee meeting be called at which this issue can be resolved by Committee vote. At such a meeting, we intend to propose that privileged and confidential documents received by the Committee must be kept confidential until their release is authorized by the Committee.

#### The Unilateral Issuance of Subpoenas

We also object to the issuance of subpoenas by the chair without a Committee vote or the concurrence of the ranking minority member. We believe that our Committee rules should be modified to provide that the chair may issue a subpoena without a Committee vote or the concurrence of the ranking minority member only in emergency situations, such as when relevant documents may be destroyed before a Committee vote can be held.

We recognize that the chair of the Government Reform and Oversight Committee has for many years had the authority under Committee rules to issue subpoenas unilaterally. Under Democratic chairmen, however, this power was never exercised. Instead, as a matter of prudence, your Democratic predecessors always asked for a Committee vote or the concurrence of the ranking minority member before issuing subpoenas. This practice provided a procedural safeguard designed to insure that the subpoena power was not abused for partisan political purposes.

Unfortunately, you have decided not to follow the traditional practice of the Committee. Since the Committee organized on February 12, you have issued 46 subpoenas -- without once seeking either Committee approval or the concurrence of the ranking minority member. The result has been an abuse of the Committee's subpoena power. As the ranking minority member described in his letter of March 7, the unilateral subpoenas you have issued compel the production of extraordinarily sensitive national security and foreign policy documents that have no apparent connection to any alleged fundraising abuse. The subpoenas would also require the production of purely personal information about the Clintons, such as a record of doctor visits to the White

The Honorable Dan Burton  
 March 10, 1997  
 Page 4

House, as well as copies of confidential Democratic political strategies developed as a legitimate part of the last Presidential campaign.

The issuance of a subpoena is an exceptionally serious step that compels the person subpoenaed to provide documents to the Committee against his or her will, often at great personal sacrifice and expense. It is clear to us that except in emergency circumstances, it should be the Committee -- not the chair acting unilaterally -- that determines when a subpoena should be issued and what its scope should be.

#### The Investigation's Scope and Budget

Finally, we have three fundamental objections to the Committee budgets that you have submitted to the Committee on House Oversight. We believe that the Committee should also meet to resolve these issues.

First, the supplemental \$3.8 million budget that you submitted to the Committee on House Oversight last week proposes that the scope of the investigation be limited to alleged Democratic fundraising abuses. Specifically, it provides that the supplemental budget would be used to investigate:

The DNC and allegations of illegal or unethical fundraising activities, misuse of the White House and White House personnel, the questionable political activities of John Huang and other Commerce Dept. personnel, questionable political activities of Clinton appointees in connection with DNC fundraising at numerous Government Agencies and Departments including, but not limited to: Department of Commerce, Department of State, Export-Import Bank, Office of Trade Representative, Department of Interior, Office of Comptroller General.

This scope is partisan. It focuses the investigation on the White House and the DNC and ignores fundraising abuses in congressional campaigns. It is also inconsistent with your pledge at our organizational meeting that "[w]e would apply equally the investigative procedures of this committee to whomever, Republican or Democrat." We believe that the Committee investigation should focus on all illegal or improper fundraising activity, including illegal or improper fundraising activity by the Presidential campaigns, Democratic and Republican fundraising organizations, and individual House and Senate campaigns.

Second, the budgets you have proposed would provide the minority with no more than -- and likely substantially less than -- 25% of the staff available to the Committee. As the ranking minority member has explained in correspondence with you and at the House Oversight hearing on March 6, this allocation is not sufficient to allow the minority to participate effectively in the campaign finance investigation. It is also in violation of House policy, which provides that the

The Honorable Dan Burton  
 March 10, 1997  
 Page 5

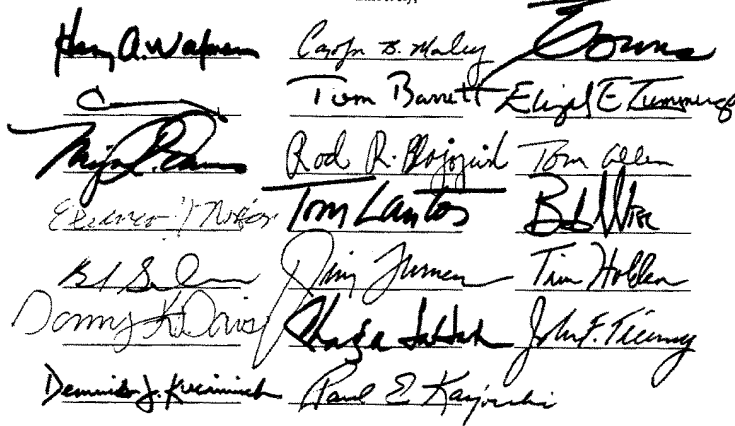
minority should receive at least 33% of the Committee's resources.

Finally, the Committee budgets were developed in violation of Committee rules. On February 12, the Committee adopted a rule that requires the chair to develop a Committee budget only "after consultation with ... the minority." Two days later, however, you submitted a budget to the House Oversight Committee with no consultation with the minority. On March 5, you submitted a "supplemental" budget to the House Oversight Committee seeking an additional \$3.8 million for the campaign finance investigation -- again with no consultation with the minority. These are serious violations of our Committee rules. They should be rectified by bringing the Committee budgets before the Committee for vote.

#### Conclusion

For the reasons set forth above, we respectfully request that you schedule a special meeting of the Committee within seven calendar days at which the matters discussed above may be resolved by Committee vote.

Sincerely,


 The block contains a collection of handwritten signatures of various members of the House Oversight Committee. The signatures are arranged in several rows, with some names appearing to be grouped together. The handwriting is cursive and somewhat stylized, typical of official correspondence from that era.

DAN BURTON, INDIANA  
Chairman

HERBERT H. WILSON, CALIFORNIA  
Ranking Minority Member

ONE HUNDRED FIFTH CONGRESS

## Congress of the United States

### House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

March 12, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to object to the scope and nature of the subpoena you recently issued to the Democratic National Committee (DNC). Virtually every request in the subpoena is overbroad and requires the production of documents well beyond the scope of the Committee's investigation. As stated in your recent supplemental budget request, part of the investigation concerns "[t]he DNC and allegations of illegal or unethical fundraising activities." Accordingly, I assume your investigation is not about the campaign strategy, political activities, or internal budgeting of the DNC. Nevertheless, your subpoena to the DNC inquires into precisely these areas. For example, your subpoena to the DNC improperly seeks, *inter alia*:

- All records of meetings attended by Don Fowler and other senior DNC staff and all related phone logs, messages, telephone calls, correspondence, e-mail or meetings. This request encompasses matters relating to the DNC's internal budgeting, campaign strategies and political activities.
- All records relating to a number of high-level White House advisors, including: Harold Ickes, Bruce Lindsey, Doug Sosnik, Jack Quinn, Margaret Williams, George Stephanopoulos, and Ira Magaziner, regardless of whether the records relate to fundraising. Certainly, these individuals (and the others referred to in the same request) conferred with DNC employees on a wide range of topics unrelated to fundraising. The disclosure of such discussions would serve no legitimate purpose, except to chill future administrations from conferring with their national political organizations.
- All DNC telephone billing records from January 20, 1993 to the present, the vast majority of which have no relation to fundraising.
- The names of all DNC consultants, whether paid or unpaid. This request would include all informal advisors to either the DNC or any Democratic candidate.


The Honorable Dan Burton  
 March 12, 1997  
 Page 2

- All records relating to the relationship between the DNC and related entities, including state Democratic parties, the campaign operations of individual candidates and other groups. Even if such information were relevant to this investigation -- and it plainly is not -- how the national headquarters of a political party interacts with its related entities is a matter of great political sensitivity.
- All records, without regard to subject matter, that relate to the following agencies: the Departments of Commerce, Justice, HUD and Energy, the NSC, and the Export-Import Bank.
- All records relating to over 200 individuals and entities.
- All personnel files and correspondence, e-mail and computer files, both official and personal, of several high-level DNC employees.

When viewed together with your recent White House subpoena that sought "[a]ll records relating to the Democratic National Committee for the period January 20, 1993 to the present" (request #27), your DNC subpoena would require the disclosure of confidential Democratic political strategies developed as a legitimate part of the last Presidential campaign.

Thank you for considering my views.

Sincerely,

  
 HENRY A. WAXMAN  
 Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight



ONE HUNDRED FIFTH CONGRESS

HENRY A. BURMAN, CALIFORNIA  
TRAINING IN HEALTH CARE

**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

March 13, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

I am writing to inform you that I have written to the National Republican Senatorial Committee and the National Republican Congressional Committee to request documents related to the 1995 Republican Senate - House Dinner.

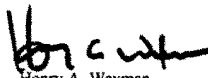
The invitations to the dinner appear to indicate that federal facilities were used by the Republican campaign committees for fundraising purposes. In fact, it appears that specific price tags were placed on different federal locations. For example, individuals who donated or raised \$15,000 were invited to a "Senate Majority Leader's Breakfast" hosted by Senator Bob Dole in the Senate Caucus Room. Those who donated or raised \$45,000 were invited to a luncheon hosted by Speaker Newt Gingrich in the Great Hall of the Library of Congress.

Last week on ABC's "This Week" program, you stated that if federal officials are "using government facilities or government technology to solicit ... contributions, then there is a question of legality." Given your concern about the use of government facilities to solicit contributions, I hope you will join with me in investigating this matter. I believe that the activities described in the invitation to the 1995 Republican Senate-House Dinner fall squarely within the scope of the Committee's investigation into improper fundraising activities.

The Honorable Dan Burton  
March 12, 1997  
Page 2

I have enclosed a copy of my information requests to the campaign committees, as well as a copy of the invitation to the dinner. My staff is available to meet with your staff at any time to discuss these requests further.

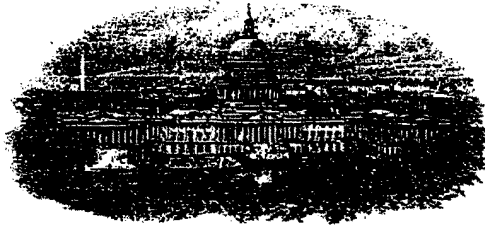
Sincerely,

A handwritten signature in black ink, appearing to read "H. Waxman".

Henry A. Waxman  
Ranking Minority Member

Encl.

cc: Members of the Government Reform and Oversight Committee



THE 1995 REPUBLICAN SENATE HOUSE DINNER  
THE NEW MAJORITY

*The Republican Members of the United States Senate  
and House of Representatives  
request the pleasure of your company at*

THE 1995 REPUBLICAN SENATE HOUSE DINNER  
THE NEW MAJORITY

*Tuesday, the Sixteenth of May,  
Nineteen Hundred and ninety-five  
Washington Convention Center - In the City of Washington*

*30 Reception  
7:00 P.M.*

*Black Tie  
7:00 P.M.*

- Issues Briefing with Key Committee Chairmen - 2 Attendees
- Reception with Republican Presidential Candidates - 2 Attendees
- Option to Request, through the Dinner Committee, a Senator or Member of the House of Representatives and his/her guest to be seated at your table.

**HOUSE CHAIRMAN - ROBERT D. CLAY, R-KY**  
*Call or E-mail for Show Table*

- Majority Leader's Breakfast - 2 Attendees
- Hosted by Senator Bob Dole in the Senate Caucus Room
- Luncheon with Speaker of the House Newt Gingrich - 2 Attendees
- Hosted by Speaker of the House Newt Gingrich in the Great Hall of the Library of Congress
- Issues Briefing with Key Committee Chairmen - 2 Attendees
- Reception with Presidential Candidates - 2 Attendees
- Option to Request, through the Dinner Committee, a Member of Congress or a Senator to be seated at your table
- Opportunity to host a Post-Dinner Reception - Dinner
- Co-Chairman who wish to host a Post-Dinner Reception will be granted private space at the site of the Dinner. Space at the Washington Convention Center is limited and will be granted on a first come, first served basis.
- Dole Guest Reception and Photo Opportunity with Senate Majority Leader Bob Dole, House Majority Leader Dick Armey, and Speaker of the House Newt Gingrich
- Presidential Seating at the Dinner

**SENATE CHAIRMAN**

- Dole Guest Reception and Photo Opportunity with Senate Majority Leader Bob Dole, House Majority Leader Dick Armey, and Speaker of the House Newt Gingrich
- Head Table Seating at the Dinner
- The Top Fundraiser will be recognized at the Dinner

**THE 1995 REPUBLICAN  
 SENATE-HOUSE DINNER**

***Dinner Strengths***

The 1995 Republican Senate-House Dinner encourages individuals who have helped build "The New Majority" to participate as a member of our Dinner Leadership. Members of this exclusive group will have the opportunity to meet with the Republican Leadership in a special schedule of breakfast, luncheon and reception.

In honor of your commitment to the success of The 1995 Republican Senate-House Dinner, the distinguished members of the Dinner Leadership will receive special recognition and enjoy the following benefits:

**HOUSE CHAIRMAN - ROBERT D. CLAY, R-KY**

*Call or E-mail for Show Table*

- Senate Majority Leader's Breakfast - 2 Attendees
- Hosted by Senator Bob Dole in the Senate Caucus Room
- Issues Briefing with Key Committee Chairmen - 2 Attendees
- Option to Request, through the Dinner Committee, a Member of the House of Representatives and his/her guest to be seated at your table

**SENATE CHAIRMAN - BOB DOLE, R-KS**

*Call or E-mail for Show Table*

- Senate Majority Leader's Breakfast - 2 Attendees
- Hosted by Senator Bob Dole in the Senate Caucus Room
- Luncheon with Speaker of the House Newt Gingrich - 2 Attendees
- Hosted by Speaker of the House Newt Gingrich in the Great Hall of the Library of Congress

DAN BURTON INDIANA  
Chairman

HENRY A. WAXMAN CALIFORNIA  
Ranking Member

ONE HUNDRED FIFTH CONGRESS

**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

April 9, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

We are writing to let you know some of the major issues we will raise when the Committee meets tomorrow to discuss the scope and procedures regarding the campaign finance investigation. We believe the scope you have proposed--which is limited to President Clinton and the Democratic National Committee--is unfair and blatantly partisan. The scope that the Senate adopted by a vote of 99-0 is a more sensible course and focuses the investigation on "illegal or improper activities in connection with 1996 Federal election campaigns." We urge you to support this position.

We are also very concerned about the procedures you are using to issue subpoenas. As of today, you have unilaterally issued over 100 subpoenas. There has been no opportunity for Committee members to publicly scrutinize or vote on any of these subpoenas.

No congressional investigation has ever followed such procedures. We agree that in rare situations where documents are about to be destroyed it may be necessary for you to issue subpoenas without committee approval. But to do so in every instance delegates an extraordinarily serious power from Members of the Committee to staff and dramatically diminishes our accountability in cases where we are compelling others to provide documents involuntarily.

We have the same concerns about the release of confidential information. No committee chairman has ever been given the power that you are seeking tomorrow. In effect, if your proposal is approved, you would be able to release unilaterally virtually all documents given to the Committee, including confidential financial records, trade secrets, medical histories, the identity of FBI informants, and privileged attorney-client communications.

The Honorable Dan Burton  
 April 9, 1997  
 Page 2

We know of no special factors in this investigation that would warrant your receiving and exercising these unprecedented powers. As you know, Senator Thompson is following the normal procedures--ones followed by every other congressional investigation--for dealing with subpoenas and confidential information in conducting his investigation. In short, you are insisting that the Committee permit you to conduct this investigation in an unprecedented manner, but you have not provided any showing of a compelling need for the extraordinary powers you seek.

Accordingly, we urge that you follow precedent and Senator Thompson's procedures so that in nearly all instances subpoenas are issued and confidential information released only if the Minority concurs or there is a vote of the Committee.

Thank you for considering our thoughts.

Sincerely,

DAN BURTON, INDIANA  
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA  
RANKING MINORITY MEMBER

ONE HUNDRED FIFTH CONGRESS

## Congress of the United States

### House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

March 19, 1997

The Honorable Henry Waxman  
Ranking Member  
Government Reform and Oversight Committee  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Henry:

I am in receipt of the March 10, 1997 letter signed by you and other Democrat members of the Committee expressing concerns over procedural issues regarding the Committee's investigation into the troubling matters related to abuse of the White House and other executive branch departments for political purposes and related matters.

#### Scope of the Investigation

While I understand the general interest in campaign finance reform, this Committee is charged with the primary oversight of the Executive Branch. Carrying out our Executive Branch oversight responsibilities in this matter will, hopefully, constructively contribute to the overall debate about campaign finance laws. A determination of how the present laws may have been abused or broken by Executive Branch officials will provide guidance for improvements in both the enforcement of our present laws as well as areas where the law needs to be changed. As you know, actual campaign finance reform legislation and broader issues connected with that legislation, fall within the jurisdiction of the Committee on House Oversight.

This Committee's investigation will focus on the extent to which illegal foreign payments may have been made to influence campaigns. It will focus on other illegal actions within the Executive branch which may have been taken by individuals with unusual access to the White House and senior Administration officials. The Committee is investigating how individuals such as John Huang, Charlie Trie, Johnny Chung, and others became prominent fundraisers who frequented the White House and visited senior White House officials. The Committee is investigating how policies -- including sensitive foreign policy and trade matters

Page 2  
Rep. Henry Waxman  
March 19, 1997

-- may have been impacted by the special interests of certain contributors.

The Committee also is investigating the possible misuse or abuse of White House and Executive Branch resources for political purposes. There is an emerging pattern of potentially illegal behavior by White House and Executive Branch officials that has been brought to light over the past several months. The recent disclosures about Communist Chinese government influence have raised these matters to an even higher level of national security concern and highlight the need for focused attention on this serious matter. Those across the political spectrum have reached agreement that these issues necessitate serious investigation. Further, a number of senior Administration officials and appointees have taken the Fifth Amendment and refused to cooperate with any investigations into these matters.

Our charge is a serious one. The President and the executive agencies control an extraordinary range of government resources. Our constitutional system of checks and balances tasks Congress with overseeing the Executive Branch. The Committee on Government Reform and Oversight is the chief House oversight committee charged with fulfilling this role.

As you may recall, a document the Committee obtained last year during the Travelgate investigation noted that the White House was "monitoring" Mr. Hubbell's cooperation with the Independent Counsel. Last week it was learned that friends of the President hired Webster Hubbell during the time he was under investigation by the Independent Counsel. Webster Hubbell is one of the former Administration officials who has taken the Fifth and refused to cooperate with this Committee's investigation.

The extraordinary range of matters already publicly disclosed raises the serious concern that even as to the most important national security questions, this Committee may not have the time or resources to conduct a thorough investigation. Your suggestion that the Committee investigate congressional races, over which this committee lacks jurisdiction, would threaten our ability to accomplish any meaningful investigation at all in this session of Congress.

While our investigation will necessarily be focused on the actions of the Executive branch within the Committee's jurisdiction, the findings will be shared with other committees with jurisdiction over campaign finance reform, ethics matters, or other relevant topics. The Committee will provide guidance for the campaign finance debate much as the Watergate



Page 3  
Rep. Henry Waxman  
March 19, 1997

investigation in the 1970s contributed to campaign finance changes following that investigation.

Our current FEC laws which apply to the President and Congress had their origins in the Watergate investigation even though the Watergate investigation itself focused almost solely on the misdeeds of the Nixon Administration. The Watergate investigation involved little if any review into the 1972 Democrat campaign of George McGovern. The Watergate investigation did not investigate congressional campaigns. Likewise, when Congress investigated the Iran-Contra scandal, we did not artificially search back in time for a Democrat foreign affairs scandal in order to be "bipartisan" in reviewing questionable actions.

"Fairness" in this investigation does not mean finding the same number of Democrats and Republicans to investigate -- particularly when to do so requires exceeding the charter of this committee, which is oversight of the Executive branch. Our traditional and continuing responsibility as the chief House oversight committee is to review possible waste, fraud or abuse in the executive branch.

#### Budget

The Committee's proposed budget for this investigation is well within the range for comparable previous investigations. The Watergate investigation, which did not involve nearly the vast array of agencies nor the numerous foreign countries that our investigation will include, cost \$7 million in current dollars -- almost double the amount of our committee's request.

The Watergate Committee had approximately 90 staff in the House and over 100 staff in the Senate. A far lower percentage of the staff members were from the minority party. During Iran-Contra, there were 51 majority staff and 9 minority staff on the House committee. The Iran-Contra budget was \$2.8 million in current dollars. The Committee on Government Reform and Oversight's budget provides 25 percent of the additional staff funding resources to the minority. This is both a significant dollar increase and a significant percentage increase over this committee's allotment to the minority when Democrats were last in control.

This budget is reasonable and necessary for an investigation that will encompass hundreds of witnesses, numerous foreign countries and numerous government agencies. The Committee provides a larger portion of resources to the minority than has

Page 4  
Rep. Henry Waxman  
March 19, 1997

almost any previous congressional investigation.

Issuance of Subpoenas

As I have expressed to you personally and as my staff has relayed on numerous occasions, we welcome the minority's input in the subpoena process. Therefore, I was disappointed that you chose to criticize the subpoenas to the White House and the DNC after they had been issued rather than provide constructive guidance before they were issued. As you know, your staff was provided the subpoenas before they were issued. If you had allowed your staff to offer suggestions before the subpoenas were issued, I believe we could have reached accommodations on a number of matters.

Nevertheless, we already have worked with the DNC and the White House to accommodate some of the concerns expressed in your letter. Going forward, I hope you will allow your staff to offer suggestions so your concerns can be taken into account.

As I have explained to you and the White House, I do not want to drag out the process of obtaining documents relevant to this investigation. The history of this White House's footdragging on producing documents for investigations raises concerns. During the Travelgate investigation conducted by this committee in the last Congress we learned that even the President's own Justice Department appointees came to doubt the White House's cooperation on document production. After a year of dilatory tactics in producing documents in the Travelgate matter, Lee Radek, the chief of the Justice Department's Office of Public Integrity, complained in a September 8, 1994 memo to Acting Criminal Division chief Jack Keeney:

At this point we are not confident that the White House has produced to us all documents in its possession relating to the Thomason [Harry Thomason] allegations...the White House's incomplete production greatly concerns us because the integrity of our review is entirely dependent upon securing all relevant documents.

It is important that we obtain all of the relevant documents for this investigation and that this kind of action by the White House does not occur again. The committee issued a document request to the White House on January 15, 1997, and has received few documents responsive to that request to date. Many of these

Page 5  
Rep. Henry Waxman  
March 19, 1997

documents have already been gathered as a result of several directives from the former White House Counsel Jack Quinn and should be promptly provided. The President's new Counsel, Charles Ruff, has assured me that the President has ruled out claiming executive privilege over documents in this matter. Therefore, I hope we can work together to get prompt production of the outstanding documents from the White House.

Document Protocol

As you know, we are going to continue to discuss and negotiate on the issue of the handling and dissemination of documents received by the Committee. Vice-Chairman Cox and a number of members are reviewing this matter and will work with you to respond to your concerns.

Conclusion

The serious revelations that arise daily about these matters are clearly cause for grave concern and necessitate serious investigation. While investigations into illegal Executive branch conduct are never pleasant, oversight of the Executive branch is the charge of this Committee. The issues we face are serious and the American people deserve a public accounting. This will be a fair process of review and the committee will put out the facts for the American people to review and judge. I hope and trust you and your colleagues will accept the oversight responsibility placed in this committee and join in providing a public accounting of these matters.

Sincerely,

  
Dan Burton  
Chairman

TAN BURTON, CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA  
RANKING MINORITY MEMBER

ONE HUNDRED FIFTH CONGRESS

## Congress of the United States

## House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

The Honorable Dan Burton  
Chairman, Government Reform and Oversight Committee  
U.S. House of Representatives  
Washington, D.C. 20515

March 20, 1997

Dear Mr. Chairman:

I am writing in brief response to your letter of March 19. In particular, I want to address your assertion that our Committee does not have jurisdiction to investigate illegal or improper activities in connection with congressional campaigns.

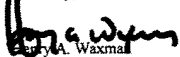
I have consulted closely with the House Parliamentarian on this issue. I have been advised by the Parliamentarian that our Committee does have jurisdiction to investigate illegal or improper activities in connection with 1996 Federal election campaigns -- including matters potentially within another committee's legislative jurisdiction.

Under House rule X clause 2(b)(2), the Committee on Government Reform and Oversight has jurisdiction to investigate "the operation of Government activities at all levels." Under House rule X clause 4(c)(2), the Committee "may at any time conduct investigations of any matter." The House Parliamentarian has advised me that these broad provisions give our Committee jurisdiction to investigate whether federal laws were violated or other improper actions occurred in all federal election campaigns.

Your letter asserts that the House Oversight Committee has legislative jurisdiction over the laws governing congressional campaigns. This is true -- but it does not affect our Committee's investigatory jurisdiction. Our Committee has jurisdiction to investigate in areas where other committees have legislative jurisdiction. This principle is expressly recognized in House rule X clause 4(c)(2), which provides our Committee may conduct investigations of any matter "without regard to the provisions of [the House rules] conferring jurisdiction over such matter upon another standing committee."

I hope this letter clarifies the scope of our Committee's jurisdiction under the House rules.

Sincerely,

  
Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform; the Honorable William M. Thomas;  
the Honorable Sam Gejdenson

DAN BURTON, R-OKLA.  
CHAIRMAN

ONE HUNDRED FIFTH CONGRESS

-PERRY & WASSMAN, CALIFORNIA  
FARMING INDUSTRY MEMBER**Congress of the United States****House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

April 9, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

We are writing to let you know some of the major issues we will raise when the Committee meets tomorrow to discuss the scope and procedures regarding the campaign finance investigation. We believe the scope you have proposed--which is limited to President Clinton and the Democratic National Committee--is unfair and blatantly partisan. The scope that the Senate adopted by a vote of 99-0 is a more sensible course and focuses the investigation on "illegal or improper activities in connection with 1996 Federal election campaigns." We urge you to support this position.

We are also very concerned about the procedures you are using to issue subpoenas. As of today, you have unilaterally issued over 100 subpoenas. There has been no opportunity for Committee members to publicly scrutinize or vote on any of these subpoenas.

No congressional investigation has ever followed such procedures. We agree that in rare situations where documents are about to be destroyed it may be necessary for you to issue subpoenas without committee approval. But to do so in every instance delegates an extraordinarily serious power from Members of the Committee to staff and dramatically diminishes our accountability in cases where we are compelling others to provide documents involuntarily.

We have the same concerns about the release of confidential information. No committee chairman has ever been given the power that you are seeking tomorrow. In effect, if your proposal is approved, you would be able to release unilaterally virtually all documents given to the Committee, including confidential financial records, trade secrets, medical histories, the identity of FBI informants, and privileged attorney-client communications.

The Honorable Dan Burton  
 April 9, 1997  
 Page 2

We know of no special factors in this investigation that would warrant your receiving and exercising these unprecedented powers. As you know, Senator Thompson is following the normal procedures--ones followed by every other congressional investigation--for dealing with subpoenas and confidential information in conducting his investigation. In short, you are insisting that the Committee permit you to conduct this investigation in an unprecedented manner, but you have not provided any showing of a compelling need for the extraordinary powers you seek.

Accordingly, we urge that you follow precedent and Senator Thompson's procedures so that in nearly all instances subpoenas are issued and confidential information released only if the Minority concurs or there is a vote of the Committee.

Thank you for considering our thoughts.

Sincerely,

Ken W. Burton Tim Holden BL Wick  
Conrad Col. J. H. Long Danmych Davis  
Elizabeth E. Cummings John F. Tierney BA Sa  
Born Major R. Rubin Tom Lantos  
Tom Bennett Rod R. Blaylock Ch. F. H.  
Tom Allen Danmych Kuehn Edmund Merton  
Jim Jumper Paul K. Jumper

DAN BURTON, CHAIRMAN  
—HONORABLE—

ONE HUNDRED FIFTH CONGRESS

—HONORABLE—  
DUFFY A. HARRIS, CLERK

**Congress of the United States**  
**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143  
(202) 225-5074

April 25, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Burton:

I am writing to follow up on conversations among our staff regarding missing document productions. The following items, derived from the Majority's master production index, are productions that have not been delivered or copied to the Minority offices.

<u>Source of Production</u>	<u>Date of Production</u>
Council on Environmental Quality	2/13/97
Federal Deposit Insurance Corp.	2/5/97 3/31/97 4/4/97
Immigration and Naturalization Service	2/19/97
Department of the Interior	2/27/97
Department of Justice	3/18/97
Mickey Kantor	4/14/97
R. Warren Meddoff	4/16/97
Occidental Petroleum Corporation	2/14/97
Small Business Administration	3/13/97
State Department	2/14/97

April 25, 1997  
Page 2

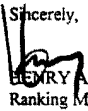
US Trade Representative	2/12/97
Bobby Watson	3/26/97

On a related matter, I would request that my staff be contacted about the following items also listed on the Majority's master production list. We may be able to determine in the course of such conversations if the Minority has already received these items under separate cover or on a date that differs from the Majority's records.

<u>Source of Production</u>	<u>Date of Production</u>
Commerce Department	3/13/97
Democratic National Committee	12/26/96
OGE/Presidential Legal Trust	10/96 2/6/96 2/16/96
White House	3/28/97

I would appreciate receiving the above-captioned items as soon as possible, and trust that all future documents will be shared promptly with the Minority.

Sincerely,

  
HENRY A. WAXMAN  
Ranking Minority Member

cc: Members of the Committee on  
Government Reform and Oversight



DAN BURTON, IOWA  
Chairman

HENRY A. WAXMAN, CALIFORNIA  
Ranking Minority Member

ONE HUNDRED FIFTH CONGRESS

**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

(202) 225-5074

April 25, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Mr. Chairman:

As part of the Committee's campaign finance investigation, you have recently subpoenaed documents regarding the White House and payments to Webster Hubbell after Mr. Hubbell resigned from the Department of Justice. I understand that these allegations are also currently the subject of a grand jury investigation being conducted by Independent Counsel Kenneth Starr.

I have two concerns regarding your subpoenas. First, I do not understand how they are related to any alleged campaign finance abuses. While I believe that the payments to Mr. Hubbell should be investigated -- as the Independent Counsel is doing -- it is unclear to me how this issue fits within the Committee's campaign finance investigation. I would appreciate an explanation from you about the connection between the payments to Mr. Hubbell and our ongoing investigation.

Second, I am concerned that the efforts of this Committee not interfere in any possible way with the important work of the Independent Counsel. In order to avoid posing any threat to the integrity of an ongoing grand jury investigation, I request that the Committee formally contact Mr. Starr immediately to obtain his views as to the advisability of this Committee's efforts regarding Mr. Hubbell. As was the practice in past Congressional investigations (including both Whitewater and Iran-Contra), I request that this Committee properly coordinate its investigation with the Independent Counsel.

Sincerely,



HENRY A. WAXMAN  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

ONE HUNDRED FIFTH CONGRESS

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

Majority 12021 225-5074  
Minority 12021 225-5075  
TTY 12021 225-4611

HEYEN & WATKINS, CA, TOPINA  
 HARRING MINORITY MEMBER  
 TOM LANTOS, CALIFORNIA  
 SCHLESINGER, WEST VIRGINIA  
 MAJOR R. OWENS, NEW YORK  
 EDWARDS TOWNS, NEW YORK  
 PAUL R. KAMAROFF, PENNSYLVANIA  
 JARY A. CONDOT, CALIFORNIA  
 CAROLYN S. MALONEY, NEW YORK  
 THOMAS M. BARNETT, WISCONSIN  
 CLEANDER FOLLMER, NORTH  
 CAROLINA  
 JAMES H. COLEMAN, VIRGINIA  
 CHARLES HATTAN, PENNSYLVANIA  
 TIM HOLDEN, PENNSYLVANIA  
 STEVEN E. CUMMINGS, MARYLAND  
 DENNIS KUCIUCH, OHIO  
 ROD R. BLAGOVICH, LOUISIANA  
 DANNY K. DAVIS, ILLINOIS  
 JOHN F. TIERNEY, MASSACHUSETTS  
 JIM TURNER, TEXAS  
 THOMAS M. ALLEN, MAINE

April 29, 1997

The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

At the Committee meeting on April 10 to establish scope and procedures for the Committee's campaign finance investigation, you assured the Committee that "substantial evidence of improprieties will be pursued wherever it leads." Accordingly, I request that you issue subpoenas to investigate the serious allegations of campaign finance improprieties recently uncovered by the news magazine *Time*.

This week's issue of *Time* discloses new evidence of improper -- and possibly illegal -- actions involving foreign donors, the Republican National Committee, and an RNC affiliate, the National Policy Forum. According to *Time*, "the G.O.P. has profited from an Asian money connection." The *Time* article asserts that there is "a financial channel running from Taiwan to Hong Kong to Republican national headquarters" and that "a Chinese businessman came to prop up the G.O.P."

Clearly, these allegations constitute "substantial evidence of improprieties" that should be thoroughly investigated by the Committee.

The details of the financial transactions described by *Time* are complicated, but they indicate that the RNC received millions of dollars in last-minute campaign funds after the intervention of foreign entities. The *Time* report states that Haley Barbour, the chairman of the RNC, secured \$2.2 million in loan guarantees from a Chinese businessman, Ambrosius Tung Young, as collateral for a loan from Signet Bank to the National Policy Forum, an RNC affiliate that was heavily in debt to the RNC. The proceeds of the loan were sent immediately to the RNC in order to provide "last-minute cash for tight House races" in the 1994 campaign. The report also states that in the 1996 campaign, Mr. Barbour decided to conserve RNC campaign funds by allowing the National Policy Forum to default on the \$1 million that remained on the loan. In the settlement that followed, Mr. Young lost \$500,000 of the loan collateral, which translated into an additional \$500,000 benefit to the RNC.

These previously secret transactions raise many significant questions that should be further investigated by the Committee. For example, the Committee should investigate whether the RNC in effect accepted illegal foreign funds from Mr. Young. *The Time* report states that Mr. Young's funds were earned abroad and funneled through his U.S. subsidiary, Young Brothers Development (USA), which had almost no assets or income. One of the company's directors, Benton L. Becker, admitted to

The Honorable Dan Burton  
 April 29, 1997  
 Page 2

*Time* that the company's principal stockholder is Young Brothers Development of Hong Kong. If these allegations are true, the loan collateral and the payments on the defaulted loan would appear to be the largest single foreign contribution yet encountered in the campaign finance investigation.

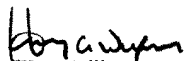
In addition, the Committee should investigate whether Mr. Young's campaign cash was intended to influence Republican policy toward China. The *Time* story states that after receiving the loan guarantees, Mr. Barbour introduced Mr. Young to leading G.O.P. congressional leaders, including Senate Majority Leader Bob Dole and House Speaker Newt Gingrich. Mr. Barbour also accompanied Mr. Young to a meeting with Qian Qichen, the foreign minister of the People's Republic of China, and attended events with undisclosed guests on board Mr. Young's yacht in Hong Kong. According to the *Time* report, "Young's business depends in large part on Western access to Chinese markets, objectives pushed by Republicans."

The Committee should also investigate whether the National Policy Forum is, as it claims, a 501(c)(3) organization that operates independently of the RNC. The *Time* story suggests that the line separating the Republican National Committee and the National Policy Forum was virtually nonexistent.

I have enclosed a copy of the *Time* article and draft subpoenas that are narrowly focussed on the individuals, entities, and events detailed in the *Time* story. The subpoenas seek information from Haley Barbour, the RNC, the National Policy Forum, Signet Bank, Ambrous Tung Young, and Mr. Young's U.S. subsidiary and its officers. The prompt issuance of these subpoenas is necessary to investigate the "substantial evidence of improprieties" disclosed by *Time*.

The period provided in Committee's document protocol for review of proposed subpoenas is 24 hours. I trust you will inform the minority whether you will issue the requested subpoena within that time frame. If you or your staff have any questions about these subpoenas, please do not hesitate to contact me directly or Phil Barnett, the minority's chief counsel, at 225-5051.

Sincerely,



Henry A. Waxman  
 Ranking Minority Member

Encls.

cc: Members of the Committee on Government Reform and Oversight

NATION

# THE G.O.P.'S OWN CHINA CONNEC

A Hong Kong mogul rescued Republicans during two campaigns

By MICHAEL WEISSKOPF and  
MICHAEL DUFFY WASHINGTON

**T**HE EIGHT-PAGE SUBPOENA OPENED with the word Greeting, but there was nothing friendly about it. Coming from the Senate committee investigating the campaign fund-raising scandal, it directed what's left of the Dole campaign to hand over all documents connected to a familiar cast of 46 political donors and suitors. As the subpoena was faxed around Washington last week, it set off a minor panic among lobbyists and fund raisers worried about who might be called to testify. But their fretting was misplaced: the name of the G.O.P.'s most generous foreign benefactor wasn't even on the list.

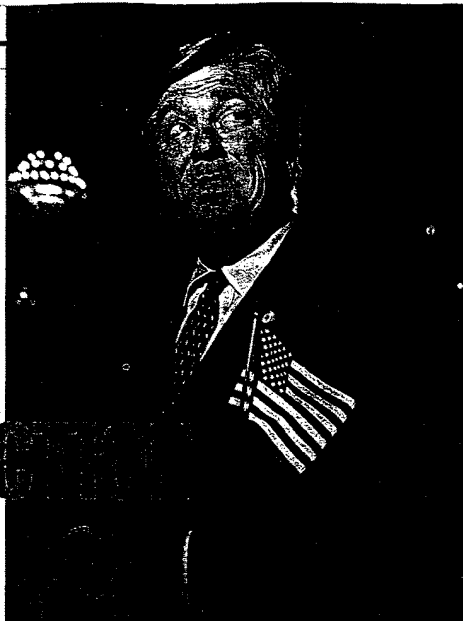
For months snapshots of a Democratic White House desperately grubbing for campaign dollars have focused on Asian Americans with strong business ties to their native lands. Now Republicans tell TIME the G.O.P. has profited from an Asian money connection as well. Twice in two years Hong Kong businessman Ambrose Tung Young bailed out the party at crucial mo-

ments: first freeing up as much as \$2 million in the final days before the G.O.P.'s 1994 sweep of Congress; then eating \$500,000 in bad debts, rescuing Republicans in the last weeks of the 1996 contest. The conduit for the money was a U.S. firm with little income and few assets, but quietly backed by an aviation-services and real estate-investment company controlled by Hong Kong and Taiwanese businessmen. The money passed through a Republican think tank that granted big donors more influence over party policy in return for more money. For Young, the arrangement also opened diplomatic doors. In Washington, Young met face to face with the lions of the G.O.P. just as they were taking over Congress. In Beijing a year later, he escorted G.O.P. chairman Haley Barbour in a meeting with Qian Qichen, Foreign Minister for the People's Republic of China.

The discovery of a financial channel running from Taiwan to Hong Kong to Republican national headquarters may well change the terms of Washington's latest

**PARTY ESCORT:** Ex-R.N.C. chair Barbour introduced his Asian patron to the powerful money mess. Until now Democrats have taken the hit for fund-raising excesses, providing grist for investigations by the Justice Department and 11 congressional committees and prompting calls for an independent counsel. But as Young's secret role shows, the lure of easy foreign money is bipartisan. Young's business depends in large part on Western access to Chinese markets and a secure Taiwan, objectives pushed by Republicans and the think tank he backed. That agenda, the Young case shows, has been successfully promoted by Asian interests who contributed big money to both major parties.

How a Chinese businessman came to prop up the G.O.P. is a story that began in 1993, right after Bill Clinton's election. Barbour had just taken over as G.O.P. chairman and created a think tank to generate new ideas. He called his group the National Policy Forum, and although its operations were two blocks and a few legal documents



## N A T I O N

removed from Republican headquarters: it was just an extension of the party. Barbour was chairman of the forum. G.O.P. officials set its \$4 million annual budget and coordinated fund raising. The forum circulated 600,000 questionnaires to identify the hot-button issues that were later assembled into the Contract with America.

**T**HE FORUM HAD A HIDDEN PURPOSE: to tap into a new stream of cash from corporations. G.O.P. fund raisers discovered in 1992 that there was only so much soft money available; most donors had given all the money they could to campaigns. But because corporations set aside other tax-deductible money for research, Barbour's idea was to create a nonprofit think tank that could attract that cash.

Instead the think tank started to cost the party money. Corporate America turned out not to be very interested in the forum, so by the summer of 1994 it was heavily in debt, largely to the R.N.C., which had loaned the forum several million dollars to get started. With the pivotal midterm elections bearing down, the party needed money to attract voters to the polls with a burst of TV ads.

Enter Ambrosius Tung Young. In the early fall of 1994 his U.S.-based arm, Young Bros. Development-USA, offered to guarantee a loan to the forum. Exactly who first thought of this arrangement remains a mystery. A top R.N.C. official said a Houston businessman named Fred Volcansek, who worked on trade issues under former President Bush, knew Young and informed the forum's president of Young's interest in helping. Young lived in Hong Kong, but his sons had become U.S. citizens and dabbled in G.O.P. politics.

Even then Barbour knew the political risks of the proposed loan arrangement. Although Young was willing and legally able, the R.N.C. chief wanted to avoid any criticism of using overseas cash to pay for political activity—even policy research. Barbour received general assurances that Young Bros. Development-USA was a domestic firm. On that basis he had the company put up \$2.2 million in certificates of deposit—funds transferred earlier from the parent company in Hong Kong—as collateral for a loan from Signet Bank.

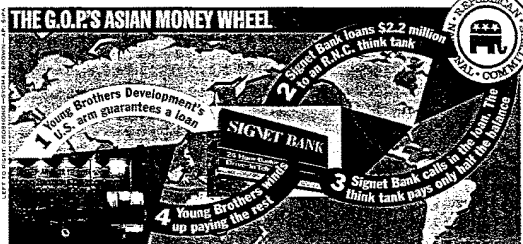
But if Barbour was looking to be bailed out by an American business, it's not clear that Young Bros. Development-USA was either American or a business. It turns out that the company's only U.S. asset is a

Georgetown apartment, and its only revenue is its rental income from that property, officials said. As for its pedigree, incorporation records in Florida list only two officers: onetime G.O.P. chairman Richard Richards and Benton Becker, who was President Ford's counsel. And the firm's actual owner? According to Becker, the principal stockholder is Young Bros. Development of Hong Kong. Records in the British colony list Young as managing director and several others from Taiwan and Hong Kong as investors.

Whatever the country of origin, the loan guarantee was a political godsend. With much of its proceeds sent immediately to the R.N.C., the loan provided last-minute cash for tight House races. In November, Republicans took control of Congress for the first time in 40 years. Not long after, Barbour personally escorted Young around

charitable when describing the Democrats' foreign fund raising last fall. Two weeks before the election, Barbour criticized the Clinton White House for trying to "cover up this well-organized scheme of foreign contributions and influence peddling."

Yet with everyone scrounging for money in those last frantic weeks, no one was asking a lot of questions. Which is why the beneficiaries don't know much about their donor's background. Raised in Taiwan, Young joined the Taiwan navy as a supply officer, studied engineering in England and returned to Taipei, where he started an aerospace consulting firm. He later moved to Hong Kong, where he keeps a picture of himself with Ronald Reagan hanging on his office wall. Young served as the Asian agent for several aviation companies, including Pratt & Whitney and, more informally, British Aerospace.



Washington, introducing him to Bob Dole and House Speaker Newt Gingrich. Young returned the hospitality in August 1995, as host at a dinner for a visiting Barbour on his posh yacht, the *Ambrosius*.

But by mid-1996 the forum was strapped again. The last thing the party wanted that summer was to bail out a think tank just when the campaign for Congress were heating up. So Barbour decided that the forum would simply stop repaying the Signet loan. He tried instead to get Young Bros. to foot the bill. Through its lawyers, the company refused.

And then Signet called in the loan. At first Barbour refused to pay the \$1 million balance due. When the Youngs' lawyers threatened a lawsuit, the forum paid up \$500,000, but that still left an angry Young with a \$500,000 loss—sparing the R.N.C. from having to dip into campaign funds to pay off the rest of the debt.

Barbour told *TIME* last week that the guarantee and settlement were "perfectly legal and totally appropriate." He was less

Over the years he has had a financial interest in preserving American trade links to China, the world's largest customer of commercial aircraft, and in maintaining a militarily strong Taiwan. In 1992 Taiwan bought 150 F-16s, all powered by Pratt & Whitney engines.

Young, who is said to be in his 60s, is extremely private by the standards of Hong Kong tycoons. He has an office in Taipei and sits on the board of an aerospace company close to the ruling Nationalist government. He is known as "the man to see" if you want to get a hearing in Asian aerospace circles. Little else about him is publicly available—at least not yet. Last Friday, Haley Barbour received a new subpoena, this one asking for all records relating to the National Policy Forum. With Washington's investigations widening to include Republican backers, the well-guarded anonymity of Ambrosius Tung Young may be coming to an end.

—With reporting by Sandra Burton/Hong Kong and Donald Shapiro/Taipei

Proposed Subpoena to the RNC

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Republican National Committee  
310 First Street, SE  
Washington, D.C. 20003

**Serve:** Chairman Jim Nicholson

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Counsel, John P. Rowley III, or Chief Investigative Counsel Barbara Comstock at (202) 225-5074.

Definitions and Instructions

1. For the purposes of this subpoena, the word "record" or "records" shall include, but shall not be limited to, any and all originals and identical copies of any item whether written, typed, printed, recorded, redacted or unredacted, transcribed, punched, taped, filmed, graphically portrayed, video or audio taped, however produced or reproduced, and includes, but is not limited to, any writing, reproduction, transcription, photograph, or video or audio recording, produced or stored in any fashion, including any and all activity reports, agendas, analyses, announcements, appointment books, briefing materials, bulletins, cables, calendars, card files, computer disks, cover sheets or routing cover sheets, drawings, computer entries, computer printouts, computer tapes, external and internal correspondence, diagrams, diaries, disks, documents, electronic mail (e-mail), facsimiles, journal entries, letters, manuals, memoranda, messages, minutes, notes, notices, opinions, statements or charts of organization, plans, press releases, recordings, reports, Rolodexes, statements of procedure and policy, studies, summaries, talking points, tapes, telephone bills, telephone logs, telephone message slips, records or evidence of incoming and outgoing telephone calls, telegrams, telexes, transcripts, or any other machine readable material of any sort whether prepared by current or former employees, agents, consultants or by any non-employee without limitation. "Record" or "records" shall also include all other records, documents, data, and information of a like and similar nature not listed above.

2. For purposes of the this subpoena, the terms "refer" or "relate" and "concerning" as to any given subject means anything that constitutes, contains, embodies, identifies, mentions, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.

3. This subpoena calls for the production of records, documents, and compilations of data and information that are currently in your possession, care, custody, or control, including, but not limited to, all records which you have in your physical possession as well as any records to which

you have access, any records which were formerly in your possession, or which you have put in storage or anyone has put in storage on your behalf. Unless a time period is specifically identified, the subpoena includes all documents to the present.

4. The conjunctions "or" and "and" are to be read interchangeably in the manner that gives this subpoena its broadest reading.

5. No records, documents, data, or information called for by this subpoena shall be destroyed, modified, redacted, removed or otherwise made inaccessible to the Committee.

6. If you have knowledge that any subpoenaed record, document, data or information has been destroyed, discarded, or lost, identify the subpoenaed records, documents, data, or information and provide an explanation of the destruction, discarding, loss, deposit, or disposal.

7. When invoking a privilege as to any responsive record, document, data or information, as a ground for withholding such record, document, data or information, list each record, document, compilation of data or information by data, type, addressee, author (and if different, the preparer and signatory), general subject matter, and indicated or known circulation. Also, indicate the privilege asserted with respect to each record, documents, compilation of data or information in sufficient detail to ascertain the validity of the claim of privilege.

8. This subpoena is continuing in nature. Any record, document, compilation of data or information, not produced because it has not been located or discovered by the return date shall be provided immediately upon location or discovery subsequent thereto.

9. Please provide a printed and, where possible, an electronic version of records. Electronic information may be stored on 3.5 inch diskettes in ASCII format. In addition, please provide the Committee's Minority Investigative Staff with a duplicate set of documents contemporaneous with production of documents to the Committee.

#### Subpoenaed Items

Please provide the Committee with the following:

1. All records from January 1, 1993, to the present relating to:
  - (a) Ambrous Tung Young (a.k.a. Ambrous Yang), including records held by any entity affiliated with the Republican National Committee on which he served as an officer or director, including Republicans Abroad;
  - (b) Young Brothers Development Co. Ltd. or its officers, employees, or agents, including Jen Yang, Robert Y.H. Ni, Annie Hsiao Lin Ko, Lorin Cho Ran Young, Steven Hao Ran Young, and/or Alan Chung Ran Young;
  - (c) Young Brothers Development (USA) Inc. or its officers, employees, or agents.

including Benton L. Becker and/or Richard Richards:

- (d) Qian Qichen or any other official of the People's Republic of China; or
  - (e) Fred Volcansek.
2. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity to the Republican National Committee.
  3. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity, or any United States subsidiary of any foreign entity, to the National Policy Forum.



Proposed Subpoena to Haley Barbour

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

Serve: Haley Barbour  
Barbour, Griffith and Rogers  
1101 Connecticut Avenue, N.W., Suite 800  
Washington, D.C. 20036

[Use same format as in the proposed subpoena to the RNC.]

Subpoenaed Items

Please provide the Committee with the following:

1. All records from January 1, 1993, to the present relating to:
  - (a) Ambrous Tung Young (a.k.a. Ambrous Yang), including records held by any entity affiliated with the Republican National Committee on which he served as an officer or director, including Republicans Abroad;
  - (b) Young Brothers Development Co. Ltd. or its officers, employees, or agents, including Jen Yang, Robert Y.H. Ni, Annie Hsiao Lin Ko, Lorin Cho Ran Young, Steven Hao Ran Young, and/or Alan Chung Ran Young;
  - (c) Young Brothers Development (USA) Inc. or its officers, employees, or agents, including Benton L. Becker and/or Richard Richards;
  - (d) Qian Qichen or any other official of the People's Republic of China; or
  - (e) Fred Volcansek.
2. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity to the Republican National Committee.
3. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity, or any United States subsidiary of any foreign entity, to the National Policy Forum.

Proposed Subpoena to the National Policy Forum

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

<b>To:</b>	National Policy Forum 1156 15th Street, NW, Suite 550 Washington, D.C. 20005	National Policy Forum 229 ½ Pennsylvania Avenue, SE Washington, D.C. 20003
<b>Serve:</b>	John R. Bolton Michael E. Baroody	

[Use same format as in the proposed subpoena to the RNC.]

Subpoenaed Items

Please provide the Committee with the following:

1. All records from January 1, 1993, to the present relating to:
  - (a) Ambrous Tung Young (a.k.a. Ambrous Yang), including records held by any entity affiliated with the Republican National Committee on which he served as an officer or director, including Republicans Abroad;
  - (b) Young Brothers Development Co. Ltd. or its officers, employees, or agents, including Jen Yang, Robert Y.H. Ni, Annie Hsiao Lin Ko, Lorin Cho Ran Young, Steven Hao Ran Young, and/or Alan Chung Ran Young;
  - (c) Young Brothers Development (USA) Inc. or its officers, employees, or agents, including Benton L. Becker and/or Richard Richards;
  - (d) Qian Qichen or any other official of the People's Republic of China; or
  - (e) Fred Volcansek.
2. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity to the Republican National Committee.
3. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity, or any United States subsidiary of any foreign entity, to the National Policy Forum.

Proposed Subpoena to Young Brothers Development Co. Ltd.

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Young Brothers Development Co. Ltd.  
7/F Harcourt House  
Wan Chai, HK1015  
HONG KONG

**Serve:** Ambrous T. Young

[Use same format as in the proposed subpoena to the RNC.]

Subpoenaed Items

Please provide the Committee with the following:

1. All records from January 1, 1993, to the present relating to:
  - (a) Young Brothers Development (USA) Inc. or its officers, employees, or agents, including Benton L. Becker and/or Richard Richards;
  - (b) Qian Qichen or any other official of the People's Republic of China;
  - (c) Fred Volcansek;
  - (d) Haley Barbour;
  - (e) the Republican National Committee and/or any officer, employee or agent of the Republican National Committee; or
  - (f) the National Policy Forum and/or any officer, employee or agent of the National Policy Forum.
2. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity to the Republican National Committee.
3. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity, or any United States subsidiary of any foreign entity, to the National Policy Forum.

**Proposed Subpoena to Ambrous Tung Young**

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Ambrous T. Young  
7/F Harcourt House  
Wan Chai, HK1015  
HONG KONG

**Serve:** Ambrous T. Young

[Use same format as in the proposed subpoena to the RNC.]

**Subpoenaed Items**

Please provide the Committee with the following:

1. All records from January 1, 1993, to the present relating to:
  - (a) Young Brothers Development (USA) Inc. or its officers, employees, or agents, including Benton L. Becker and/or Richard Richards;
  - (b) Qian Qichen or any other official of the People's Republic of China;
  - (c) Fred Volcansek;
  - (d) Haley Barbour;
  - (e) the Republican National Committee and/or any officer, employee or agent of the Republican National Committee; or
  - (f) the National Policy Forum and/or any officer, employee or agent of the National Policy Forum.
2. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity to the Republican National Committee.
3. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity, or any United States subsidiary of any foreign entity, to the National Policy Forum.

Proposed Subpoena to Young Brothers Development (USA) Inc.

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: Young Brothers Development (USA) Inc.  
1550 Madruga Avenue, Suite 329  
Coral Gables, FL 33146

Serve: Benton L. Becker, Registered Agent

[Use same format as in the proposed subpoena to the RNC.]

Subpoenaed Items

Please provide the Committee with the following:

1. All records from January 1, 1993, to the present relating to:
  - (a) Young Brothers Development Co. Ltd. or its officers, employees, or agents, including Jen Yang, Robert Y.H. Ni, Annie Hsiao Lin Ko, Lorin Cho Ran Young, Steven Hao Ran Young, and/or Alan Chung Ran Young;
  - (b) Ambrous Tung Young (a.k.a. Ambrous Yang);
  - (c) Qian Qichen or any other official of the People's Republic of China;
  - (d) Fred Volcansek;
  - (e) Haley Barbour;
  - (f) the Republican National Committee and/or any officer, employee or agent of the Republican National Committee; or
  - (g) the National Policy Forum and/or any officer, employee or agent of the National Policy Forum.
2. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity to the Republican National Committee.
3. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity, or any United States subsidiary of any foreign entity, to the National Policy Forum.

Proposed Subpoena to Benton L. Becker

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Benton L. Becker  
1550 Madruga Avenue, Suite 329  
Coral Gables, FL 33146

**Serve:** Benton L. Becker

[Use same format as in the proposed subpoena to the RNC.]

Subpoenaed Items

Please provide the Committee with the following:

1. All records from January 1, 1993, to the present relating to:
  - (a) Young Brothers Development (USA) Inc.;
  - (b) Young Brothers Development Co. Ltd. or its officers, employees, or agents, including Jen Yang, Robert Y.H. Ni, Annie Hsiao Lin Ko, Lorin Cho Ran Young, Steven Hao Ran Young, and/or Alan Chung Ran Young;
  - (c) Ambrous Tung Young (a.k.a. Ambrous Yang);
  - (d) Qian Qichen or any other official of the People's Republic of China;
  - (e) Fred Volcansek;
  - (f) Haley Barbour;
  - (g) the Republican National Committee and/or any officer, employee or agent of the Republican National Committee;
  - (h) the National Policy Forum and/or any officer, employee or agent of the National Policy Forum; or
  - (i) Richard Richards.
2. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity to the Republican National Committee.
3. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity, or any United States subsidiary of any foreign entity, to the National Policy Forum.

Proposed Subpoena to Richard Richards

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Richard Richards  
1025 Thomas Jefferson St., NW  
Washington, DC 20007

**Serve:** Richard Richards

[Use same format as in the proposed subpoena to the RNC.]

Subpoenaed Items

Please provide the Committee with the following:

1. All records from January 1, 1993, to the present relating to:
  - (a) Young Brothers Development (USA) Inc.;
  - (b) Young Brothers Development Co. Ltd. or its officers, employees, or agents, including Jen Yang, Robert Y.H. Ni, Annie Hsiao Lin Ko, Lorin Cho Ran Young, Steven Hao Ran Young, and/or Alan Chung Ran Young;
  - (c) Ambrous Tung Young (a.k.a. Ambrous Yang);
  - (d) Qian Qichen or any other official of the People's Republic of China;
  - (e) Fred Volcansek;
  - (f) Haley Barbour;
  - (g) the Republican National Committee and/or any officer, employee or agent of the Republican National Committee;
  - (h) the National Policy Forum and/or any officer, employee or agent of the National Policy Forum; or
  - (i) Benton L. Becker.
2. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity to the Republican National Committee.
3. All records from January 1, 1993, to the present relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any of the individuals or entities listed in item 1 or any other foreign national or foreign entity, or any United States subsidiary of any foreign entity, to the National Policy Forum.

Proposed Subpoena to Signet Bank

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Signet Bank  
4340 Innslake Drive  
Glen Allen, VA 23060

**Serve:** Karen Neveu, Subpoena Compliance Officer

[Use same format as in the proposed subpoena to the RNC.]

Subpoenaed Items

Please provide the Committee with the following:

[Insert standard definitions for bank records.]

Persons and/or Entities

For the specified periods, please provide the Subpoenaed Items for the following individuals and/or entities:

<u>Individuals and/or Entities</u>	<u>Period:</u>
<b>Young Brothers Development (USA) Inc.</b> 1550 Madruga Avenue Suite 329 Coral Gables, FL 33146	January 1993 to the present
<b>Young Brothers Development Co. Ltd.</b> 7/F Harcourt House Wan Chai, HK 1015 HONG KONG	January 1993 to the present
<b>Ambrous Tung Young (a.k.a. Ambrous Yang)</b> 7/F Harcourt House Wan Chai, HK 1015 HONG KONG	January 1993 to the present
<b>Lorin Cho Ran Young</b>	January 1993 to the present
<b>Steven Hao Ran Young</b>	January 1993 to the present



**Alan Chung Ran Young**

January 1993 to the present

**Richard Richards**

1025 Thomas Jefferson St., NW  
Washington, DC 20007

January 1993 to the present

**Benton L. Becker**

1550 Madruga Avenue, Suite 329  
Coral Gables, FL 33146

January 1993 to the present

**National Policy Forum**

1156 15th Street, NW, Suite 550  
Washington, D.C. 20005

January 1993 to the present

BENJAMIN A. GILMAN NEW YORK  
DENNIS HASTEN ILLINOIS  
CHRISTOPHER J. KUNZLE VIRGINIA  
CHRISTOPHER SHAYS CONNECTICUT  
EVEN H. SCHER NEW MEXICO  
CHRISTOPHER C. CALIFORNIA  
JAMES BOWEN FLORIDA  
CHRIS M. BUCHANAN NEW YORK  
TERREN HODIN CALIFORNIA  
CHRIE JACOB FLORIDA  
JOMAS M. DAVIS VIRGINIA  
DAVID M. MCINTOSH INDIANA  
MARK E. SCHULER ARIZONA  
DE SCARBOROUGH FLORIDA  
JOHN SHADGOLD ARIZONA  
TREVOR LA TOURETTE NEW YORK  
MARSHALL MARK SANFORD SOUTH CAROLINA  
JOHN E. SURINING NEW HAMPSHIRE  
PETER SONSSEN TEXAS  
MIKE PAPPAS NEW JERSEY  
VINCE SANCHEWBARGER KANSAS  
DON BARRI GEORGIA

ONE HUNDRED FIFTH CONGRESS

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

May 8, 1997

HENRY A. WAXMAN CALIFORNIA  
OPINING MINORITY MEMBER

TOM LANTOS, CALIFORNIA  
 BOB WISE, WEST VIRGINIA  
 MAJOR R. OWENS, NEW YORK  
 EDOLPHUS TOWNE, NEW YORK  
 PAUL E. KANIGORIS, PENNSYLVANIA  
 GARY A. CONDO, CALIFORNIA  
 CAROLYN B. MALONEY, NEW YORK  
 THOMAS W. BARNETT, WISCONSIN  
 ELEANOR HOLMES NORTON  
 \*DISTRICT OF COLUMBIA  
 CHAKA FATTAN, PENNSYLVANIA  
 TIM HOLEND, PENNSYLVANIA  
 ELIJAH E. CUMMINGS, MARYLAND  
 DENNIS KUCIURCH, OHIO  
 ROO R. BLAGOJEVICH, ILLINOIS  
 DANNY K. DAVIS, ILLINOIS  
 JOHN F. TERWEE, MASSACHUSETTS  
 JIM TURNER, TEXAS  
 THOMAS H. ALLEN, MAINE

BERNARD SANDERS VERMONT  
INDEPENDENT

Dear Mr. Chairman:

I wrote to you on April 29 and requested that you issue nine subpoenas relating to serious allegations of campaign finance improprieties involving foreign donors, the Republican National Committee, and an RNC affiliate, the National Policy Forum. These improprieties, first uncovered by *Time* magazine, fall squarely within the investigation's scope that you have articulated ("substantial evidence of improprieties will be pursued wherever it leads"). Moreover, you have made it clear that one of your highest priorities for the investigation will be "illegal activities involving foreign contributions, wherever it takes us." The nine subpoenas I requested easily meet both standards.

I am deeply disappointed that you have not even given the minority the courtesy of acknowledging my request. Accordingly, I have written separately to each Republican Committee member regarding this matter. Unfortunately, notwithstanding the public commitment you and other majority members expressed for a fair and nonpartisan process, not one Republican Committee member has agreed to support issuing subpoenas to the RNC.

The allegations raised by *Time*, the *Boston Globe*, and *Congressional Quarterly* are substantially the same as the DNC activities for which you have issued subpoenas without hesitation. The majority's refusal to issue the RNC subpoenas makes a mockery of your stated commitment to investigate foreign contributions "wherever it takes us" and continues the pattern of Committee actions that are blatantly partisan and unfair.

Because the majority has refused to investigate these allegations in our Committee, every Committee minority member has signed a letter to Attorney General Reno asking that she initiate an immediate investigation into this matter. As explained in the enclosed letter, the money Ambrous Tung Young provided to the RNC and the National Policy Forum may have violated parts of 2 USC 441 and other federal requirements.

Although the majority apparently has little interest in investigating any Republican fundraising activities, I think it is also important that we pursue whether federal buildings were improperly used for fundraising purposes by the National Republican Committee, the National

The Honorable Dan Burton  
 May 8, 1997  
 Page Two

Republican Senatorial Committee, the National Republican Congressional Committee, and GOPAC.

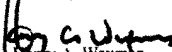
When you appeared on ABC's "This Week" program earlier this year, you stated that if federal officials were "using government facilities or government technology to solicit ... contributions, then there is a question of legality." Given your concern about the use of government facilities to solicit contributions, I hope you will agree to issue the enclosed subpoenas regarding this matter.

You have, of course, already issued subpoenas to investigate allegations about the use of federal property for fundraising purposes by Democrats. For example, you issued subpoenas to the Democratic National Committee and the Executive Office of the President for "all records related to the meetings generally known as 'White House Coffees'", "all records of attendees at the White House movies"; "all records of guests at Camp David"; "all records of who has White House mess privileges"; "all records relating to the use of the Presidential box at the Kennedy Center"; and "all cellular phone records, phone credit card records and any charges billed to the Democratic National Committee."

The subpoenas I have drafted similarly seek information regarding fundraising and the use of federal property. Indeed, the link between fundraising and the use of federal property is even more clear in the instances described in the draft subpoenas. For example, the invitations to the 1995 Republican Senate-House Dinner indicate that federal facilities were used by the Republican campaign committees for fundraising purposes and that specific price tags were placed on different federal locations. For example, individuals who donated or raised \$15,000 were invited to a "Senate Majority Leader's Breakfast" hosted by Senator Bob Dole in the Senate Caucus Room. Those who donated or raised \$45,000 were invited to a luncheon hosted by Speaker Newt Gingrich in the Great Hall of the Library of Congress.

I have received evidence about numerous other fundraising activities in federal buildings, including invitations and solicitation letters signed by Members of Congress. The use of the Vice President's residence, the Old Executive Office Building, the White House, and the U. S. Capitol for fundraising activities during the Bush Administration appear to be the most explicit evidence of the use of federal property for fundraising that has yet come to light. In the interest of consistency and in recognition of the Committee's scope for the investigation, I ask that you issue these subpoenas and inform me of your decision within the timeframe provided in the Committee's procedures.

Sincerely,

  
 Henry A. Waxman  
 Ranking Minority Member

Enclosures

ONE HUNDRED FIFTH CONGRESS

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

MAJORITY 12021 225-5074  
MAJORITY 12021 225-5051  
TDC 12021 225-5050

May 8, 1997

HENRY A. WALKER, CALIFORNIA  
HONORARY MINORITY MEMBER

70N LAYTONS, CALIFORNIA  
BOB WISE, WEST VIRGINIA  
MAJOR R. OWENS, NEW YORK  
EDMUNDUS TOWNE, NEW YORK  
PAUL E. KAMLODSKI, PENNSYLVANIA  
JAY C. COTTON, CALIFORNIA  
CAROLYN L. MALONEY, NEW YORK  
THOMAS M. BARNETT, WISCONSIN  
ELEANOR HOLMES NORTON  
DISTRICT OF COLUMBIA

CHARAFATTA, PENNSYLVANIA  
TIM HOLDEN, PENNSYLVANIA  
ELUANE CUSHINGS, MARYLAND  
DEWANE KUCHACH, OHIO  
ROD R. ROSS, ILLINOIS  
DANNY K. DAVIS, ILLINOIS  
JOHN F. THERNEY, MASSACHUSETTS  
JIM TURNER, TEXAS  
DEBRA H. ALLEN, MAINE

BERNARD SANDERS, VERMONT  
INDEPENDENT

Dear Madam Attorney General:

The Department of Justice is currently investigating alleged violations of federal campaign finance laws during the recent election. We write to request that as part of this inquiry you investigate the serious allegations of campaign finance wrongdoing involving foreign donors, the Republican National Committee, and an RNC affiliate, the National Policy Forum, recently reported by *Time* magazine, the *Boston Globe*, and *Congressional Quarterly*.

The details of the financial transactions described by *Time* indicate that the RNC received over a million dollars in last minute campaign funds after the intervention of a foreign donor. According to *Time*, "twice in two years Hong Kong businessman Ambrosius Tung Young bailed out the party at crucial moments: First freeing up as much as \$2 million in the final days before the G.O.P.'s 1994 sweep of Congress; then eating \$500,000 in bad debts."

Apparently, the National Policy Forum was heavily in debt to the RNC in 1994. The *Time* report states that Haley Barbour, the chairman of the RNC, secured \$2.2 million in certificates of deposit from a Hong Kong businessman, Ambrosius Tung Young, as collateral for a loan from Signet Bank to the National Policy Forum. Although the loan guarantees were formally made in the name of a U.S. subsidiary of Mr. Young's Hong Kong company, Young Brothers Development (USA), the U.S. subsidiary appears to have virtually no assets and the real source of the money appears to be funds transferred from Hong Kong. In fact, the *Boston Globe* quoted an officer of the Young's U.S. subsidiary as saying, "it was Hong Kong corporate money. There is no question about that."

According to *Time*, "the loan guarantee was a political godsend. With much of its proceeds sent immediately to the RNC, the loan provided last minute cash for tight House races." A *Congressional Quarterly* report noted that the October 20, 1994 repayment by the National

The Honorable Janet Reno  
May 8, 1997  
Page 2

Policy Forum "accounts for about 67% of the RNC's soft money transfers to state party committees in the three weeks before Election Day."

The *Time* report also states that in 1996, Mr. Barbour decided to conserve RNC campaign funds by allowing the National Policy Forum to default on the loan. As a result, Mr. Young lost \$500,000 of the loan collateral he had put up. Other troubling facts have also emerged. For example, *Congressional Quarterly* reported that although Young Brothers does not appear to generate any income in the United States or own any assets here, it gave \$122,000 in soft money directly to the RNC between 1991 and 1994. In addition, more recent press reports indicate that the National Policy Forum never received the tax exempt status it purported to have and that its charter was revoked by the District of Columbia because required annual reports were not filed.

These facts raise significant questions that we believe the Justice Department ought to investigate. The transactions involved in the news articles could involve violations of numerous federal laws, including:

- \* 2 USC 441f prohibits contributions in the name of another. Did Ambrous Tung Young know the loan proceeds were to be used by RNC? Was this arrangement a sham transaction designed to conceal the true source of the donations to the RNC in violation of 2 USC 441f?

- \* 2 USC 441e prohibits contributions by foreign nationals. Were the Young Brothers \$122,000 in donations, \$2.2 million loan guarantee and \$500,000 loan repayment illegal foreign donations to the RNC in violation of 2 USC 441e?

- \* 2 USC 434 requires political committees to file reports including information about loans and loan repayment to the FEC. Did the RNC violate the disclosure requirements of 2 USC 434 by failing to report the loans?

- \* 2 USC 441a limits the amount any person can contribute to a political committee. 2 USC 441b prohibits contributions by banks, corporations or labor organizations. Is the National Policy Forum a political committee affiliated with the RNC, rather than a wholly separate entity? If so, have the RNC and NPF received unlawful or excessive contributions in violation of 2 USC 441a and 441b?

Finally, it is possible the National Policy Forum violated tax laws as well. We ask that you immediately investigate this matter. We urge you to conduct a balanced and fair investigation of campaign finance allegations and to fully and fairly prosecute any criminal activities that you may uncover.

The Honorable Janet Reno  
May 8, 1997  
Page 2

Sincerely,

Howard Tom Allen Harold E. Ford Jr.  
Dennis J. Kucinich Tom Ichni Jim Jensen  
C. Smith Errol E. Tumminis Danmyk Davis  
Evers Billie Paul E. Kujawa  
Carl A. H. along Bob Lander William H. Norton  
Red R. Blagovich Charles H. Smith John P. Dunn  
John P. Tierney Tom Lantieri

Proposed Subpoena to RNC

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: Republican National Committee  
310 First Street, SE  
Washington, DC 20003

Serve: Chairman Jim Nicholson

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Counsel, John P. Rowley III, or Chief Investigative Counsel, Barbara Comstock at (202) 225-5074.

Definitions and Instructions

1. For the purposes of this subpoena, the word "record" or "records" shall include, but shall not be limited to, any and all originals and identical copies of any item whether written, typed, printed, recorded, redacted or unredacted, transcribed, punched, taped, filmed, graphically portrayed, video or audio taped, however produced or reproduced, and includes, but is not limited to, any writing, reproduction, transcription, photograph, or video or audio recording, produced or stored in any fashion, including any and all activity reports, agendas, analyses, announcements, appointment books, briefing materials, bulletins, cables, calendars, card files, computer disks, cover sheets or routing cover sheets, drawings, computer entries, computer printouts, computer tapes, external and internal correspondence, diagrams, diaries, disks, documents, electronic mail (e-mail), facsimiles, journal entries, letters, manuals, memoranda, messages, minutes, notes, notices, opinions, statements or charts of organization, plans, press releases, recordings, reports, Rolodexes, statements of procedure and policy, studies, summaries, talking points, tapes, telephone bills, telephone logs, telephone message slips, records or evidence of incoming and outgoing telephone calls, telegrams, telexes, transcripts, or any other machine readable material of any sort whether prepared by current or former employees, agents, consultants or by any non-employee without limitation. "Record" or "records" shall also include all other records, documents, data, and information of a like and similar nature not listed above.
2. For purposes of this subpoena, the terms "refer" or "relate" and "concerning" as to any given subject means anything that constitutes, contains, embodies, identifies, mentions, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.
3. This subpoena calls for the production of records, documents, and compilations of data and information that are currently in your possession, care, custody, or control, including, but not limited to, all records which you have in your physical possession as well as any records to which

you have access, any records which were formerly in your possession, or which you have put in storage or anyone has put in storage on your behalf. Unless a time period is specifically identified, the subpoena includes all documents to the present.

4. The conjunctions "or" and "and" are to be read interchangeably in the manner that gives this subpoena its broadest reading.

5. No records, documents, data, or information called for by this subpoena shall be destroyed, modified, redacted, removed or otherwise made inaccessible to the Committee.

6. If you have knowledge that any subpoenaed record, document, data or information has been destroyed, discarded, or lost, identify the subpoenaed records, documents, data, or information and provide an explanation of the destruction, discarding, loss, deposit, or disposal.

7. When invoking a privilege as to any responsive record, document, data or information, as a ground for withholding such record, document, data or information, list each record, document, compilation of data or information by date, type, addressee, author (and if different, the preparer and signatory), general subject matter, and indicated or known circulation. Also, indicate the privilege asserted with respect to each record, documents, compilation of data or information in sufficient detail to ascertain the validity of the claim of privilege.

8. This subpoena is continuing in nature. Any record, document, compilation of data or information, not produced because it has not been located or discovered by the return date shall be provided immediately upon location or discovery subsequent thereto.

9. Please provide a printed and, where possible, an electronic version of records. Electronic information may be stored on 3.5 inch diskettes in ASCII format. In addition, please provide the Committee's Minority Investigative Staff with a duplicate set of documents contemporaneous with production of documents to the Committee.

10. For the purposes of this subpoena, "Republican National Committee" or "RNC" refers to any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants, whether paid or unpaid, of the Republican National Committee.

#### Subpoenaed Items

Please provide the Committee with the following:

1. All records from January 1, 1981, to present relating to RNC events held on property owned or controlled by the United States government, including, but not limited to:
  - (a) All records relating to Eagles events at the White House including, but not limited to, events held on or about the following dates: 1/6/93, 1/7/93, 4/8/92, 9/13/91, 5/8/91, 5/9/91, 5/10/91, 1/29/90, 4/10/89, 9/30/87, 12/9/86, 9/12/85, 9/13/83, 4/16/82, 1/22/81, and 7/9/81.



- (b) All records relating to Team 100 events at the White House including, but not limited to, events held on or about the following dates: 1/12/93, 1/24/91, October 1991, and November 1989;
- (c) President's Dinner held at the White House in April 1992.

- 2. All records relating to any other events or activities related to fundraising held in whole or in part on property owned or controlled by the United States government.
- 3. All records identifying or describing (a) persons who were invited to events held on property owned or controlled by the United States government, (b) persons who actually attended such events and/or (c) sums of any kind received from such persons.
- 4. All records relating to any meetings or other communications involving officials or employees of the RNC concerning fundraising events or activities that occurred in, originated in, or were arranged from any property owned or controlled by the United States government.
- 5. All records relating to any payments by or on behalf of the RNC to the federal government, including the White House or any other federal agency or entity, for any expenses associated with the use of any property owned or controlled by the United States government.

Proposed Subpoena to the NRCC

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: National Republican Congressional Committee  
425 2d St. NE  
Washington, DC 20002

Serve: The Honorable John Linder  
Chairman

[Insert]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to the 1995 Republican Senate-House Dinner including but not limited to:

A. Any records identifying or describing (a) persons invited to attend the Senate Majority Leader's Breakfast hosted by Senator Bob Dole in the Senate Caucus Room, (b) persons who actually attended the breakfast and/or (c) sums of any kind received from such persons.

B. All records identifying or describing (a) persons invited to attend the Luncheon with Speaker of the House Newt Gingrich hosted by Speaker Gingrich in the Great Hall of the Library of Congress, (b) persons who actually attended the luncheon and/or (c) sums of any kind received from such persons.

C. All records identifying or describing persons recognized as members of the "Dinner Committee -- \$15,000 fundraising goal" entitled to two attendees at the Senate Majority Leader's Breakfast hosted by Senator Bob Dole in the Senate Caucus Room.

D. All records identifying or describing persons recognized as "Vice Chairman -- \$45,000 fundraising goal" entitled to two attendees at the Senate Majority Leader's Breakfast hosted by Senator Bob Dole in the Senate Caucus Room and two attendees at the Luncheon with Speaker of the House Newt Gingrich hosted by Speaker Gingrich in the Great Hall of the Library of Congress.

E. All records identifying or describing persons recognized as "Dinner Co-Chairman -- \$100,000 goal" entitled to two attendees at the Senate Majority Leader's Breakfast hosted by

Senator Bob Dole in the Senate Caucus Room, two attendees at the Luncheon with Speaker of the House Newt Gingrich hosted by Speaker Gingrich in the Great Hall of the Library of Congress, an option to request a Member of Congress or Senator seated at their table, two attendees at an issues briefing with Committee Chairmen, and two attendees at a reception with Presidential candidates.

F. All records identifying or describing persons recognized as "Top Fundraisers."

G. All records identifying or describing (a) persons who requested a Member of the House of Representatives or a Senator to be seated at their table, (b) the name of the Representative or Senator requested by such person, and/or (c) sums of any kind received from that person.

H. All records identifying or describing the Members of Congress who attended the dinner and where and with whom they were seated.

I. All records identifying or describing (a) Members of Congress who participated in the "Issues briefing with Key Committee Chairmen," (b) persons who attended the briefing, and/or (c) sums of any kind received from such persons.

J. All records identifying or describing (a) persons who hosted a "post-dinner reception," (b) sums of any kind received from such persons and/or (c) attendees at the post-dinner receptions.

K. All records identifying or describing (a) persons who participated in the "photo opportunity with Senate Majority Leader Bob Dole, House Majority Leader Dick Armey, and Speaker of the House Newt Gingrich" and/or (b) sums of any kind received from such persons.

2. All records relating to a luncheon held at the Vice President's residence on or about October 15, 1992, for members of the NRCC House Council.

3. All records relating to a briefing and reception held in the Old Executive Office Building for donors to the NRCC President's Forum and House Council on or about May 14, 1992.

4. All records relating to a reception held at the White House for donors to the NRCC Republican Congressional Leadership Council on or about June 30, 1988.

5. All records relating to any other fundraising or finance-related events or activities held in whole or in part on property owned or controlled by the United States government.

6. All records identifying or describing (a) persons who were invited to events held on property owned or controlled by the United States government, (b) persons who actually attended such events and/or (c) sums of any kind received from such persons.

7. All records relating to any meetings or other communications involving officials or employees of the NRCC concerning fundraising events or activities that occurred in, originated in, or were

arranged from any property owned or controlled by the United States government.

§ . All records relating to any payments by or on behalf of the NRCC to the federal government, including the White House or any other federal agency or entity, for any expenses associated with the use of any property owned or controlled by the United States government.

Proposed Subpoena to the NRSC

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** National Republican Senatorial Committee  
425 2d St. NE  
Washington, DC 20002

**Serve:** The Honorable Mitch McConnell  
Chairman

[Insert]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to the 1995 Republican Senate-House Dinner including but not limited to:

A. Any records identifying or describing (a) persons invited to attend the Senate Majority Leader's Breakfast hosted by Senator Bob Dole in the Senate Caucus Room, (b) persons who actually attended the breakfast and/or (c) sums of any kind received from such persons.

B. All records identifying or describing (a) persons invited to attend the Luncheon with Speaker of the House Newt Gingrich hosted by Speaker Gingrich in the Great Hall of the Library of Congress, (b) persons who actually attended the luncheon and/or (c) sums of any kind received from such persons.

C. All records identifying or describing persons recognized as members of the "Dinner Committee -- \$15,000 fundraising goal" entitled to two attendees at the Senate Majority Leader's Breakfast hosted by Senator Bob Dole in the Senate Caucus Room.

D. All records identifying or describing persons recognized as "Vice Chairman -- \$45,000 fundraising goal" entitled to two attendees at the Senate Majority Leader's Breakfast hosted by Senator Bob Dole in the Senate Caucus Room and two attendees at the Luncheon with Speaker of the House Newt Gingrich hosted by Speaker Gingrich in the Great Hall of the Library of Congress.

E. All records identifying or describing persons recognized as "Dinner Co-Chairman --

\$100,000 goal" entitled to two attendees at the Senate Majority Leader's Breakfast hosted by Senator Bob Dole in the Senate Caucus Room, two attendees at the Luncheon with Speaker of the House Newt Gingrich hosted by Speaker Gingrich in the Great Hall of the Library of Congress, an option to request a Member of Congress or Senator seated at their table, two attendees at an issues briefing with Committee Chairmen, and two attendees at a reception with Presidential candidates.

F. All records identifying or describing persons recognized as "Top Fundraisers."

G. All records identifying or describing (a) persons who requested a Member of the House of Representatives or a Senator to be seated at their table, (b) the name of the Representative or Senator requested by such person, and/or (c) sums of any kind received from that person.

H. All records identifying or describing the Members of Congress who attended the dinner and where and with whom they were seated.

I. All records identifying or describing (a) Members of Congress who participated in the "Issues briefing with Key Committee Chairmen," (b) persons who attended the briefing, and/or (c) sums of any kind received from such persons.

J. All records identifying or describing (a) persons who hosted a "post-dinner reception," (b) sums of any kind received from such persons and/or (c) attendees at the post-dinner receptions.

K. All records identifying or describing (a) persons who participated in the "photo opportunity with Senate Majority Leader Bob Dole, House Majority Leader Dick Armey, and Speaker of the House Newt Gingrich" and/or (b) sums of any kind received from such persons.

2. All records relating to the Republican Senatorial Trust dinners in the U.S. Capitol in 1992, 1990, and other years.

3. All records relating to the Presidential Roundtable "NASA tour" of the Johnson Space Center scheduled to be held on or about August 19, 1992.

4. All records relating to the Republican Senatorial Inner Circle event at the Vice President's residence in 1990 and other years.

5. All records relating to the Republican Senatorial Trust reception at the White House in 1990 and other years.

6. All records relating to the Republican Congressional Leadership Council event at the White House in 1988.

7. All records relating to the use of lobbyists to make fund-raising phone calls in the Senate Office buildings or the Capitol in 1995 and other years.

8. All records relating to any other events or activities related to fundraising held in whole or in part on property owned or controlled by the United States government.

9. All records identifying or describing (a) persons who were invited to events held on property owned or controlled by the United States government, (b) persons who actually attended such events and/or (c) sums of any kind received from such persons.

10. All records relating to any meetings or other communications involving officials or employees of the NRSC concerning fundraising events or activities that occurred in, originated in, or were arranged from any property owned or controlled by the United States government.

11. All records relating to any payments by or on behalf of the NRSC to the federal government, including the White House or any other federal agency or entity, for any expenses associated with the use of any property owned or controlled by the United States government.

Proposed Subpoena to GOPAC

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: GOPAC  
440 First Street, NW  
Suite 400  
Washington, DC 20001

Serve: Chairman John Shadegg

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Counsel, John P. Rowley III, or Chief Investigative Counsel Barbara Comstock at (202) 225-5674.

[insert definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records from January 1, 1979, to the present relating to any GOPAC event, or event for GOPAC members or contributors, including, but not limited to, fundraisers, receptions, dinners, luncheons, cocktail parties, meetings, briefings, gathering or other assembly of GOPAC members or contributors, held on property owned or operated by the United States government including, but not limited to:
  - (a) An event held in the First Floor dining room of the United States Capitol in 1994;
  - (b) An event in the Minority Whip's office in the United States Capitol and/or a tour of the Capitol on or about January 29, 1991;
  - (c) An event planned for the White House in October, 1990;
  - (d) An event scheduled at the Vice President's residence in May, 1990;
  - (e) A private movie screening held at the Kennedy Center on May 6, 1990;
  - (f) An event held at Decatur House on May 6, 1990;



- (g) An event held at the White House on November 6, 1989, including briefings or meetings held in the Old Executive Office Building;
  - (h) Events held at the White House during the Reagan administration.
2. All guest lists and/or invitation lists for any of the events listed in item 1.
  3. All records relating to contributions, loans, loan guarantees, certificates of deposit, or any other forms of collateral or financial support made by any individuals or entities invited to or attending any of the events listed in item 1.
  4. All records relating to expenses for which GOPAC reimbursed and/or plans to reimburse the United States government including, but not limited to, the White House, Congress or the Treasury.

DAN BURTON INDIANA  
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 STEVE F. LACROIX OHIO  
 WARDEN L. WALKER SOUTH CAROLINA  
 JOHN E. SUNDY NEW HAMPSHIRE  
 STEVE BISHOP TEXAS  
 ONE PAPPAS NEW JERSEY  
 MICHAEL B. BARNES KANSAS  
 SON BARR GEORGIA

ONE HUNDRED FIFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
 COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
 2157 RAYBURN HOUSE OFFICE BUILDING  
 WASHINGTON, DC 20515-6143

MURPHY 202-225-5174  
 MURPHY 202-225-5061  
 TTY 202-225-4858

May 15, 1997

HENRY A. WAXMAN CALIFORNIA  
 RANKING MINORITY MEMBER  
 COLLETTOS CALIFORNIA  
 FORBES WEST VIRGINIA  
 JACOB E. OLSBERG NEW YORK  
 EDGAR H. SNOW NEW YORK  
 TAD E. CRANFORD PENNSYLVANIA  
 JERRY A. CONYER CALIFORNIA  
 JACOB E. OLSBERG NEW YORK  
 THOMAS W. BARNETT WISCONSIN  
 TILLMAN H. ROBERTS DISTRICT OF COLUMBIA  
 JAMES E. COCHRAN MISSISSIPPI  
 TONY W. COCHRAN MISSISSIPPI  
 CLAYTON E. CRANFORD MARYLAND  
 DENNIS KUGLER OHIO  
 ROBERT H. BLAGOYEVICH ILLINOIS  
 JOHN F. TERRY MASSACHUSETTS  
 JIM TURNER TEXAS  
 THOMAS H. ALLEN MAINE  
 BERNARD SANDERS VERMONT  
 INDEPENDENT

The Honorable Dan Burton  
 Chairman  
 Committee on Government Reform and Oversight  
 2157 Rayburn House Office Building  
 U.S. House of Representatives  
 Washington, DC 20515

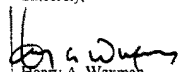
Dear Chairman Burton,

My records indicate that I have not received any response from you regarding my letters of April 29 and May 8.

In the April 29 letter, I proposed the Committee issue subpoenas to investigate serious allegations of campaign finance improprieties involving foreign donors, the Republican National Committee and an RNC affiliate, the National Policy Forum. In the May 8 letter, I proposed the Committee issue subpoenas to investigate whether federal buildings were used for fundraising purposes by the National Republican Senatorial Committee and the National Republican Congressional Committee. Both requests fall within the scope of the Committee's investigation.

The period provided in the Committee's document protocol for review of proposed subpoenas is 24 hours. As it has now been over two weeks since you received the April 29 letter, I again request that you inform the minority whether you will issue the subpoenas we requested.

Sincerely,

  
 Henry A. Waxman  
 Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

DAN BURTON, INDIANA  
CHAIRMAN  
BENJAMIN A. GILMAN, NEW YORK  
J. CENRIS HASTERT, ILLINOIS  
CONSTANCE A. NOBLELLA, MARYLAND  
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VINCE SNOWBARGER, KANSAS  
BOB BARR, GEORGIA

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**House of Representatives**  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
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WASHINGTON, DC 20515-6143

MAJORITY (201) 225-5676  
MINORITY (201) 225-5551  
TTY (201) 225-6882

HENRY A. WAXMAN, CALIFORNIA  
RANKING MINORITY MEMBER  
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MAJOR E. DRENI, NEW YORK  
EDGARUS TOWNE, NEW YORK  
PAUL E. SANDERS, PENNSYLVANIA  
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CAROLYN B. MALONEY, NEW YORK  
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KLANGFELT HOLMES, MONTANA  
DISTRICT OF COLUMBIA  
CHANA PATTER, PENNSYLVANIA  
TIM HOLDEN, PENNSYLVANIA  
CLARE E. CUMMINGS, MARYLAND  
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DANNY F. DAVIS, ILLINOIS  
JOHN F. TERNEY, MASSACHUSETTS  
JIM TURNER, TEXAS  
THOMAS H. ALLEN, MAINE

BERNARD SANDERS, VERMONT  
INDEPENDENT

May 15, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton:

I am very disappointed to learn that you have rejected my suggestion that the majority and minority share a computer database for the documents the committee receives pursuant to the campaign finance investigation.

As you know, hundreds of thousands of documents have been and will be produced in conjunction with the Committee's investigation. Clearly, there needs to be some way for both the majority and minority to organize these documents, preferably in a computer database. In early March, members of my staff first broached the idea of a shared database with your staff. A shared database would give both the majority and minority the ability to search and retrieve documents, yet still allow each to organize the documents and any computer data to suit its respective needs. I understand that appropriate security safeguards could be instituted to maintain the privacy of work done by any party using the data base. For example, we could insure that any searches done on the data base could not be monitored by others.

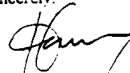
As you are no doubt aware, the creation of a computer database is an extremely expensive proposition. I understand that one computer database system costs approximately \$40,000. Your decision to maintain a separate majority database means that our committee will needlessly waste thousands of taxpayer dollars on two duplicative systems. This is exactly the type of government waste that our Committee is intended to eliminate by our oversight investigations.

The existence of two separate databases will also create logistical problems. For example, many of the documents produced thus far have not been bates-stamped. Without jointly coordinated approach to bates-stamping the documents, it will be difficult to easily locate documents during hearings.

The Honorable Dan Burton  
May 15, 1997  
Page Two

Let's not waste taxpayer money needlessly. I ask that you reconsider your decision to proceed unilaterally with a majority database.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry", written over a horizontal line.

HENRY A. WAXMAN  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

DAN BURTON, INDIANA  
 BENJAMIN R. SCHWARTZ, NEW YORK  
 J. CLAY HASTERT, ILLINOIS  
 J. BOB WEXLER, VIRGINIA  
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MAJORITY (100) 225-4674  
 MINORITY (100) 225-4641  
 TTY (100) 225-4641

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 THOMAS H. ALLER, MAINE  
 HENRIARD SANDERS, VERMONT  
 INDEPENDENT

June 4, 1997

The Honorable Dan Burton  
 Chairman, Committee on Government Reform and Oversight  
 2157 Rayburn House Office Building  
 U.S. House of Representatives  
 Washington, D.C. 20515

Dear Mr. Chairman:

I want to bring to your personal attention several potentially serious matters regarding the conduct of the majority staff in the Committee's campaign finance investigation and to request your immediate investigation of these matters.

First, it has come to my attention that members of your staff interviewed a witness, Mr. Rawlein Soberano, in your offices on Tuesday, May 13. Mr. Soberano's name first appeared in the press on February 20, when the Washington Post reported that he declined John Huang's request that he make campaign contributions of questionable legality.

Mr. Soberano has told my staff that when he was interviewed by your staff, he wanted the minority staff to attend because he felt that both Republicans and Democrats should have access to his testimony. For this reason, he asked your staff whether a member of the minority staff would attend the interview. According to Mr. Soberano, your staff told him that the minority staff was invited but declined to attend the interview.

In fact, the minority never declined to attend the interview because we were not invited to Mr. Soberano's interview.

Second, I understand that two of your senior staff took a trip to Miami on February 21 to interview witnesses -- again without notice to the minority. On this trip, your staff interviewed at least two witnesses, Vivian Mannerud, a businesswoman and occasional Democratic fundraiser, and Jorge Cabrera, a convicted drug smuggler who is incarcerated in a federal penitentiary. In the case of Ms. Mannerud, I have been told that your staff showed up at her place of business unannounced, without a prior appointment and in full view of her customers, leading her to believe that she had to submit to an immediate interview. Although Ms. Mannerud is represented by counsel, I have been told that she was not advised that she could contact her attorney. Your staff did, however, apparently assure Ms. Mannerud that anything she said would be used only for

The Honorable Dan Burton  
June 4, 1997  
Page 2

the purpose of the Committee's official investigation.

Contrary to your staff's representation that the interview would be used only for official Committee business, it appears that your staff may have given information from the interviews with Ms. Mannerud and Mr. Cabrera to the media. The New York Times published a front-page story on April 4 about a contribution that Ms. Mannerud allegedly solicited from Mr. Cabrera. The New York Times article relies on information "congressional investigators have learned," attributes crucial facts to "the investigators, who spoke on condition of anonymity," and states that "[t]he new details about the location for the solicitation of Cabrera's contribution and the source of the money have come to light in congressional investigators' interviews here with Cabrera." Both Ms. Mannerud and Mr. Cabrera have told my staff that the only "congressional investigators" they spoke with prior to the April 4 article in the New York Times were the investigators from your staff.

Information from these interviews may also have been given to CNN. On April 4, CNN's Inside Politics program reported that "the Burton committee is looking at Jorge Cabrera. ... House G.O.P. investigators say some of the \$20,000 was drug money, and that it was solicited in Havana."

These incidents warrant your thorough investigation. If in fact your staff made false or misleading statements to Mr. Soberano or Ms. Mannerud, that would obviously be improper. If in fact information was given to the press, that would appear to conflict with your assurances that your staff would not engage in such conduct. As I recall, the first time a leak from the Government Reform Committee was reported in the press ("Burton Admits Aide Leaked Huang Records," Roll Call, Nov. 25, 1996), you stated that "I do not allow my staff to release any information ... without my approval and I do not expect this to happen again."

I have also learned this week that you plan -- again without having given any notice to the minority -- to send two members of your staff to Hong Kong and Taiwan and perhaps other foreign countries to conduct witness interviews from June 9 to June 20. I strongly oppose your plan to conduct secret witness interviews in foreign countries. In my experience, there is simply no precedent for this conduct. I urge you to reconsider your decision and include the minority in this trip.

In my view, these incidents highlight the unfairness of your policy of excluding the minority staff from witness interviews. Your policy denies the minority access to information you and your staff acquire and, as a result, prevents the minority from ever knowing the full facts. It forces the minority staff to try to schedule its own interviews, which is nearly impossible since the minority does not even know who the majority staff is interviewing. And as the case of Mr. Soberano and Ms. Mannerud appears to demonstrate, it is fundamentally unfair to witnesses who may be misled or fail to fully understand representations made by your staff or who have to spend additional time (and incur additional lawyers' fees) having separate interviews with the minority.

The Honorable Dan Burton  
June 4, 1997  
Page 3

Prior investigations have followed a more bipartisan approach and included the minority in witness interviews. In the last Congress, as you know, you were on the Select Subcommittee on the United States Role in Iranian Arms Transfers to Croatia and Bosnia. In that investigation, Chairman Hyde specifically provided that all witness interviews be jointly conducted with majority and minority staff. Similar policies were followed in many other investigations. For example, in the House Watergate investigation, witness interviews were conducted by a nonpartisan staff that reported to both the majority and minority counsel; in the Iran-Contra investigation, the majority notified the minority of witness interviews and provided the minority with an opportunity to participate; and in the Senate Whitewater investigation, unilateral witness interviews were prohibited by agreement of the majority and the minority. Your counterpart in the Senate, Senator Thompson, has agreed to conduct witness interviews jointly with the minority during the Senate campaign finance investigation.

We should follow a similar approach. The Democratic members of the Committee should have just as much access to the facts uncovered during the investigative process -- including the witness interviews -- as the Republican members. In my view, unless the witness insists that the minority be excluded, the minority should be invited to attend all witness interviews conducted by the majority staff in the course of the campaign finance investigation.

The Committee's investigation is proceeding in a highly unusual and inappropriately partisan manner. You have still not responded to my letter of May 15 protesting your decision to deny the minority access to the Committee's database of the documents received during the investigation. As described above, there are indications -- which I hope are untrue -- that staff may have made false or misleading statements to material witnesses. You are intentionally excluding the minority from witness interviews, thereby denying the minority members of the Committee access to relevant information. And it now appears that you have even gone to the extreme of scheduling an extended trip abroad for your staff to interview foreign witnesses with no opportunity for the minority to participate.

I look forward to your reply.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

DAN BURTON INDIANA  
CHAIRMAN  
FRANK R. GELMAN NEW YORK  
J. DENNIS HASTERT ILLINOIS  
C. STANLEY HENRY MARYLAND  
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JOE SCARBOROUGH FLORIDA  
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STEVE C. LUTHERY NEW YORK  
NATHANIEL "NATE" SAMPSON SOUTH CAROLINA  
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PETE SESSIONS TEXAS  
MARK PAPPAS NEW JERSEY  
VINCE SHOWNBARGER KANSAS  
BOB BARR GEORGIA

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**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

Majority 1000 225-4374  
Minority 1000 225-4381  
TTY 1000 225-4382  
June 4, 1997

HENRY A. WAXMAN CALIFORNIA  
RANKED MAJORITY MEMBER  
TON LANTOS CALIFORNIA  
BOB WISE WEST VIRGINIA  
MAJOR R. CHENE NEW YORK  
TODD R. TOWNES NEW YORK  
PAUL E. HANCOCK PENNSYLVANIA  
GARY A. COOPER CALIFORNIA  
CAROLYN E. MALONEY NEW YORK  
THOMAS M. BARNETT WISCONSIN  
ELEANOR HOLMES NORTON  
DISTRICT OF COLUMBIA  
CHAKA FATTAH PENNSYLVANIA  
TIM WELLS PENNSYLVANIA  
ELI L. CLARK MARYLAND  
DANIEL R. GREGG OHIO  
ROD R. BLANDFORD ILLINOIS  
DANIEL J. CLARK ILLINOIS  
JOHN F. TIERNEY MASSACHUSETTS  
JERRY L. HANSEN TEXAS  
THOMAS H. ALLEN INDIANA

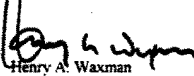
GERHARD SANDERS VERMONT  
HARRISBURG

The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton:

Enclosed is a copy of a letter I sent to the Secretary of State regarding a Committee staff trip to Hong Kong and Taiwan. I believe that it is entirely appropriate for minority staff to participate in this or any trip pertaining to an ongoing Committee investigation. Therefore, I am requesting that you authorize Mr. Christopher Lu of the minority staff to travel with the majority group and to include him on the list to the Capitol Physician's office for any inoculations that may be needed.

Sincerely,

  
Henry A. Waxman

Enclosure



THE HONORED FIFTH CONGRESS

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

WAGNTV (202) 225-5074  
WAGNTV (202) 225-9061  
TV (202) 225-4862

\*ENRY A. WARRICK, CALIFORNIA  
 \*TIMING, MINORITY MEMBER  
 \*JULIANOS, CALIFORNIA  
 \*BYNNE, WEST VIRGINIA  
 \*MAJOR R. OWENS, NEW YORK  
 \*OLIPHANT TOWNS, NEW YORK  
 \*J. E. KANOSH, PENNSYLVANIA  
 \*W. R. CONDY, CALIFORNIA  
 \*NIGHTLY, MADISON, NEW YORK  
 \*DAS, M. GARRETT, WISCONSIN  
 \*LEAHOR HOLMES, NORTON  
 \*T. C. OF COLUMBIA  
 \*MARA FATTAN, PENNSYLVANIA  
 \*M. HOLDEN, PENNSYLVANIA  
 \*LUNGER, COLUMBUS, MARYLAND  
 \*NIGHTLY, MADISON, NEW YORK  
 \*ROD R. BLAUGHE, ELK GROVE  
 \*DANNY R. DAVIS, KANSAS  
 \*JOHN P. TIERNEY, MASSACHUSETTS  
 \*JIM TURNER, TEXAS  
 \*THOMAS M. ALLEN, MAINE

BERNARD LUNGER, VERMONT  
 \*MAYNARD

The Honorable Madeleine Albright  
Secretary of State  
United States Department of State  
2201 C Street, NW  
Washington, DC 20520-6816

Dear Secretary Albright:

I understand that the Department of State received a request earlier this week from the House Government Reform and Oversight Committee for assistance on a trip by two members of the majority staff to Hong Kong and Taiwan from June 9, 1997 through June 20, 1997. I am writing to request that the Department of State make identical arrangements for at least one member of the minority staff concerning this trip, including any advance briefings and other official U.S. Government assistance.

Thank you in advance for your prompt attention to this request.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Rep. Dan Burton

ONE HUNDRED FIFTH CONGRESS

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

Maunory (202) 225-8074  
 Maunory (202) 225-8081  
 TV (202) 225-8081

June 9, 1997

HENRY & WILMAH CALIFORNIA  
 SAVING MINORITY MEMBER  
 TOM LANTOS CALIFORNIA  
 BOB WISE WEST VIRGINIA  
 MAJOR R OWENS NEW YORK  
 JOLYHUIS TOWNS NEW YORK  
 PAUL E KAMBOURIS PENNSYLVANIA  
 LARRY A CONDOT CALIFORNIA  
 JAMES H WALSH NEW YORK  
 NORMAN B BARNETT WISCONSIN  
 ELEANOR HOLMES NORTON  
 DISTRICT OF COLUMBIA  
 CHARA FATTAN PENNSYLVANIA  
 "IN HOLDEN, PENNSYLVANIA  
 ELIJAH F CURRIE MARYLAND  
 DENNIS KLUMCH OHIO  
 ROBERT A AGOSTINI ILLINOIS  
 DARRYL K. DAVID ILLINOIS  
 JOHN F. THORNEY MASSACHUSETTS  
 AL TURNER TEXAS  
 THOMAS H. ALLEN MAINE  
 BERENSON SANDERS VERMONT

Dear Henry:

I am writing in response to your earlier letter regarding the Committee's investigation of illegal foreign contributions, related attempts by foreign entities to influence U.S. policy, and other related matters. Your letter specifically pertained to the Webster Hubbell segment of the investigation.

Let me first address your concern about possible interference with the Independent Counsel's investigation in this same area. You may rest assured that my staff has conferred with the staff of the Independent Counsel to make sure that our activities do not interfere with that ongoing criminal investigation. His office has raised no objection to any of the activities undertaken by the Committee.

I would also like to address your concerns about how Webster Hubbell fits into the overall Committee investigation. The central focus of this investigation to date has been the massive infusion of illegal foreign money into the last Presidential campaign, and potential efforts of the givers to influence or undermine U.S. policy in critical areas. I have said numerous times that the Committee's priority would be to focus on credible allegations of illegal activity.

The Lippo Bank is a central element in this emerging scandal, as are its owners, Mochtar and James Riady, and the head of its U.S. subsidiary, John Huang. As you are aware, over \$1.5 million in contributions raised by John Huang are being returned by the DNC because of doubts about its origin.

At the same time, Lippo Bank, John Huang and the Riadys are also at the center of the growing scandal surrounding Webster Hubbell and the Clinton White House. The Independent Counsel is investigating whether several Clinton Administration officials solicited in excess of \$500,000 in payments for Mr. Hubbell in 1994. At the time, Hubbell was under investigation for defrauding his former law firm and clients, including the U.S. government. The President has said that at the time, he was unaware of the extent of Mr. Hubbell's legal troubles. However, more recent statements by various close advisors and associates have cast doubt on this statement.

In June 1994, James Riady and John Huang held an extraordinary series of 10 White House meetings, some including the President. Two days later, a Lippo Bank affiliate paid \$100,000 to Webster Hubbell. It is unknown what work, if any, Hubbell did in exchange for this payment. Reports have indicated that it was around this time that Mr. Hubbell stopped cooperating with the Independent Counsel's investigation.

The fact that Lippo Bank, the Riadys and John Huang are at the center of both of these controversies strongly indicates that they should be included in the same investigation. The same basic questions must be answered: "were laws broken when these payments were sought and made?" and "what was sought in return?"

I also do not believe that it would be wise to limit the scope of the Hubbell segment of this investigation solely to payments received from the Lippo Group. As you know, John Huang has refused to cooperate in this investigation, and James Riady has left the country. Documents and interviews obtained from other benefactors of Webster Hubbell, while important in their own right, may help establish a pattern or shed light on circumstances surrounding the Riadys' or John Huang's involvement.

I believe that the solicitation of payments to Webster Hubbell is an area that demands a thorough inquiry. The American people have a right to know what happened. Because of its secretive nature, the Independent Counsel's investigation may not provide the public with a full accounting of what happened and why. Because the central figures and questions in both scandals are so closely intertwined, I believe that it is necessary and proper that the Hubbell matter be included in the Committee's current investigation.

I hope this information is helpful.

Best Regards,

  
Dan Burton  
Chairman

DAN BURTON, INDIANA  
 MAJORITY  
 JENNIFER A. GILMAN, NEW YORK  
 JENNIFER MASTERT, KANSAS  
 JUSTIN A. SPINALE, MARYLAND  
 CHRISTOPHER SHAYS, CONNECTICUT  
 JEFFREY M. SCHIFF, NEW MEXICO  
 STORME COLE, CALIFORNIA  
 A. ROBERT LUTHE, FLORIDA  
 LAMAR M. MCINNON, NEW YORK  
 STEPHEN MORIN, CALIFORNIA  
 JOHN L. MICA, FLORIDA  
 THOMAS W. DAVIS, VIRGINIA  
 ANDREW MONTGOMERY, INDIANA  
 MARK E. SOUDER, INDIANA  
 JOE SCARBOROUGH, FLORIDA  
 JOHN SHADDEGG, ARIZONA  
 STEVE C. LITVINETTE, OHIO  
 MARSHALL "MARK" SAMPFORD, SOUTH CAROLINA  
 JOHN E. SUNUNO, NEW HAMPSHIRE  
 PETE SESSIONS, TEXAS  
 LINDA PAPPAS, NEW JERSEY  
 VINCE SNOWBARGER, KANSAS  
 BOB BARR, GEORGIA

ONE HUNDRED FIFTH CONGRESS

**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074  
 MINORITY (202) 225-5061  
 TTY (202) 225-4862

June 9, 1997

HENRY A. WAXMAN, CALIFORNIA  
 RANKING MINORITY MEMBER  
 TOM LANTOS, CALIFORNIA  
 BOB WISE, WEST VIRGINIA  
 MAJOR R. OWENS, NEW YORK  
 EDOLPHUS TOSNEY, NEW YORK  
 PAUL E. KANJORSKI, PENNSYLVANIA  
 GARY A. CONDT, CALIFORNIA  
 CAROLYN B. MALONEY, NEW YORK  
 THOMAS W. SAWYER, WISCONSIN  
 ELEANOR HOLMES NORTON  
 DISTRICT OF COLUMBIA  
 CHARLA PATTAN, PENNSYLVANIA  
 TIM HOLDEN, PENNSYLVANIA  
 ELIJAH E. CUMMINGS, MARYLAND  
 DENNIS KUCICHIO, OHIO  
 ROD P. BLAGOVESICH, KANSAS  
 DANNY E. CAUSE, ILLINOIS  
 JOHN F. TIERNEY, MASSACHUSETTS  
 ART TURNER, TEXAS  
 THOMAS H. ALLEN, MAINE

BERNARD SANDERS, VERMONT  
 INDEPENDENT

The Honorable Henry Waxman  
 Ranking Minority Member  
 Committee on Government Reform  
 And Oversight  
 U.S. House of Representatives  
 Washington, D.C. 20515

Dear Henry:

I am writing in response to your June 4 letter. You raise several issues to which I would like to respond.

On the subject of investigative travel, you complain that Majority staff traveled to Miami without inviting Minority staff, and planned a trip to Hong Kong without informing the Minority. I would like to note that it is not only the Majority staff that has conducted separate investigative travel. On May 2, two senior members of your staff traveled to Chicago on what was termed "official business related to ongoing Committee oversight investigations." Majority staff was not invited to participate in that trip, nor was the Majority informed of the results of the trip or who was interviewed. I am hard pressed to understand on what grounds you base your complaint when the Minority has acted in exactly the same manner as the Majority.

With regard to the Cabrera and Mannerud interviews, these interviews were conducted by my Chief Counsel, John Rowley, who is a former Assistant U.S. Attorney. Mr. Rowley has conducted numerous investigative interviews during his career. He gave prior notice to the U.S. Attorney's office in Miami before proceeding to interview Mr. Cabrera. With respect to Mrs. Mannerud, Mr. Rowley and Mr. Bossie, who accompanied him, went to her office, asked if she would agree to speak with them, and she readily agreed. I hardly consider this intimidation, as your letter seems to imply. No threats were made or implied in any way whatsoever. In fact, at one point during the interview, Mr. Rowley and Mr. Bossie left her office for over an hour at her suggestion, before returning to finish the interview. They conducted themselves professionally in every sense of the word.

I would also like to note that when the New York Times first contacted my office about the Cabrera story, the reporter was already fully informed about the interviews and the underlying facts about the allegations in the Cabrera case -- that Mrs. Mannerud asked Mr. Cabrera for a large contribution to the DNC in Havana, that Mr. Cabrera contributed \$20,000 out of an account fed with drug proceeds, and that Mr. Cabrera attended a dinner with Vice President Gore and a party at the White House despite his criminal record. When contacted, my staff merely confirmed that the interviews of Mr. Cabrera and Mrs. Mannerud had taken place.

On the subject of informal interviews, I believe that our staffs had an understanding at the beginning of this investigation that both Majority and Minority staff could conduct separate informal interviews. I believe that both Majority and Minority staff have done so. During the early stages of this investigation, Minority staff attended several meetings along with Majority staff. In some of these meetings and conference calls, Minority staff several times discouraged representatives of the White House and other organizations from providing information to the Committee. The apparent reason was the Minority's dissatisfaction with the Committee's document protocol. I should remind you that the protocol is in complete compliance with House rules and was adopted by the Committee. I am certain that you can understand our reluctance to include Minority staff in informational interviews if such staff has a track record of discouraging individuals from cooperating with official requests for information.


With regard to the interview of Mr. Soberano, the allegations that you state in your letter are incorrect. When my staff asked if Mr. Soberano was willing to be interviewed, he agreed. He asked if a particular minority staff member to whom he had spoken would attend. He was told that this interview would be only with the Majority. I believe that this misunderstanding clearly highlights the need for authority for Committee counsel to take sworn depositions, which I have proposed. Under this procedure:

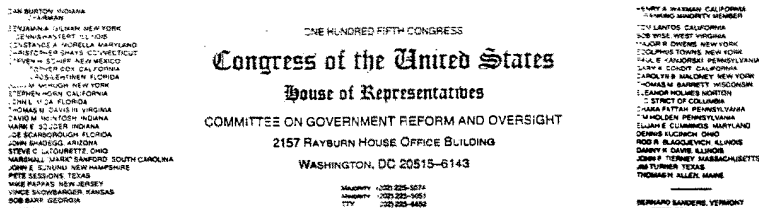
- All Members and staff will be notified three days in advance of a deposition
- Majority and Minority counsel will be present at all depositions
- Depositions will be recorded by a court reporter
- Witnesses will have the right to have an attorney present.

I believe that this more formalized procedure will help avoid similar misunderstandings from occurring in the future. This is the same procedure that was used during the Travelgate and Filegate investigations last year, and that has been used extensively by the Senate Governmental Affairs Committee this year. While I understand that you are not inclined to support this resolution because of your continuing disapproval of the Chairman's subpoena power, I hope that you will reconsider. The matters we are investigating are of a serious nature and touch upon national security and the integrity of our national policies. Deposition authority will establish a formal set of procedures that will benefit both the Majority and the Minority, and allow us to pursue this investigation in a serious and professional manner.

Thank you for sharing your views.

Best Regards,

  
Dan Burton  
Chairman



The Honorable Dan Burton  
 Chairman, Committee on Government Reform and Oversight  
 U. S. House of Representatives  
 Washington, DC 20515

Dear Mr. Chairman:

I write to request that you issue the attached draft subpoenas to the National Archives, the Reagan Presidential Library, the Bush Presidential Materials Project, the Quayle Center and Museum, the Reagan Presidential campaigns, the Bush Presidential campaigns, and the White House.

The proposed subpoenas seek information about campaign contributors who benefited from overnight stays at the White House, Camp David or the Vice President's residence, or travel on Air Force One or Air Force Two during the Reagan and Bush administrations. They also seek information about functions at the White House, Camp David and the Vice President's residence attended by Republican National Committee officials or fundraisers, including coffees and other informal gatherings. Finally, they ask for records of reimbursable political functions held at the White House and Vice President's residence.

The information sought is parallel to the information requested in the Committee's subpoenas to the Executive Office of the President and the Democratic National Committee for contributors to the Clinton campaign. For example, the Committee's White House subpoena sought information concerning private passengers on Air Force One and Two and overnight guests at the White House during the Clinton administration.

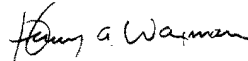
There is substantial evidence justifying these subpoenas. Documents provided by the Clinton administration in response to the Committee subpoena detail reimbursable political functions held at the White House, including a number of events held by the Bush White House in 1992. Press reports have documented overnight White House stays by major contributors to the Republican Party during the Bush administration. This pattern, dating back to previous administrations, should be investigated by this Committee.

The Honorable Dan Burton  
June 10, 1997  
Page 2

I have written the Reagan Library and the Bush Materials Project asking them to voluntarily provide this information for this investigation. The Reagan Library has not replied to my request, and the Bush Materials Project refused to respond absent a request from the Chairman of the Committee. The Quayle Center has similarly refused to acknowledge my previous requests for information.

As you know, the period provided in the Committee's document protocol for review of the proposed subpoenas is 24 hours. I trust you will inform the minority whether you will issue these requested subpoenas within this time frame. If you or your staff have any questions about these subpoenas, please call me or my chief counsel, Phil Barnett, at 225-5052.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

enci.

cc: Members of the Committee on Government Reform and Oversight

Proposed Subpoena to the Chief Usher Re: Reagan Administration

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: The White House  
1600 Pennsylvania Avenue  
Washington, DC 20500

Serve: Gary J. Walters  
Chief Usher

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to reimbursable political functions at the White House, the Vice President's residence, or Camp David during the Reagan administration



Proposed Subpoena to the Chief Usher Re: Bush Administration

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** The White House  
1600 Pennsylvania Avenue  
Washington, DC 20500

**Serve:** Gary J. Walters  
Chief Usher

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to reimbursable political functions at the White House, the Vice President's residence, or Camp David during the Bush administration.

Proposed Subpoena to the National Archives Re: Reagan Administration

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** National Archives and Records Administration  
3601 Adelphi Road  
College Park, MD 20740

**Serve:** John W. Carlin  
Archivist

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
5. All records relating to functions at the White House, Camp David, and the Vice-President's residence during the Reagan administration at which officials of, or fundraisers for, the Republican National Committee were present. The term "function" includes, but is not limited to, meals, receptions, coffees, informal gatherings, ceremonies and parties.
6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Reagan administration.

Proposed Subpoena to the National Archives Re: Bush Administration

**Subpoena Duces Tecum**  
**Government Reform and Oversight Committee**  
**United States House of Representatives**

**To:** National Archives and Records Administration  
 8601 Adelphi Road  
 College Park, MD 20740

**Serve:** John W. Carlin  
 Archivist

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
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6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Bush administration.

Proposed Subpoena to the Reagan Presidential Library

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: Ronald W. Reagan Presidential Library  
40 Presidential Drive  
Simi Valley, CA 93065

Serve: Mr. Rod Soubers  
Supervisory Archivist

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
5. All records relating to functions at the White House, Camp David, and the Vice-President's residence during the Reagan administration at which officials of, or fundraisers for, the Republican National Committee were present. The term "function" includes, but is not limited to, meals, receptions, coffees, informal gatherings, ceremonies and parties.
6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Reagan administration.

Proposed Subpoena to the Bush Presidential Material Project Re: Reagan-Bush Campaign

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: Bush Presidential Materials Project  
701 University Drive, East  
Suite 300  
College Station, TX 77840-1899

Serve: Mr. David Alsobrook  
Acting Director

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
5. All records relating to functions at the White House, Camp David, and the Vice-President's residence during the Reagan administration at which officials of, or fundraisers for, the Republican National Committee were present. The term "function" includes, but is not limited to, meals, receptions, coffees, informal gatherings, ceremonies and parties.
6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Reagan administration.

Proposed Subpoena to the Bush Presidential Material Project Re: Bush-Quayle Campaign

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: Bush Presidential Materials Project  
701 University Drive, East  
Suite 300  
College Station, TX 77840-1899

Serve Mr. David Alsobrook  
Acting Director

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
5. All records relating to functions at the White House, Camp David, and the Vice-President's residence during the Bush administration at which officials of, or fundraisers for, the Republican National Committee were present. The term "function" includes, but is not limited to, meals, receptions, coffees, informal gatherings, ceremonies and parties.
6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Bush administration.

Proposed Subpoena to the Quayle Center

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** The Dan Quayle Center and Museum  
815 Warren St.  
Huntington, IN 46750

**Serve:** Michael R. Seilon  
Executive Director

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
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6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Bush administration.

Proposed Subpoena to Reagan-Bush 1980

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: Reagan-Bush 1980 Presidential Campaign

Serve: Scott MacKenzie  
c/o The American Cause  
6862 Elm St. Suite 210  
McLean, VA 22101-3833

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
5. All records relating to functions at the White House, Camp David, and the Vice-President's residence during the Reagan administration at which officials of, or fundraisers for, the Republican National Committee were present. The term "function" includes, but is not limited to, meals, receptions, coffees, informal gatherings, ceremonies and parties.
6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Reagan administration.



Proposed Subpoena to Reagan-Bush 1984

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: Reagan-Bush 1984 Presidential Campaign

Serve Scott MacKenzie  
c/o The American Cause  
6862 Elm St. Suite 210  
McLean, VA 22101-3833

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
5. All records relating to functions at the White House, Camp David, and the Vice-President's residence during the Reagan administration at which officials of, or fundraisers for, the Republican National Committee were present. The term "function" includes, but is not limited to, meals, receptions, coffees, informal gatherings, ceremonies and parties.
6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Reagan administration.

Proposed Subpoena to Bush-Quayle 1988

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Bush-Quayle 1988 Presidential Campaign

**Serve:** Stan Huckaby  
228 South Washington St. Suite 200  
Alexandria, VA 22314

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
5. All records relating to functions at the White House, Camp David, and the Vice-President's residence during the Bush administration at which officials of, or fundraisers for, the Republican National Committee were present. The term "function" includes, but is not limited to, meals, receptions, coffees, informal gatherings, ceremonies and parties.
6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Bush administration.

Proposed Subpoena to Bush-Quayle 1992

**Subpoena Duces Tecum**  
**Government Reform and Oversight Committee**  
**United States House of Representatives**

**To:** Bush-Quayle 1992 Presidential Campaign

**Serve:** Stan Huckaby  
 228 South Washington St. Suite 200  
 Alexandria, VA 22314

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
5. All records relating to functions at the White House, Camp David, and the Vice-President's residence during the Bush administration at which officials of, or fundraisers for, the Republican National Committee were present. The term "function" includes, but is not limited to, meals, receptions, coffees, informal gatherings, ceremonies and parties.
6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Bush administration.

Proposed Subpoena to the Republican National Committee Re: Reagan Administration

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: Republican National Committee  
310 First Street, SE  
Washington, D.C. 20003

Serve: Chairman Jim Nicholson

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Reagan administration by contributors to the 1980 Reagan presidential campaign, the 1984 Reagan presidential campaign, or the Republican National Committee.
5. All records relating to functions at the White House, Camp David, and the Vice-President's residence during the Reagan administration at which officials of, or fundraisers for, the Republican National Committee were present. The term "function" includes, but is not limited to, meals, receptions, coffees, informal gatherings, ceremonies and parties.
6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Reagan administration.

Proposed Subpoena to the Republican National Committee Re: Bush Administration

**Subpoena Duces Tecum  
Government Reform and Oversight Committee,  
United States House of Representatives**

**To:** Republican National Committee  
310 First Street, SE  
Washington, DC 20003

**Serve:** Chairman Jim Nicholson

[Insert standard definitions and instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any overnight stay at the White House during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
2. All records relating to any overnight stay at Camp David during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
3. All records relating to any overnight stay at the Vice President's residence during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
4. All records relating to any travel on Air Force One or Air Force Two during the Bush administration by contributors to the 1988 Bush presidential campaign, the 1992 Bush presidential campaign, or the Republican National Committee.
5. All records relating to functions at the White House, Camp David, and the Vice-President's residence during the Bush administration at which officials of, or fundraisers for, the Republican National Committee were present. The term "function" includes, but is not limited to, meals, receptions, coffees, informal gatherings, ceremonies and parties.
6. All records relating to reimbursable political functions held at the White House, the Vice President's residence or Camp David during the Bush administration.

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ONE HUNDRED FIFTH CONGRESS

**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

MAJORITY (205) 225-5076  
MINORITY (205) 225-6031  
TTY (205) 225-6662

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BERNARD SANDERS, VERMONT  
INDEPENDENT

June 10, 1997

The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:


I write to request that you issue the attached draft subpoenas to the Republican National Committee, Haley Barbour, Philip Morris, RJR Nabisco, Brown & Williamson Tobacco Corp., United States Tobacco Company, the Tobacco Institute and the Smokeless Tobacco Council.

The proposed subpoenas target tobacco industry campaign contributions to the Republican National Committee and subsequent lobbying by then-RNC Chairman Haley Barbour on their behalf. According to campaign contribution studies, the tobacco industry was one of the largest contributors to the RNC during the last election cycle, giving nearly \$6 million in soft money alone to the Republican Party. During this period, Mr. Barbour called Arizona House of Representatives Speaker Mark Killian and Texas Governor George Bush urging them to change their positions and support pro-tobacco legislation. I have attached a copy of a Washington Post article describing these calls.

Any "quid pro quo" involving a high-ranking party official promoting public policy in exchange for campaign contributions raises serious questions. It is the type of allegation for which this Committee is investigating Democratic officials and contributors. For example, the Committee has subpoenaed the DNC for all records related to Roger Tamraz after allegations were published that former DNC chairman Don Fowler contacted the CIA to facilitate a meeting between Tamraz and President Clinton.

As you know, the period provided in the Committee's document protocol for review of the proposed subpoenas is 24 hours. I trust you will inform the minority whether you will issue these requested subpoenas within this time frame. If you or your staff have any questions about these subpoenas, please call me or my chief counsel, Phil Barnett, at 225-5052.

Sincerely,

  
Henry A. Waxman  
Ranking Minority Member

encl.  
cc. Members of the Committee on Government Reform and Oversight

The Washington Post  
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Friday, March 15, 1996

A SECTION

Tobacco Industry Switches Brands; Political Donations Shift to Republicans  
After Favoring Democrats

Glenn Frankel  
Washington Post Staff Writer

When Speaker Mark Killian of the Arizona House of Representatives got a surprise phone call at home from Haley Barbour last spring, he assumed the chairman of the Republican National Committee was calling to compliment him on the legislature's groundbreaking work in passing welfare and prison reforms.

But Barbour had something else in mind. As Killian recalled it, the chairman urged his fellow Republican to release for a vote a pro-tobacco bill that the speaker was holding up.

"The speaker was a little bit surprised and a lot disappointed," said Killian's spokesman, Jack Lavelle. "He understands the tobacco industry is a very powerful force and gives money to a lot of people in Washington. He was just kind of sad that the chairman of his party called for that reason." And unmoved. Despite Barbour's phone call, Killian proceeded to kill the bill, which would have allowed the state to override tough local restrictions on cigarette smoking.

For the Republican national chairman to reach down to a state legislator on behalf of the tobacco industry suggests how strong the industry's clout within the party has become. Indeed, both Democrats and Republicans, as well as lobbyists and public-interest groups all agree that a historic shift is taking place. After decades in which the industry took pains to spread its influence and campaign contributions evenly between the two main parties, Republicans are increasingly becoming the party of tobacco. And as Killian's response suggests, some Republicans are not happy about it.

"We're not Republicans and we're not Democrats -- our politics are the politics of tobacco," said Walker Merryman, veteran lobbyist for the Tobacco Institute, the industry's prime lobbying group. "But there's definitely been a sea change."

"Up until 1994 we were a lot more oriented toward the Democratic Party because virtually every elected official in the [tobacco-growing] Southeast was a Democrat -- congressmen, governors, state legislators. But that's rapidly changing. At the same time, we have the most hostile administration in history in office. You deny reality at your peril."

One way to measure the change is money. Two reports released yesterday by Common Cause and the U.S. Public Interest Research Group show the industry, reacting to increased government efforts to restrict its products, is giving record amounts of cash to political parties and individual congressmen, and that the vast majority of the money is going to Republicans. During the last off-election year in 1993, tobacco political action committees gave \$477,000 to Democratic candidates and \$422,000 to Republicans. Last year the same PACs sent \$841,000 to Republicans and only \$281,000 to Democrats.

A similar shift has occurred in the giving of "soft money," unrestricted donations to party organizations. According to the Center for Responsive Politics, in 1991 the industry gave \$1,170,724 in soft money, 52 percent of it to Republican organizations. By last year the amount had risen to \$2,793,496, and 85 percent went to Republicans.

"Historically, tobacco industry giving has been relatively equal . . . with slightly more given to the political party in power," said Matthew Myers, general counsel for the Campaign for Tobacco-Free Kids, financed by a coalition of anti-smoking groups, who presented the two reports at a news conference yesterday. "But these studies show the industry has chosen to make this a highly partisan issue through unusually lopsided giving to one party -- the Republican Party."

Part of the reason is ideological; the Republican pro-business and pro-deregulation agenda is a comfortable fit for an industry that senses it is under siege in the halls of the federal government's regulatory agencies and in court. Tobacco companies are battling the Food and Drug Administration's plans to begin regulating nicotine as a drug, as well as federal proposals to restrict workplace smoking and require states to tighten restrictions on tobacco sales to minors.

At the same time, six states are suing tobacco companies to recover Medicaid costs of treating smoking-related illnesses. Earlier this week the Liggett Group broke ranks with the rest of the industry to agree to settle a huge class-action lawsuit and withdraw from the fight against the FDA's proposal.



Part of the switch to the GOP is also due to the aggressive fund-raising tactics of Republicans who have sought to take full advantage of their domination of both chambers of Congress. And part is due to the demise of traditional "blue dog" Democrats from tobacco-growing states who sided with the industry and their replacement by conservative Republicans.

Republican officials deny that the industry's sharp increase in contributions means it has effectively bought GOP support. "We've always taken the Reagan view on contributions, which is we assume that people who are contributing to the campaign are supporting us and not the other way around," said Tony Blankley, spokesman for House Speaker Newt Gingrich (R-Ga.). "We are in favor of free markets and freedom, and anyone who feels they are having their freedom taken away from them would be attracted to our party."

Both Republican leaders and tobacco spokesmen point out that the Democratic Party is the leading recipient of soft money from trial lawyers and law firms, which stand to benefit from the anti-tobacco suits. Last year, the lawyers gave the party nearly \$1.8 million, according to the Center for Responsive Politics.

Still, the GOP leadership's embrace of tobacco is causing consternation among some Republicans, who fear their party will be seen as the captive of America's most controversial industry, and that President Clinton and the Democrats will turn this to their advantage in November.

"I'm sorry to say this, but I think what is happening to the Republican Party is a tragic mistake," says Elizabeth Whelan, a conservative Republican who is a prominent critic of federal regulatory agencies but opposes the party's identification with the tobacco industry. "Republicans are basically allowing the liberals to monopolize an important public health issue."

On the most important issue involving the federal government and the tobacco industry -- the Clinton administration's push for increased government regulation -- Republican congressional leaders have been vocally supportive of the industry. Gingrich said the FDA had "lost its mind" for seeking regulatory authority over tobacco and has branded Food and Drug Commissioner David A. Kessler "a thug and a bully."

The GOP presidential front-runner, Senate Majority Leader Robert J. Dole (Kan.), whom Common Cause says has received nearly \$46,000 in tobacco PAC contributions over the past decade, also has attacked the FDA proposal.

Portraying the administration as anti-tobacco could have

tangible benefits for the GOP in Kentucky and Tennessee, tobacco-growing "swing" states that Clinton won in 1992. And the tobacco industry is ready and willing to make the case. "Even before the inauguration Hillary Clinton announced she was banning smoking in the White House," said the Tobacco Institute's Merryman. "Then there was the proposed \$2-a-pack excise tax increase to pay for health care reform. Now there's the FDA's assault. Any one of these would have been enough to upset a lot of people. The fact is the Republican Party is attractive because they're not the party that has sought to attack tobacco."

But the White House plans to frame the issue in a different way. "They'll say we're anti-tobacco; we'll say we're pro-kid," said a Clinton aide.

In his State of the Union address, the president warned the industry: "Market your products to adults if you wish, but draw the line on children." It's a message the administration hopes will sell not only in health-conscious California but also even in tobacco-growing regions.

One place it is not selling is Congress. When Reps. Henry A. Waxman (D-Calif.) and James V. Hansen (R-Utah) got together to circulate a statement committing signers to supporting the administration's goal of decreasing children's access to tobacco products, they tried to make it a bipartisan effort. They even obtained an endorsement from Pat Robertson, founder of the Christian Coalition, in hopes of attracting more Republicans. But as of last week, of the 90 signatories all but 17 were Democrats.

An opposing letter objecting to the FDA's proposals was signed by 32 senators and 124 House members. The signatories received a combined \$3.4 million in tobacco industry contributions over the previous 10 years, according to Common Cause, three times the average of lawmakers who did not sign the letter.

Whelan, who heads a public advocacy research group in New York that has criticized regulatory agencies such as the FDA and the Environmental Protection Agency, organized a letter to Gingrich last July -- signed by 42 Republican physicians and scientists -- that called on him to take a firm stand against "the grave public health danger caused by tobacco."

The letter said conservatives should seize the issue from "well-meaning social engineers and safety alarmists" who see the answer as an expansion of government regulatory power, and instead promote "an anti-smoking agenda consistent with personal freedom, commercial free speech and minimal government." It called on Gingrich to acknowledge that cigarette smoking is the leading cause

of preventable death, to dissociate himself and his colleagues from the tobacco industry, and to push for tougher state restrictions on cigarette sales to children.

Gingrich never replied to the letter. Instead, spokesman Blankley questioned the Republican credentials of the signatories. "They can call themselves anything they want but how many elected offices have they held?" asked Blankley. "The speaker gets thousands of letters. He responds to ones he feels are of some national import."

A spokesman for Barbour denies the Republican national chairman was seeking to pressure fellow Republicans to aid the industry when he placed his phone call to Arizona Speaker Killian last spring or a similar call to the office of Texas Gov. George W. Bush (R) last summer. "He makes calls all the time to check on bills he's interested in," said spokesman Ed Gillespie.

Another tobacco "preemption" bill is moving toward the Arizona House again this year, but Killian has made clear he has not changed his view. "The speaker has six kids, he's a scoutmaster, and he's very opposed to children becoming involved with tobacco," said spokesman Lavelle. "He's let it be known if the bill gets over here people are wasting their time. I believe he said, 'I'll tube it again.' "

Proposed Subpoena to Haley Barbour

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

To: Haley Barbour  
Barbour, Griffith and Rogers  
1101 Connecticut Avenue, N.W., Suite 800  
Washington, D.C. 20036

[Insert standard definitions and instructions]

10. For the purposes of this subpoena, the term "tobacco industry" refers to manufacturers of tobacco products, including parent companies, holding companies and subsidiaries; tobacco-related trade associations; and any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants thereof.

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any contributions to the Republican National Committee from the tobacco industry including during the 1994, 1996 and 1998 election cycles.
2. All records relating to contacts with the tobacco industry regarding tobacco-related public policy including, but not limited to, federal legislation, federal regulations, and state legislation from January 1, 1995, to the present.
3. All records relating to contacts with members of the Arizona House of Representatives including, but not limited to, Speaker Mark Killian, regarding tobacco-related legislation from January 1, 1995, to the present.
4. All records relating to contacts with state of Texas officials including, but not limited to, the office of Governor George Bush, regarding tobacco-related legislation from January 1, 1995, to the present.
5. All records relating to contacts with any state government official regarding tobacco-related public policy, including legislation and regulations, from January 1, 1995, to the present.

Proposed Subpoena to the Republican National Committee

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: Republican National Committee  
310 First Street, SE  
Washington, D.C. 20003

Serve: Chairman Jim Nicholson

[Insert standard definitions and instructions]

10. For the purposes of this subpoena, the term "tobacco industry" refers to manufacturers of tobacco products, including parent companies, holding companies and subsidiaries; tobacco-related trade associations; and any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants thereof.

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any contributions to the Republican National Committee from the tobacco industry including during the 1994, 1996 and 1998 election cycles.
2. All records relating to contacts between the Republican National Committee or Haley Barbour and the tobacco industry regarding tobacco-related public policy including, but not limited to, federal legislation, federal regulations, and state legislation from January 1, 1995, to the present.
3. All records relating to contacts between the Republican National Committee or Haley Barbour and members of the Arizona House of Representatives including, but not limited to, Speaker Mark Killian, regarding tobacco-related legislation from January 1, 1995, to the present.
4. All records relating to contacts between the Republican National Committee or Haley Barbour and state of Texas officials including, but not limited to, the office of Governor George Bush, regarding tobacco-related legislation from January 1, 1995, to the present.
5. All records relating to contacts between the Republican National Committee or Haley Barbour and any state government official regarding tobacco-related public policy, including legislation and regulations, from January 1, 1995, to the present.

Proposed Subpoena to Philip Morris

**Subpoena Duces Tecum**  
**Government Reform and Oversight Committee**  
**United States House of Representatives**

**To:** Philip Morris Companies Inc.  
120 Park Avenue  
New York, NY 10017

**Serve:** Geoffrey C. Bible  
Chairman and Chief Executive Officer

[Insert standard definitions and instructions]

10. For the purposes of this subpoena, the term "Philip Morris" refers to Philip Morris Companies Inc. including its parent companies, holding companies and subsidiaries, and any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants thereof.

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any contributions from Philip Morris to the Republican National Committee during the 1994, 1996 and 1998 election cycles.
2. All records relating to Philip Morris contacts with the Republican National Committee or Haley Barbour regarding tobacco-related public policy including, but not limited to, federal legislation, federal regulations, and state legislation from January 1, 1995, to the present.

Proposed Subpoena to RJR

Government Reform and Oversight Committee  
United States House of Representatives

To: RJR Nabisco Holdings, Inc.

Serve: Steven F. Goldstone  
Chairman and Chief Executive Officer

[Insert standard definitions and instructions]

10. For the purposes of this subpoena, the term "RJR Nabisco" refers to the RJR Nabisco Holdings, Inc. including its parent companies, holding companies and subsidiaries, and any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants thereof.

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any contributions from RJR Nabisco to the Republican National Committee during the 1994, 1996 and 1998 election cycles.
2. All records relating to RJR Nabisco contracts with the Republican National Committee or Haley Barbour regarding tobacco-related public policy including, but not limited to, federal legislation, federal regulations, and state legislation from January 1, 1995, to the present.

Proposed Subpoena to Brown & Williamson

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Brown & Williamson Tobacco Corp.  
1500 Brown & Williamson Tower  
Louisville, KY 40232

**Serve:** Nick Brookes  
Chairman and Chief Executive Officer

[Insert standard definitions and instructions]

10. For the purposes of this subpoena, the term "Brown & Williamson" refers to the Brown & Williamson Tobacco Corporation including its parent companies, holding companies and subsidiaries, and any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants thereof.

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any contributions from Brown & Williamson to the Republican National Committee during the 1994, 1996 and 1998 election cycles.
2. All records relating to Brown & Williamson contacts with the Republican National Committee or Haley Barbour regarding tobacco-related public policy including, but not limited to, federal legislation, federal regulations, and state legislation from January 1, 1995, to the present.



Proposed Subpoena to U.S. Tobacco

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** United States Tobacco Company  
100 W. Putnam Avenue  
Greenwich, CT 06830

**Serve:** Robert D. Rothenberg  
President

[Insert standard definitions and instructions]

10. For the purposes of this subpoena, the term "U.S. Tobacco" refers to the United States Tobacco Company including its parent companies, holding companies and subsidiaries, and any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants thereof.

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any contributions from U.S. Tobacco to the Republican National Committee during the 1994, 1996 and 1998 election cycles.
2. All records relating to U.S. Tobacco contacts with the Republican National Committee or Haley Barbour regarding tobacco-related public policy including, but not limited to, federal legislation, federal regulations, and state legislation from January 1, 1995, to the present.

Proposed Subpoena to Tobacco Institute

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Tobacco Institute  
1875 I Street, NW Suite 800  
Washington, DC 20006

**Serve:** Samuel Chilcote, Jr.  
President

[Insert standard definitions and instructions]

10. For the purposes of this subpoena, the term "Tobacco Institute" refers to the Tobacco Institute including its member organizations, and any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants thereof.

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any contributions from the Tobacco Institute to the Republican National Committee during the 1994, 1996 and 1998 election cycles.
2. All records relating to the Tobacco Institute contacts with the Republican National Committee or Haley Barbour regarding tobacco-related public policy including, but not limited to, federal legislation, federal regulations, and state legislation from January 1, 1995, to the present.

Proposed Subpoena to Smokeless Tobacco Council

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Smokeless Tobacco Council  
1627 K Street, NW Suite 700  
Washington, DC 20006

**Serve:** Jeff Schlagenhaut  
President

[Insert standard definitions and instructions]

10. For the purposes of this subpoena, the term "Smokeless Tobacco Council" refers to the Smokeless Tobacco Council including its member organizations, and any and all employees, representatives, officers, directors, contractors, volunteers, interns, agents and/or consultants thereof.

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to any contributions from the Smokeless Tobacco Council to the Republican National Committee during the 1994, 1996 and 1998 election cycles.
2. All records relating to the Smokeless Tobacco Council contacts with the Republican National Committee or Haley Barbour regarding tobacco-related public policy including, but not limited to, federal legislation, federal regulations, and state legislation from January 1, 1995, to the present.

DAN BURTON, INDIANA  
Chairman

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JAMES HARTLEY, ILLINOIS  
JUSTIN L. MURPHY, MARYLAND  
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MARSHALL MARK SANFORD, SOUTH CAROLINA  
JOHN E. SPOHR, NEW HAMPSHIRE  
PETE SESSIONS, TEXAS  
MIKE PAPPAS, NEW JERSEY  
VINCE SNOWBARGER, KANSAS  
BOB BARR, GEORGIA

ONE HUNDRED FIFTH CONGRESS

**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

Telephone 1 (202) 225-6074  
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Ranking Minority Member

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ROD R. BLADGLEY, ILLINOIS  
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JIM TURNER, TEXAS  
THOMAS H. ALLEN, MAINE

BERNARD SANDERS, VERMONT  
Independent

June 10, 1997

The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

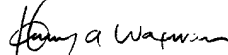
I write to request that you issue the attached draft subpoena to the National Republican Congressional Committee.

The proposed NRCC subpoena targets a brochure sent in the 1995-1996 election cycle. The brochure promised corporate donors that their contributions would "directly fund House races." Corporations are prohibited from making a contribution in connection with a federal election under the Federal Election Campaign Act (2 U.S.C. 441b).

This solicitation makes an impermissible promise to potential donors and should be thoroughly investigated to determine if funds were raised or spent in violation of the Federal Election Campaign Act.

As you know, the period provided in the Committee's document protocol for review of the proposed subpoenas is 24 hours. I trust you will inform the minority whether you will issue these requested subpoenas within this time frame. If you or your staff have any questions about these subpoenas, please call me or my chief counsel, Phil Barnett, at 225-5051.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

encl.

cc: Members of the Committee on Government Reform and Oversight

Proposed Subpoena to the NRCC

Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives

To: National Republican Congressional Committee  
425 2d St. NE  
Washington, DC 20002

Serve: The Honorable John Linder  
Chairman

[Insert standard definitions and instructions]

Subpoenaed Items

1. All records relating to the brochure entitled "The Congressional Forum and House Council" with the subtitle "Programs of the National Republican Congressional Committee" and which includes the phrase "The most important thing you can do to support Republicans is to support the NRCC. Membership dues to directly fund House races." including but not limited to:

A. All memoranda and/or correspondence relating to the brochure, both prior to and after February 25, 1997 (the date the Washington Post ran a story entitled "GOP Brochure Said Companies' Gifts Would 'Go Directly to Fund House Races'").

B. All records relating to any meetings held where the brochure was discussed, including records that identify or describe the participants in the meeting, both before and after February 25, 1997.

C. All records relating to the fundraising plan that included the brochure.

D. All records identifying or describing the individuals, corporations and/or other entities that received the brochure.

E. All records identifying or describing sums of any kind received from recipients of the brochure, including any records that identify or describe the donors of such sums, any internal codes used and/or records identifying or describing the accounts where such sums were deposited.

F. All records relating to how such sums were spent.

G. All records relating to any employees who contacted recipients of the brochure, including, but not limited to, any script used by such individuals and any record relating to the contacts.

H. All records relating to any individuals not employed by the NRCC who were credited with soliciting sums of any kind from the recipients of the brochure, including, but not limited to, any script used by such individuals and any record relating to the contacts.

I. All records identifying or describing any NRCC employee or consultant who drafted or reviewed the brochure, both before and after February 25, 1997.

J. All records relating to any corrections made to the brochure.

K. All records relating to any notice provided to the recipients of the brochure that the statement that the funds raised would "directly fund House races" was not correct and that corporate funds could not be used for such a purpose under federal election law.

2. A copy of all fundraising solicitations made in the 1995-1996 election cycle, including copies of any solicitations, letters, and/or brochures that made similar claims.

3. All records relating to NRCC fundraising guidelines, regulations, and/or rules for the 1995-1996 election cycle.

4. All records relating to NRCC accounting procedures, including records that describe the segregation of federal and non-federal accounts and precautions against mixing federal and non-federal funds.

5. All records relating to any investigation begun to ensure that any sums received from recipients of the brochure were not in fact deposited in an account used to "directly fund House races."

DAN BURTON INDIANA  
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BOB BARR GEORGIA

ONE HUNDRED FIFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

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MINORITY (205) 225-5051  
TTY (205) 225-4843

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THOMAS H. ALLEN MAINE  
RICHARD SANDERS VERMONT  
SUBCOMMITTEE

June 12, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515


Dear Mr. Chairman:

I am enclosing a copy of the signed Memorandum of Understanding between our Committee and the Department of the Treasury, the Customs Service and the Internal Revenue Service ("MOU"). As the MOU provides, "Committee Investigators shall be a joint resource to both the Majority and Minority staffs for the Committee." The MOU further provides that:

All assignments to the Committee Investigators shall be made by the Chief Counsel and the Minority Chief Counsel, acting jointly, or by either counsel after consultation with the other. All assignments shall, *for administrative purposes*, be made by or through the Chief Counsel for the Special Investigation. The Chief Counsel for the Special Investigation shall provide timely notice to the Minority Chief Counsel for the Special Investigation of all assignments to the agents [emphasis added].

It is my understanding that there is a nearly identical memorandum of understanding with the Senate Committee on Governmental Affairs. There have also been comparable Memorandums of Understanding with the House Select Subcommittee on the United States Role in Iranian Arms Transfers to Croatia and Bosnia and the House Task Force to Investigate Certain Allegations Concerning the Holding of American Hostages by Iran in 1980 ("October Surprise Task Force"). In all of these agreements, the minority, with proper notice and coordination, always had the right to make assignments to Committee Investigators and that, for administrative purposes only, assignments would be made through the majority chief counsel. This language has never been intended to exclude the minority from making assignments to Committee Investigators, since Committee Investigators are a joint Committee resource and not an exclusive majority resource. The majority and minority will endeavor, in good faith, to resolve any differences over assignments by mutual consultation. We are entering into this agreement with those specific understandings.

Sincerely,

  
HENRY A. WAXMAN  
Ranking Minority Member

MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
AND  
THE UNITED STATES DEPARTMENT OF THE TREASURY, THE UNITED STATES  
CUSTOMS SERVICE AND THE INTERNAL REVENUE SERVICE

- I. This document is a Memorandum of Understanding ("MOU") between the United States House of Representatives Committee on Government Reform and Oversight "Committee" and the United States Department of Treasury, the United States Customs Service and the Internal Revenue Service regarding certain terms and procedures relating to the detail assignment of Internal Revenue Service special agents and Customs Service special agents to the Committee for the purpose of assisting the Committee in its investigation ("Special Investigation") pursuant to Rules X and XI of the House of Representatives.
- II. Relation of Special Agents detailed to the Committee to the Department of the Treasury and its Bureaus
  - (A) Special Agents to be detailed to the Committee (Committee Investigators") shall be selected by the Internal Revenue Service ("IRS") and the Customs Service ("Customs") after consultation with the General Counsel of the Department of the Treasury.
  - (B) Committee Investigators shall not report to or receive direction from the IRS or Customs or any other component of the Department of the Treasury regarding the investigative activities of the Committee, except as expressly authorized in writing by the Chief Counsel for the Special Investigation and the Minority Chief Investigative Counsel for the Special Investigation (hereinafter respectively the "Chief Counsel" and the "Minority Chief Investigative Counsel"). The activities of the Committee Investigators shall be directed by the Chief Counsel and the Minority Chief Investigative Counsel, as provided in Part III of this MOU.
  - (C) Committee Investigators shall not provide any oral or written account of information obtained as a result of their assignment to the Committee to the IRS or Customs or to the personnel of any other Executive Branch agency without the express written authorization of the Chief Counsel and the Minority Chief Investigative Counsel. Approved communication of such information to the IRS or Customs or other components of the Department of the Treasury shall be through a designated point of contact, as provided in paragraph (G).
  - (D) In the event Committee Investigators uncover evidence of criminal activity, they



shall notify the Chief Counsel and the Minority Chief Investigative Counsel, who will refer the matter to the appropriate federal law enforcement agency.

(E) Committee Investigators shall not exercise any law enforcement authority granted them by law while executing the duties and responsibilities for which they have been detailed to the Committee. This prohibition does not apply when the Criminal Investigators are off-duty.

(F) Committee Investigators shall not be entitled, by virtue of their status as federal law enforcement officers, to have access to information developed through criminal investigations, including grand jury information. IRS Special Agents detailed to the Committee may not access returns and return information as defined in 26 U.S.C. § 6103 except through the Committee and then only to the extent that section 6103 would authorize the disclosure of such information to the Committee.

(G) All communications between Committee Investigators and the IRS or Customs or any other component of the Department of the Treasury relating directly or indirectly to investigative matters shall be through a point of contact established by the Department of the Treasury. The Department of the Treasury will notify the Chief Counsel and the Minority Chief Investigative Counsel of the name of that point of contact.

(H) The detail of Committee Investigators will initially be for a period not to exceed eight (8) months, but the detail may be extended by mutual written agreement of the Committee and the Department of the Treasury. Any extension of the detail of the Committee Investigators will be for the limited purpose of completing investigative activities related to the matter described in Part I. above. The provisions of the MOU will remain in full force and effect in the event of an extension.

### III. Duties and Responsibilities of the Chief Counsel and Minority Chief Investigative Counsel.

(A) Committee Investigators shall be a joint resource to both the Majority and Minority staffs for the Committee.

(B) Within one (1) week of the date this MOU is signed, the Committee will enter into a separate agreement with the IRS and Customs to provide for full reimbursement of the costs of detailing employees to assist the Committee, including the Committee Investigators' salaries and expenses, retroactive to the date on which the Committee Investigators began assisting the Committee. All travel and related expenses will be disbursed directly to the Committee Investigators by the Committee. Committee Investigators shall be available to work an average of two extra hours per day of unscheduled duty, in accordance with 5 U.S.C. § 5545a. The salary cost of the

Committee Investigators shall include availability pay under 5 U.S.C. § 5545a to the same extent as if the Committee Investigators were performing investigator duties for the IRS or Customs.

(C) Committee Investigators will be entitled to the same legal rights and protections as any other Committee employee. For example, claims made against such employees under the Federal Tort Claims will be processed by the House, and House Counsel will request representation from the Department of Justice when necessary and appropriate.

(D) The Chief Counsel and/or the Minority Chief Investigative Counsel shall furnish written or oral responses, if requested by the IRS or Customs, regarding the performance appraisal of Committee Investigators.

(E) All assignments to the Committee Investigators shall be made by the Chief Counsel and the Minority Chief Investigative Counsel, acting jointly, or by either counsel after consultation with the other. All assignments to the Committee Investigators shall, for administrative purposes, be made by or through the Chief Counsel. The Chief Counsel shall provide timely notice to the Minority Chief Investigative Counsel of all assignments to the agents.

(F) Unless directed otherwise by the Chief Counsel or the Minority Chief Investigative Counsel, the Committee Investigators may conduct interviews personally or by telephone.

IV. Duties and Responsibilities of the Committee Investigators

(A) The Committee Investigators shall assist in all tasks directly related to the objectives of the Committee in the Special Investigation.

(B) Except as otherwise provided in this MOU, the Committee Investigators will remain subject to the personnel rules, regulations, laws and policies applicable to IRS and Customs employees. The Committee Investigators will also adhere to Committee rules and regulations which are applicable to the performance of their assigned duties at the Committee, so long as those rules do not conflict with IRS or Customs rules and regulations.

(C) Except in extraordinary circumstances, Committee Investigators shall provide the Chief Counsel, who shall in turn notify the Minority Chief Investigative Counsel, sufficient advance notice of any pending appointments for interviews, so that either Counsel can determine whether to assign an attorney to join the interview.

(D) With regard to all investigative activities performed for the Committee, Committee investigators:

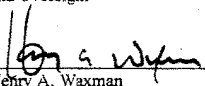
- (1) shall identify themselves as staff investigators of the Committee, and not as federal law enforcement agents;
- (2) shall not possess a firearm not display agency credentials or badge during the conduct of any personal interviews or other investigative activity;
- (3) shall inquire whether a witness to be interviewed is represented by counsel, and if so, inform the Chief Counsel and Minority Chief Investigative Counsel accordingly, prior to scheduling the interview;
- (4) shall take notes during all interviews and keep the originals of the same as a record of the Committee;
- (5) shall within fifteen (15) working days reduce to writing, in memorandum form, the substance of all witness interviews and provide both the Chief Counsel and the Minority Chief Investigative Counsel copies of the interview memorandum; and
- (6) shall ensure that any documents, records, exhibits, or other evidence obtained from the interviewed witness are turned over immediately to both the Chief Counsel and the Minority Chief Investigative Counsel pursuant to the procedures relating to the same.

V. Modification and Termination

This MOU may be modified by the mutual written consent of the undersigned. This MOU may be terminated by any of the undersigned upon written notice to the others.

\_\_\_\_\_  
Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Henry A. Waxman  
Ranking Minority Member  
Committee on Government Reform  
and Oversight

\_\_\_\_\_  
Date

\_\_\_\_\_  
Edward S. Knight  
General Counsel  
U.S. Department of the Treasury

\_\_\_\_\_  
Date

\_\_\_\_\_  
Samuel Banks  
Deputy Commissioner  
U.S. Customs Service

\_\_\_\_\_  
Date

\_\_\_\_\_  
Michael Dolan  
Acting Commissioner  
Internal Revenue Service

\_\_\_\_\_  
Date

DAN BURTON, INDIANA  
CHAIRMAN  
BENJAMIN A. GILMAN, NEW YORK  
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ONE HUNDRED FIFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
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JIM TURNER, TEXAS  
THOMAS H. ALLEN, MAINE  
BERNARD SANDERS, VERMONT  
INDEPENDENT

June 17, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton:

I am writing to thank you for issuing nine subpoenas relating to potentially illegal foreign contributions to the Republican National Committee (RNC). But I also want to object to your refusal to issue a subpoena to Haley Barbour, the former chair of both the RNC and the National Policy Forum (NPF).

Haley Barbour, as past-Chairman of both the RNC and the NPF, is at the center of the allegations of foreign fundraising by the RNC. Press reports in *Time*, the *Boston Globe*, *Congressional Quarterly*, the *Washington Post* and the *New York Times* indicate that the RNC received over a million dollars in last-minute campaign funds after the intervention of a foreign donor. According to *Time*, "twice in two years Hong Kong businessman Ambrosius Tung Young bailed out the party at crucial moments: first freeing up as much as \$2 million in the final days before the G.O.P.'s 1994 sweep of Congress; then eating \$500,000 in bad debts, rescuing Republicans in the last weeks of the 1996 contest."

Numerous reports indicate that Haley Barbour was personally involved in securing \$2.2 million in certificates of deposit from Ambrosius Young as collateral for a loan from Signet Bank to the National Policy Forum. For example, in a September 17, 1996, letter to Haley Barbour that was turned over to the press by NPF, Ambrosius Young's attorney notes that he was asked "to help facilitate a loan in excess of \$2 million to assist you in replacing hard money at the Forum with soft money so that the hard dollars could be used to pick up 60 targeted House seats." To the attorney, Richard Richards, further writes that, "[y]ou and I then had several discussions concerning a loan guarantee by Mr. Young."

According to a May 5, 1997, story in *Time*, "the loan guarantee was a political godsend. With much of its proceeds sent immediately to the RNC, the loan provided last minute cash for

The Honorable Dan Burton  
June 17, 1997  
Page 2

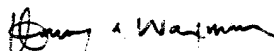
tight House races." Interestingly, the loan document itself contains a clause providing that the "borrower [NPF] shall be entitled to pay to RNC the sum of \$1,600,000 out of the proceeds of the loan." On June 8, 1997, the *Washington Post* reported on a second last-minute windfall: "... the refusal by then-RNC Chairman Haley Barbour to continue using GOP funds to pay off a bank loan to the National Policy Forum meant that more cash was available for Republicans to use in the 1996 campaign." On June 9, 1997, the *New York Times* reported that Young, "under pressure from Barbour, absorbed a \$700,000 loss" when the NPF defaulted on the Signet Bank loan. After reviewing documents provided to Senate investigators and the press by NPF, the *New York Times* also reported that "the documents also indicate how the former Republican chairman, Haley Barbour, might have offered to help the businessman with deals in China in return for financial help to the Republicans."

According to a new report in the June 16 issue of *Time* magazine, the former president of the NPF objected to the foreign fundraising proposed by Barbour: "It would be wrong to do so," wrote Michael Broody in a confidential memo obtained by *Time*. Broody ... explained he was resigning partly over Barbour's 'fascination' with foreign sources of funding."

Under these circumstances, a subpoena to Haley Barbour is clearly warranted. There are credible indications that he personally solicited the loan guarantees from a foreign businessman, arranged for the transfer of the loan proceeds to the RNC, arranged for the additional last-minute funds to be transferred from the RNC to state party committees, and finally pressured the businessman into absorbing NPF's default on the loan -- a second contribution. If these allegations are true, this transaction appears to violate several provisions of the Federal Election Campaign Act.

At the April 10 mark up of the Committee protocol, you said "substantial evidence of improprieties will be pursued wherever it leads." In this case, the evidence seems to point directly to Mr. Barbour.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

DAN BURTON, INDIANA  
CHAIRMAN  
BENJAMIN A. SMITH, NEW YORK  
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JIM TURNER, TEXAS  
THOMAS H. ALLEN, MAINE  
BERNARD SANDERS, VERMONT  
INDEPENDENT

June 17, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington DC 20515

Dear Chairman Burton:

Thank you for your response to my June 4 letter. Unfortunately, I do not believe you have responded to the concerns I raised.

First, I raised the issue of whether your staff misled a material witness, Mr. Rawlein Soberano, by telling him that the minority staff was invited to his interview -- when in fact the minority staff was never invited. In your response you deny that your staff made these representations, but you do not explain the basis of your denial.

I have a sworn statement from Mr. Soberano. In it, he states:

I was interviewed in the Rayburn House Office Building by members of the majority staff of the House Government Reform and Oversight Committee on May 13, 1997. When I arrived for the interview, I asked two of the staff members, Laurie Taylor and Jay Apperson, whether a member of the minority staff would attend the interview.

I asked that question because I think both Republicans and Democrats should have equal access to my testimony. Also, I have been extremely busy and would have preferred to be interviewed only once by both the majority and minority staff.

Ms. Taylor and Mr. Apperson told me that the minority staff was invited to the interview but declined to come. The interview then occurred with only the majority staff present.

After my May 13 interview with the majority staff, I received a call from a member of the minority staff requesting an interview. Upon receiving that call, I was angry because I thought that the minority was making an extra demand on my time

The Honorable Dan Burton  
June 17, 1997  
Page 2

because they had turned down an invitation to attend my May 13 interview. I subsequently learned that the minority staff had not been invited.

Mr. Soberano told the newspaper *The Hill* the same story. A June 11, 1997, article in that paper reports that "[w]hen Rawlein Soberano was interviewed by investigators from the Government Reform and Oversight Committee looking into campaign finance scandals, he had one question for the Republicans, 'Where are your [Democratic] counterparts?' 'Well, they didn't want to come,' the Philippines born vice president of the Asian American Business Roundtable recalled one of the committee aides saying."

In light of Mr. Soberano's sworn statement, I request that you release to the members of the Committee a detailed report of the interview with Mr. Soberano and your investigation of the interview. I further request that you obtain sworn statements from your staff regarding their conduct during the interview.

Second, regarding the possibility that your staff provided information from the interview of Ms. Mannerud to the press, you noted that "when the New York Times first contacted my office about the Cabrera story, the reporter was already fully informed about the interviews ... my staff merely confirmed that the interviews of Mr. Cabrera and Mrs. Mannerud had taken place." Your explanation is at odds with the account in the New York Times which cites "congressional investigators" and "investigators, who spoke on condition of anonymity" as the source of the story. The article's opening sentence says Jorge Cabrera was asked for a campaign contribution in Havana "by a prominent Democratic fund-raiser, congressional investigators have learned." The story goes on to report that "the investigators said the fundraiser, whom they identified as Vivian Mannerud, a Cuban-American business woman from Miami, told Cabrera at a meeting at the Copacabana Hotel in Havana that in exchange for a contribution he would be invited to a fund-raising dinner in honor of Vice President Al Gore." The article also states that details about "the source of the money have come to light in congressional investigators' interviews here with Cabrera." If these statements are accurate, your staff provided the New York Times with detailed factual information learned in the investigation -- not mere confirmation that an interview had taken place. Also, CNN's April 4 report on the same topic cites "House G.O.P. investigators" as its source.

Finally, you complained that my staff traveled to Chicago without inviting your staff to attend. The Chicago trip had nothing to do with the campaign finance investigation, but rather with a oversight and investigative activities I am conducting regarding the tobacco industry. In the three months for which we have records, majority staff has taken 12 trips without the participation of minority staff. Many of these -- like my staff's trip to Chicago -- appear to have nothing to do with campaign finance and are entirely proper. I do have serious concerns, however, when it appears your staff have traveled to interview material witnesses in the campaign

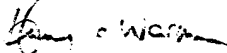


The Honorable Dan Burton  
June 17, 1997  
Page 3

finance investigation and the minority has not even been notified, much less invited to attend. The minority has not made any trips to interview material witnesses to this investigation.

I deeply regret the extraordinarily partisan procedures you are following in the campaign finance investigation. The minority of the Government Reform and Oversight Committee received the smallest committee budget allocation of any committee in the House. You have broken with past precedent and issued 165 subpoenas unilaterally, without the concurrence of the minority or a committee vote. You insist on the right to release confidential documents unilaterally. You have refused to establish a joint computer database to track documents received in the investigation. You have refused to let the minority know who your staff is interviewing, or even how many witness interviews have been done. And now, you have proposed rules for depositions that, for the first time in the history of this Committee, give the chairman of the Government Reform Committee the unilateral authority to compel a witness to attend a staff deposition.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

DAN BURTON, INDIANA  
CHAIRMAN  
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ONE HUNDRED FIFTH CONGRESS  
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**House of Representatives**  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
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BERNARD SANDERS, VERMONT  
INDEPENDENT

June 27, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton:

I was dismayed to read the letters sent to your chief counsel by attorneys for the Republican National Committee (RNC) and Barnett Bank. Copies of the letters were forwarded to my office.

It appears from the RNC letter that there was a meeting on June 12 involving your staff, representatives of the RNC and the RNC attorneys. At the meeting, items in the Committee's document request to the RNC were redefined and narrowed. As you know, this document request was sent to the RNC at the request of the minority, as part of the investigation into foreign fundraising involving Haley Barbour and Ambrose Tung Young, a Hong Kong businessman. The Barnett Bank letter indicates that your staff agreed to a "rolling" production schedule in lieu of the due date specified in the subpoena. The Barnett Bank subpoena was also sent at the request of the minority.

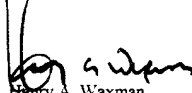
The minority has submitted 38 draft subpoenas to you. So far, you have issued only nine of the proposed subpoenas. Each of those nine was substantially redrafted by your staff. These revisions made the subpoenas narrower in scope than originally proposed by the minority and much narrower in scope than the subpoenas issued by the majority to Democratic targets. Now, we are learning that the items requested in those subpoenas are being redefined and narrowed further in meetings in which we do not play a part.

It is unfortunate that your staff would meet with representatives of the RNC regarding the document request without the knowledge or participation of the minority. I hope that in the future

The Honorable Dan Burton  
June 27, 1997  
Page 2

if your staff consults with the representatives of parties subpoenaed by the Committee -- particularly if the subpoena was one requested by the minority -- that the minority staff is included in the discussions.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry A. Waxman".

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee

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INDEPENDENT

July 3, 1997

The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing in regard to the subpoena issued to the National Policy Forum ("NPF") and the Republican National Committee ("RNC") materials to be delivered to the Committee in response to the document request.

John Rowley met with my staff on July 1, 1997, and informed them that the NPF subpoena issued on June 25, 1997, could not be served by the U.S. marshal because NPF is no longer at the address listed on the subpoena.

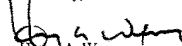
Mr. Rowley told my staff that he would serve the subpoena to NPF's attorney, Tom Wilson. I have learned that Mr. Wilson has already accepted service of the Senate subpoena at his office in the law firm of Lane & Mittendorf, 919 18th Street, NW, Suite 800, Washington, DC, 20006. Mr. Wilson's phone number is (202) 785-4949.

Mr. Rowley also promised my staff, in a meeting with lawyers for the RNC, that the Committee would be responsible for providing the minority with a copy of all documents delivered to the Committee by the RNC. The first production was delivered to the Committee on July 1, 1997.

I request that the NPF subpoena be served by July 9, 1997, and that my staff be provided with a complete set of the RNC materials as soon as possible.

Thank you for your prompt attention to this matter. If you or your staff have any questions, please call me or my chief investigative counsel, Ken Ballen, at 225-5420.

Sincerely,

  
Henry A. Waxman  
Ranking Minority Member

DAN BURTON, INDIANA  
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RENUARD SANDERS, VERMONT  
INDEPENDENT

July 7, 1997

The Honorable Newt Gingrich  
Speaker of the House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

I am writing to convey my deep concerns over the integrity and competency of the campaign finance investigation being conducted by the House Government Reform and Oversight Committee.

As you know, the Committee's chief counsel, John Rowley, and at least three other senior staff are resigning from the Committee. In Mr. Rowley's resignation letter to Chairman Dan Burton, he stated that "[d]ue to the unrelenting 'self-promoting' actions of the Committee's Investigative Coordinator, I have been unable to implement the standards of professional conduct I have been accustomed to at the United States Attorney's Office."

It is a very serious matter when a Committee's chief counsel and other senior professional staff are prevented from acting in a manner that brings credit to the House of Representatives. As evidenced by their resignations, I believe that is the case with the Government Reform and Oversight Committee. The Committee's investigation has unfortunately been characterized by a series of unprofessional actions, including the following:

**Abuse of Subpoena Power.** On April 3, Chairman Burton unilaterally subpoenaed the personal bank records of Professor Chi Wang of Georgetown University. The Chairman and his staff never contacted Professor Wang before issuing the subpoenas, and it was subsequently discovered that the majority staff had confused him with another individual.

**Misrepresentations to a Material Witness.** On May 13, members of the majority staff interviewed Mr. Rawlein Soberano in the Committee's offices. According to Mr. Soberano's sworn statement, he began his interview by asking whether a member of the minority staff would be attending. He was told that the minority was invited to the interview but declined to attend. In fact, the minority was never notified of or invited to attend the interview.

**Leaks of Information.** The Committee's investigation has been plagued by leaks of

The Honorable Newt Gingrich  
 July 7, 1997  
 Page 2

information. As reported in Roll Call, the first leak occurred in November 1996, when Mr. Bossie released telephone records of John Huang.

Another unauthorized release of information occurred after Mr. Bossie and another majority staff traveled to Miami on February 21, 1997, to interview witnesses. On this trip, which was taken without notice to the minority, the majority staff interviewed Vivian Mannerud, a Democratic fundraiser who Chairman Burton has publicly criticized for flying exiles to Cuba to visit their families.<sup>1</sup> The majority staff arrived at Ms. Mannerud's place of business unannounced, without an appointment and in full view of her customers, and failed to advise her that she could contact her attorney. Although Ms. Mannerud was assured that anything she said would be used only for official Committee purposes, extensive information about Ms. Mannerud was given to the *New York Times*, which on April 4 published a front-page story regarding Ms. Mannerud that clearly relied on information obtained by the Committee staff. The *New York Times* story cites "congressional investigators" as the source of the story, reporting that "the investigators said the fundraiser, whom they identified as Vivian Mannerud, a Cuban-American businesswoman from Miami, told [a Democratic contributor] ... that in exchange for a contribution he would be invited to a fund-raising dinner in honor of Vice President Al Gore." CNN further identified the source of this story as "House G.O.P. investigators" from "the Burton Committee."

Moreover, according to a report in the *Washington Post*, Mr. Rowley "has repeatedly accused Bossie of leaking stories to the press." This weekend on CNN, Al Hunt of the *Wall Street Journal* said that in an effort to curb adverse publicity about Mr. Rowley's resignation, "Bossie called reporters ... and told them how you play this story will depend on whether I leak to you or not."

Waste of Taxpayer Dollars. The Committee's investigation has been conducted in an extravagant manner that wastes resources. In May, the majority turned down the minority's request to give the minority access to the majority's \$40,000 database that catalogues Committee documents, forcing the minority to spend thousands of dollars duplicating the database. On June 23, the Committee sent three staff members (two majority, including chief investigative counsel Barbara Comstock, and one minority) to Miami to retrieve a

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<sup>1</sup>Also on February 21, Chairman Burton appeared on an anti-Castro Miami radio program and criticized Ms. Mannerud and her efforts to fly exiles into Cuba to visit their families. Chairman Burton said that "there is a lady named Vivian Mannerud who I have been told has an airline that is making flights to Cuba on an almost daily basis. And you may rest assured that tomorrow or next week when I get back to Washington that I will be asking for an investigation into her airline, because I believe she is violating the Helms-Burton law and we're going to try to get that stopped."

The Honorable Newt Gingrich  
 July 7, 1997  
 Page 3

computer disk that might contain information relevant to the Committee's investigation. On this two-day trip, hundreds of dollars and a total of six working days of staff time were wasted retrieving a disk that could have easily been mailed to the Committee.

Partisan Decisionmaking. The scope of the investigation has been extremely partisan. Although Chairman Burton has issued over 150 subpoenas to Democratic targets, he has issued only 9 to Republican targets. Mr. Burton has arbitrarily refused to investigate alleged Republican abuses, such as fundraising on federal property, even though he is investigating similar alleged Democratic abuses.

Another extremely serious incident that I was personally involved in occurred on June 18. During the conclusion of the Committee's consideration of new rules giving Chairman Burton and his staff the unilateral authority to issue subpoenas for depositions, I encouraged Chairman Burton to adopt the longstanding policy of having minority staff join majority staff in witness interviews. In my conversation with the Chairman and his staff (including David Bossie, Barbara Comstock, and Kevin Binger, the majority staff director), I asked whether the majority staff was planning a trip to Little Rock, Arkansas, to interview witnesses and whether the minority would be invited to attend. I was told that the majority was not going to Little Rock and that the only majority staff member in Arkansas, Tim Griffin, was there on vacation, not on Committee business. I asked a second time whether any interviews would be conducted during that visit and was explicitly assured that none were planned.

Later, however, Kevin Binger retracted the prior representation and revealed that Mr. Griffin was indeed in Little Rock on official Committee business conducting witness interviews. Although I ultimately received correct information and do not question Mr. Binger's veracity, it is extremely troubling that I was initially misled. It is inconceivable that Mr. Bossie in particular could have been confused about this matter during the first conversation. Mr. Bossie is charged with coordinating all activities of the campaign finance investigation and in previous employment spent a considerable amount of time in Little Rock investigating President Clinton. It isn't credible that a field investigation would be pursued without his knowledge, especially when it occurred in a city where Mr. Bossie has extensive personal experience and contacts.

I believe that I was intentionally misled about this matter by Mr. Bossie and that when other staff realized that a misrepresentation had been made they corrected the record. This is a serious breach of House ethics and should be vigorously investigated. It is also worth noting that this questionable conduct by Mr. Bossie is not an isolated incident. According to a report in the *Washington Times*, "Mr. Rowley complained that Mr. Bossie was trying to use the probe to 'slime the Democrats, while Mr. Rowley wanted 'to follow where the evidence leads us.'" As was further reported in the *Indianapolis Star*, Mr. Rowley considered Mr. Bossie's conduct to be "a serious offense."

As you know, serious questions have also been raised about Chairman Burton's own

The Honorable Newt Gingrich  
July 7, 1997  
Page 4

fundraising activities and a federal grand jury is investigating whether he acted improperly in soliciting certain campaign contributions. In fact, one report in the *Los Angeles Times* noted that "[t]he House committee investigating possible foreign meddling in the U.S. political system need look no further than the panel's Chairman, Rep. Dan Burton, for a case study on how other nations seek to influence America's international affairs."

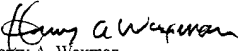
Notwithstanding the objections of the minority, Chairman Burton has insisted on and obtained the unilateral power to issue subpoenas for documents and depositions and to release confidential information. No congressional investigation has ever been conducted in this way and no Chairman has ever exercised such sweeping powers. Since the Committee is delegating its authority to the Chairman and his staff, the experience and conduct of staff are especially relevant to the Committee's investigation.

The majority staff's previous actions and the resignation of Mr. Rowley and other professional staff give me no confidence in the integrity of the Committee's investigation. What we've seen so far would lead most people to conclude that the investigation is not just partisan and unfair, but according to senior Republican staff also incompetent and unprofessional. Moreover, although the Committee has spent over \$2 million on its investigation, depositions haven't begun (Mr. Rowley was to have led that effort in July) and no hearings have been scheduled. In contrast, Senator Thompson has completed over sixty depositions and his hearings begin on July 8.

Given the questions about the Chairman's conduct, the resignation of all the senior professional majority staff with prosecutorial experience, and the fact that our Committee is doing nothing more than duplicating the Senate's work, I believe the House should defer to Senator Thompson -- who appears to be conducting a more comprehensive and bipartisan effort -- instead of wasting millions of taxpayer dollars on an identical but mistake-plagued House investigation.

I urge you to personally intervene in this matter and to discontinue the House investigation. I realize some will advise you to dismiss this matter as partisan politics. It is not. Mr. Rowley and his colleagues who have resigned aren't partisan Democrats. They have reluctantly resigned jobs they were deeply committed to because they lost confidence in the integrity of this investigation. Your immediate attention to this issue can spare the House any further ridicule and embarrassment.

Sincerely,

  
Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight



DAN BURTON, INDIANA  
CHAIRMAN  
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INDEPENDENT

July 9, 1997

The Honorable Dan Burton  
Chairman, Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

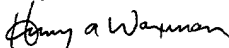
I am writing to address several statements you have made regarding my role in our Committee's campaign finance investigation. In an interview on Fox News Sunday on July 6, you claimed that I am "doing the bidding of the White House" and that I have tried to block the investigation "from the very beginning." This is untrue and I want to bring some relevant facts to your attention.

In fact, from the beginning of my term as ranking minority member of this Committee, I have supported a rigorous investigation into *all* campaign fundraising for the 1996 election cycle. As you may remember, in February I called for Attorney General Janet Reno to appoint an independent counsel to investigate allegations of improper fundraising in the Clinton campaign. I do not believe the White House construed that as doing their "bidding." I also joined over 100 Democrats in writing to Speaker Gingrich in March in support of a joint Senate-House investigation that would thoroughly examine wrongdoing in the 1996 election.

In my role as ranking minority member of the Government Reform Committee, I have continually attempted to work with you to create a fair, credible, bipartisan fundraising probe. At the start of our investigation in January and February, repeatedly I expressed my eagerness to cooperate with you on this important investigation. However, many of the procedures and practices you have adopted have prevented the minority from having any meaningful role in the investigation. You have refused virtually every request by the minority to establish fair procedures, and have insisted on conducting an extremely unfair and partisan investigation.

The record shows that I have supported a broad, thorough investigation of campaign fundraising abuses. Unfortunately, the practices that you have adopted, and the staff resignations last week, have left the credibility of the House investigation in tatters.

Sincerely,

  
Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee

DAN BURTON, INDIANA  
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HOFER, OHIO

July 10, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to express my strong opposition to several of the depositions your staff seeks to conduct. Because I do not believe that you have demonstrated sufficient need to warrant these depositions, I urge you to reconsider your staff's intention to conduct these depositions.

First, I was surprised to learn yesterday that your staff intends to depose former Democratic National Committee Finance Director Richard Sullivan, who has already been deposed for several days by the Senate Governmental Affairs Committee and is in the process of giving two days of public testimony. As reported in this morning's newspapers, Mr. Sullivan's testimony was not a "surprise" (*New York Times*) and contained "no bombshells" (*Washington Post*), leaving "the audience [to] wonder[] whether he had said anything useful" (*Washington Post*). I am thus hard pressed to understand what possible purpose could be served by this Committee deposing Mr. Sullivan.

For similar reasons, I object to your staff's intention to depose three other former DNC officials -- Don Fowler, Scott Pastrick and Marvin Rosen -- all of whom have already been deposed extensively by the Senate Governmental Affairs Committee. Two of these people, Messrs. Fowler and Rosen, are also on the Senate's witness list for its first week of hearings. Your staff has not demonstrated how House depositions of these witnesses will lead to any result other than to cause further inconvenience and expense to the DNC. Unless your staff is able to demonstrate a compelling need for additional topics to be raised with these deponents that were not raised by the Senate, depositions of these witnesses should not proceed in the House.

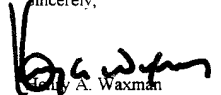
Finally, I object to your intention to depose many other witnesses, including Michael Cardozo, Karen Hancox, Nancy Herrnreich, Bill Kaneko, Susan Lavine, David Mercer, Bob Nash, Marsha Scott, Doug Sosnick and Ari Swiller, who we believe have already been deposed at length

203

The Honorable Dan Burton  
July 10, 1997  
Page 2

by the Senate. Rep. Gary Condit and other members of the minority have consistently maintained that witnesses already deposed by the Senate should not be deposed by the House unless there is a compelling reason why such depositions are necessary.

Sincerely,

  
Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

DAN BURTON, INDIANA  
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BERNARD SANDERS, VERMONT  
INDEPENDENT

July 11, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
House of Representatives  
Washington, D. C. 20515

Dear Chairman Burton:

I am writing to convey my concerns over recent incidents that continue to reflect poorly upon the campaign finance investigation being conducted by the House Government Reform and Oversight Committee.

**I. Violation of Memorandum of Understanding with Federal Agencies.**

I understand that your staff contacted my staff yesterday to suggest a meeting to discuss how detailees from federal agencies will be managed. I welcome this meeting because there appear to have been violations by the majority staff of the Memorandum of Understanding between our Committee and the United States Department of the Treasury, United States Customs Service, and the Internal Revenue Service ("MOU") regarding the agents on detail from the agencies.

The MOU provides that "Committee investigators shall be a joint resource to both the Majority and Minority staffs for the Committee." The MOU further provides that "[a]ll assignments to the Committee investigators shall be made by the Chief Counsel and the Minority Chief Counsel, acting jointly, or by either counsel after consultation with the other." Moreover, it states that "[t]he Chief Counsel for the Special Investigation shall provide timely notice to the Minority Chief Counsel for the Special Investigation of all assignments to agents."

I am concerned about the majority's failure to inform the minority about assignments made to agents. At least three agents began their detail to our Committee in mid-June. Since then, despite repeated requests from the minority to advise us of assignments, we have been informed of only one assignment to any agent, a June 23 interview in which a minority staff member participated. This is a violation of the MOU's requirement that assignments may be given only "after consultation" with the minority, and that we be provided with "timely notice" of all assignments.

The Honorable Dan Burton  
 July 11, 1997  
 Page 2

Even with regard to the one assignment of which we have been informed, I am concerned that the agents are not being managed as a "joint resource" of both staffs. My staff participated in a June 23 witness interview with an agent detailee and with majority Chief Investigative Counsel Barbara Comstock.

In the days following the interview, our staff contacted the agent at least twice to attempt to ensure that we were provided with the report at the same time the majority was provided with it. On July 2 at 12:44 p.m., the agent called our staff and said he had completed the report and had provided it to attorney Jim Rodio of the majority staff. Further, the agent stated that Mr. Rodio had just called Ms. Comstock and told her the report was completed and ready for her to review it. The agent stated that Mr. Rodio advised Ms. Comstock that the minority was entitled to a copy of the report. The agent stated that he was waiting for a call back from Ms. Comstock as to whether it was all right to provide the minority with a copy.

On July 2 at 2:14 p.m., the agent again called our staff and said that he had just spoken with Ms. Comstock and that she said she would review the report and that "once she reviews it and she's pleased" she would call the minority.

As of today, we still have neither received the report nor heard from Ms. Comstock on this matter. This is a violation of our agreement to use the agents detailed to our Committee as a joint resource. Any report from an agent should be provided to both our staffs at the same time. Reports should not be provided to the majority for review and editing before they are provided to the minority.

## **II. Violation of the Document Protocol by Failing to Inform the Minority of Document Requests.**

It also appears that the majority staff has been failing to provide the minority with copies of its letters requesting documents and information from various witnesses. Three examples of this are:

A July 2, 1997, letter from a majority staff attorney requesting specific unredacted documents from an attorney for CommerceCorp International.

A July 1, 1997, letter from Chief Investigative Counsel Barbara Comstock to Timothy B. Lynch, a deputy city controller in California, requesting copies of the testimony of several individuals that the controller had investigated; and

A June 25, 1997, letter from Chief Investigative Counsel Barbara Comstock to an attorney for CommerceCorp International, explaining why certain documents should be produced.

The Committee's April 10, 1997, "Protocol for Documents" sets out a procedure for document requests in section A(1)(a). That section states that the Chairman:

The Honorable Dan Burton  
 July 11, 1997  
 Page 3

shall notify the appropriate Ranking Minority Member of the intention to request, on behalf of the Committee or Subcommittee, the production of documents, and shall provide the Ranking Minority Member an opportunity to suggest how the scope or substance of the proposed requests might be modified or improved. . . . Following issuance, copies of letter requests shall be provided to the Ranking Minority Member. (Emphasis added.)

Contrary to the requirements of the protocol, the minority was not provided with copies of any of these letters, either before or after the requests. Because we learned of each one of them by happenstance, I would not be surprised if there are additional instances where the majority has requested -- or even received -- documents without informing the minority.

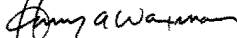
### III. Failure to Share Document As Requested by the Department of Justice.

The majority has failed to provide the minority with a document that a federal agency provided with the express instruction that it be shared with the minority. On Monday, June 30, an attorney from the majority staff visited the Office of Legislative Affairs of the Department of Justice ("DOJ") in order to read various documents. It is my understanding that DOJ provided the attorney with a written index of certain cassette tapes that DOJ would produce to the Committee, specifically instructed the attorney that the index was to be copied for the minority, and obtained the attorney's assurance that she would do so. The majority never has provided the minority with this index, nor has my staff ever received any communication from the majority about either this visit to DOJ or the document index.

### IV. Conclusion.

On behalf of the minority, I strongly protest the investigative practices described in this letter. Whether intentional or not, these incidents deny the minority important information about the conduct of the campaign finance investigation.

Sincerely,

  
 Henry A. Waxman  
 Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight



The Honorable Dan Burton  
 July 18, 1997  
 Page 2

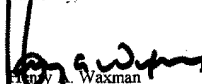
the assignments and to give the detailees guidance on how to carry out the assignments in a manner that will best meet the needs of the respective staffs.

4. The detailees shall be instructed that staff contacts by the majority (and work done pursuant to these contacts) shall not be kept confidential from the minority and vice-versa.
5. Reports prepared by the detailees of their investigative activities shall be provided simultaneously to both the majority and minority staffs and shall be subject to the Committee's document protocol. Either staff may suggest revisions to these reports, but only after notification of the other staff.

In light of your commitment to these procedures, I believe the Committee should have a second chance to comply with the MOU governing the use of the detailees. Hence, I will not exercise my right under the MOU to terminate the agreement and send the three detailees back to the agency.

However, I do not believe it is appropriate to bring on new detailees from the FBI at this time. It would be best to assess whether the problems that have been encountered with the Treasury detailees can be resolved before we consider adding new detailees. Moreover, the resignation earlier this month of the Committee's chief counsel and other experienced senior staff raise questions about whether the detailees from the FBI could be appropriately supervised at this time.

Sincerely,

  
 Henry A. Waxman  
 Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight  
 The Honorable Robert E. Rubin  
 The Honorable Janet Reno



DAN BURTON, INDIANA  
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 BERNARD SANDERS, VERMONT  
 INDEPENDENT

July 23, 1997

The Honorable Henry Waxman  
 Ranking Minority Member  
 House Government Reform and  
 Oversight Committee  
 B-350A Rayburn HOB  
 Washington, D.C. 20515

Dear Henry:

On Friday, July 18, 1997, majority and minority staff members met with Justice Department attorneys to discuss issues regarding possible congressional grants of immunity. Two days earlier, July 16, 1997, the majority and minority staff members met with attorneys representing potential witnesses. At the attorneys' request, all staff explicitly promised to keep confidential all information obtained during that meeting.

During the July 18th meeting with the Justice Department attorneys, a minority staff member, who had attended the July 16th meeting and agreed to keep discussions at that meeting confidential, broke his promise to the attorneys representing the witness, as well as the other Committee staff, by disclosing confidential information. This breach followed a previous instance where you disclosed to the press a confidential interview and evidence gathered pursuant to that interview which one your staff members promised would be kept confidential.

These breaches of confidentiality could undermine the Committee's ability to operate in a bipartisan manner and the good faith efforts my staff have made to include the minority staff in sensitive matters. I know you share my view concerning the need to protect confidentiality. I hope we can agree that sensitive immunity discussions cannot be disclosed when our staffs represent to outside parties that such discussions will be kept confidential.

Sincerely,  
  
 Dan Burton  
 Chairman

cc: All Members, House Government  
 Reform and Oversight Committee

DAH BURTON, INDIANA  
CHAIRMAN  
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**House of Representatives**  
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INDEPENDENT

July 23, 1997

The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform  
And Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Henry:

I would like to respond to a number of issues that you have raised in the flurry of letters you have written in the last week or so.

First, in your July 7 letter to the Speaker, you criticized the Committee's June 23 trip to Orlando to retrieve a computer disk and interview its owner as a waste of taxpayers' money because the committee sent "two majority ... and one minority" staff members. The trip actually included one majority staff member, one minority staff member, and one detailee, who is a shared resource. I would like to note that you have been very firm in your insistence that minority staff should be included on investigative trips. That being the case, I was a little taken aback that following such a joint trip, you would publicly criticize me for the cost of including a member of your staff. I have stated my position that while both the Majority and the Minority should have the right to conduct separate travel when necessary, we should attempt where possible to conduct joint trips. I think we both understand that it is more expensive to include majority and minority staff on trips. However, that has been your wish, and I was trying to accommodate your wishes on the Orlando trip.

More importantly, in a meeting prior to that trip, your chief investigative counsel agreed that this matter would be kept confidential. You can imagine my surprise when you chose to make it public at a press conference and in a letter that was handed out to the press. If you felt that it was essential to make public information that your staff had agreed to keep confidential, I would have expected at least the courtesy of a phone call to discuss it.

The Honorable Henry Waxman  
Page 2

I would also like to note that you have sent me several sharply worded letters regarding procedural matters that could, quite honestly, be worked out at the staff level. In fact, my staff has attempted to resolve some of these issues with yours prior to receipt of your letters. It seems to me that this investigation would be well served if we gave our staff a chance to work out some of these day-to-day issues before escalating the rhetoric.

As an example, one of your concerns has been the possible deposition of individuals previously deposed by the Senate. On July 9, my chief investigative counsel spoke to your chief investigative counsel over the phone to inform him that we were holding back on deposition notices to four individuals, including Richard Sullivan and Don Fowler, who had already been deposed by the Senate. Despite this act of good faith, I received a very sternly worded letter from you the following morning stating your "strong opposition" to my plans to depose these individuals -- plans that you had already been informed were not in progress. This is an area where I believe that we share a common interest. I have asked you to work with me to reach an agreement with the Senate to share depositions, and I hope you will do so.

Along the same lines, my staff director called your staff director on July 10 to attempt to arrange a meeting about the management of our committee's detailees. This meeting has occurred, and I understand that it was very productive. However, on the day after this initial phone conversation, which was a good faith effort to begin consultation, I received a strongly worded letter from you complaining about the lack of consultation regarding the detailees, in which you state, "I strongly protest the investigative practices described in this letter."

Henry, we have certainly had our differences during this investigation. I am the first to admit it. Where we have disagreed, we have had good, gentlemanly debates, and we have let the votes decide the issues. It seems to me that many of the procedural issues you have raised could be easily resolved by our staff. To send me such strongly worded letters when my staff has reached out to yours to attempt to resolve the issue seems to serve no purpose other than to inflame the situation unnecessarily.

One such issue that I believe could have been easily resolved was identified in your July 11 letter. You complained that you did not receive copies of a few letters my staff wrote seeking unredacted versions of previously received documents, explaining to an attorney why certain previously requested documents are needed, and so on. These were not new document requests or subpoenas about which you were not informed. They were follow-ups attempting to complete production. I would note that, in April, you wrote to the Attorney General requesting documents regarding allegations of Philippine contributions to the 1984 Reagan campaign. You did not

The Honorable Henry Waxman

Page 3

send me a copy, as required under the protocol. I did not presume that you were attempting to hide anything from me. I simply assumed that this was an oversight. In the interest of comity, I chose not to make an issue of it. I hope that you will give us the same benefit of the doubt. At any rate, regarding the letters you were concerned about, a simple phone call from your staff would have resolved the issue quickly.

Along the same lines, you complained that my staff did not provide a copy to your staff of an index of cassette tapes provided to the committee by the Department of Justice. When my staff received the cassettes, the index was included in the box. My staff assumed that, because an identical set of cassettes was being sent to you, a copy of the index would also be in your box. DOJ has confirmed that this assumption was correct. This appeared to make it unnecessary to send to you a second copy of the same index. Again, a simple phone conversation could have resolved that question very quickly.

Henry, at the outset of this investigation, I invited you to pick up the phone and call me any time you had a concern. That offer still stands. While we have had our disagreements, I think we owe it to the rest of the Committee and to the entire House to attempt to work out some of these procedural issues in a more amicable way before firing off charges at one and other.

Best wishes,  
  
Dan Burton  
Chairman

cc: Members of the Committee on Government Reform and Oversight

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SUE WELLS, WEST VIRGINIA  
VALERIE OWENS, NEW YORK  
EDOUARD STOWNS, NEW YORK  
PAUL A. KALOSKIS, PENNSYLVANIA  
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BERNARD SANDERS, VERMONT  
INDEPENDENT

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

I am writing to respond to your letter of July 23, in which you complain about the letters I have written that describe unfair, unethical, wasteful, or otherwise questionable conduct by the majority during the campaign finance investigation. I believe my letters have been fully justified.

- o Preparing a Committee budget without consultation with the minority, in violation of rule 16 of the Committee rules. This budget provided the minority with a lower share of the Committee funding than any other House Committee. See Letter of February 26, 1997
- o Issuing an over-broad subpoena to the White House, which compelled the production of sensitive national security information completely unrelated to campaign finance (such as records of phone calls by the President from Air Force 1 to foreign heads of state). See Letter of March 7, 1997.
- o Adopting a protocol for documents that gave you unprecedented powers to release unilaterally confidential and privileged documents obtained by subpoena. See Letter of March 10, 1997
- o Issuing an over-broad subpoena to the Democratic National Committee, which compelled the production of Democratic political strategies completely unrelated to campaign finance (such as records of political strategy sessions attended by the chairman of the DNC). See Letter of March 12, 1997.

The Honorable Dan Burton  
 July 25, 1997  
 Page 2


- o Erroneously asserting that the Committee lacks jurisdiction to investigate congressional campaign finance abuses in an attempt to prevent the Committee from investigating illegal or improper activities in connection with congressional campaigns. See Letter of March 20, 1997.
- o Refusing to share with the minority a database cataloguing documents received during the investigation, which needlessly wasted taxpayer dollars by forcing the minority to develop a separate system for cataloguing documents. See Letter of May 15, 1997.
- o Misleading a material witness during an interview by falsely asserting that the minority staff had been invited to the interview. See Letter of June 4, 1997.
- o Leaking information learned during witness interviews to the press. See Letter of June 4, 1997.
- o Conducting secret witness interviews without notice to the minority. See Letter of June 4, 1997.
- o Planning a secret trip abroad without notice to the minority. See Letter of June 4, 1997.
- o Refusing to issue a subpoena to Haley Barbour despite his central role in soliciting foreign funds that directly benefited the Republican National Committee. See Letter of June 17, 1997.
- o Meeting in secret with representatives of the RNC to narrow the scope of the Committee's document request to the RNC. This document request had previously been negotiated with the minority. See Letter of June 27, 1997.
- o Issuing a subpoena to the wrong individual. See Letter of July 7, 1997 (sent to the Speaker).
- o Intentionally misleading me by describing a secret trip by the majority staff to interview witnesses in Arkansas as nothing more than vacation travel. See Letter of July 7, 1997 (sent to the Speaker).
- o Issuing (or proposing to issue) deposition notices to at least 15 witnesses who had already been deposed by the Senate without first seeking to review the Senate depositions to determine if additional depositions are necessary. See Letter of July 10, 1997.

The Honorable Dan Burton  
July 25, 1997  
Page 3

- o Violating the memorandum of understanding with the minority and the Treasury Department by making assignments to Treasury Department detailees with notice to or the consent of the minority. See Letter of July 11, 1997.

These actions are serious matters, and the only right I have left as the ranking minority member is to at least write to you and make my objections part of the record. That is a right I will continue to exercise when needed. Indeed, I would be derelict in my obligations as the ranking minority member of the Committee if I did not write to register my objections to these regrettable actions.

Sincerely,

  
Henry A. Waxman  
Ranking Minority Member

DAN BURTON INDIANA  
Chairman  
JERAMIAH A. GILMAN NEW YORK  
JAMES HASTERT ILLINOIS  
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ROBERT BARR GEORGIA  
ROBERT PORTMAN OHIO

THE HUNDRED FIFTY-THIRD CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143  
MAJORITY (703) 225-5074  
MINORITY (703) 225-5071  
TTY (703) 225-6842

ERRY A. WEISMAN CALIFORNIA  
JAMES HASTERT ILLINOIS  
J. LANTOS CALIFORNIA  
J. JOE WISE WEST VIRGINIA  
J. MAJOR R. OWENS NEW YORK  
J. DOUGLAS TORRES NEW YORK  
J. PAUL E. KANOROSI PENNSYLVANIA  
J. JEFF R. COCHRAN CALIFORNIA  
J. CAROLYN S. MALONEY NEW YORK  
J. THOMAS M. SHANNETT WISCONSIN  
J. ELEANOR HOLMES NORTON  
DISTRICT OF COLUMBIA  
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DENNIS KUCCHIN OHIO  
J. ROY R. BLACKEYTON KENTUCKY  
DANNY K. DAVIS KENTUCKY  
JOHN P. TERRY MASSACHUSETTS  
JIM TURNER TEXAS  
THOMAS H. ALLEN MAINE  
HAROLD E. FORD, JR. TENNESSEE  
BERNARD SANDERS VERMONT  
INDEPENDENT

July 25, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to reply to your letter of July 23 regarding alleged breaches of confidentiality.

First, I want to note that it would be impossible to "undermine the Committee's ability to operate in a bipartisan manner." There is nothing bipartisan about your investigation and no fairness in many of the procedures you are following.

I do take very seriously, however, any breach of confidentiality. There has been none -- at least not by the minority.

You cite two instances in your letter. The first -- related to your decision to send staff to Florida to retrieve a computer disk -- is nonsense. Neither the minority staff nor I have disclosed any information regarding the substance of this trip. We have not disclosed who the staff met with, what the computer disk may contain, why your staff was interested in obtaining the computer disk, or any other specific information about the trip. All that I have disclosed is that you sent three members of the Committee staff to retrieve a computer disk that could have been mailed to the Committee for the cost of a first-class postage stamp. This is no more information about the trip than is contained in the Committee's monthly budget reports, which are available for public scrutiny. It is ridiculous to characterize my objection to the Committee's blatant waste of taxpayer dollars as a breach of confidentiality.

You also assert that a minority staff member violated a confidentiality understanding in a private meeting with the Justice Department and your staff. The purpose of this meeting, which was arranged by your staff, was to obtain the Justice Department's views on granting immunity to Nora and Gene Lum. At one point during this meeting, your staff objected to a question that my staff began to ask on the grounds that it could disclose confidential information about the Lums. My staff immediately complied with your staff's objections, withdrew the question, and thereafter

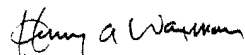


The Honorable Dan Burton  
July 25, 1997  
Page 2

asked only general questions about the immunity process that made no specific references to the Lums. I find it impossible to understand how you could construe this incident -- in which my staff acceded to your staff's objections -- as a confidentiality breach.

You have made serious and unfounded accusations against me and my staff. If you have any substantiation for your charges, I urge you to provide it to me immediately.

Sincerely,

A handwritten signature in cursive script that reads "Henry A. Waxman".

Henry A. Waxman  
Ranking Minority Member

DAN BURTON, INDIANA  
Chairman  
BENJAMIN A. GLIMAN, NEW YORK  
JENNIFER HASTERT, ILLINOIS  
CONSTANCE A. MORELLA, MARYLAND  
CHRISTOPHER SHAYS, CONNECTICUT  
JOHN SCHIFF, NEW MEXICO  
TOPHER COLE, CALIFORNIA  
ROSLINDEN FLORES  
AL BISHOP, NEW YORK  
STEPHEN HORN, CALIFORNIA  
JOHN L. MICA, FLORIDA  
THOMAS M. DAVIS II, VIRGINIA  
DAVID M. MONTEITH, INDIANA  
MARK E. SCHULER, INDIANA  
JOE GARTENBROUGH, FLORIDA  
JOHN SHADDEGG, ARIZONA  
STYRE E. LATOURNETTE, OHIO  
MARSHALL MARK SANFORD, SOUTH CAROLINA  
JOHN E. SUNUNU, NEW HAMPSHIRE  
PETE BRESSICH, TEXAS  
MIKE PAPALIS, NEW JERSEY  
VINCE SNOWBARGER, KANSAS  
BOB BARR, GEORGIA  
ROBERT MANN, OHIO

ONE HUNDRED FIFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

MAJORITY: (202) 225-5074  
MINORITY: (202) 225-5051  
TTY: (202) 225-6832

HENRY A. WAXMAN, CALIFORNIA  
RANKING MEMBER  
TOM LANTOS, CALIFORNIA  
BOB WISE, WEST VIRGINIA  
VANDER B. OWENS, NEW YORK  
SCOTT T. TOLSON, NEW YORK  
PAUL E. KANJORSKI, PENNSYLVANIA  
DAVE A. COHEN, CALIFORNIA  
CAROLYN B. MALONEY, NEW YORK  
THOMAS M. SHAFER, WISCONSIN  
ELIZABETH HUGHES HORTON  
DISTRICT OF COLUMBIA  
CHANGA PATTAN, PENNSYLVANIA  
ELLIANE CHAMBERS, MARYLAND  
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HOP R. BLUMENFELD, ILLINOIS  
DANNY K. DAVIS, ILLINOIS  
JOHN P. TIERNEY, MASSACHUSETTS  
JIM TURNER, TEXAS  
THOMAS R. ALLEN, MARY  
HAROLD E. FORD, JR., TENNESSEE  
BERNARD SANDERS, VERMONT  
INDEPENDENT

July 31, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Burton:

I am writing for two reasons. First, I want to describe problems that have arisen in connection with the minority subpoena requests. These problems include the failure of the majority to respond to the pending minority subpoena requests, the failure of the majority to serve minority subpoenas that have been agreed to, the unilateral extension of deadlines and modification of requests made in the minority subpoenas by the majority, and the long delays in providing the minority with the documents received pursuant to subpoena. These are serious problems. If not corrected, they could turn any minority subpoenas into a sham exercise.

Second, I want to respond to your inquiry regarding future subpoenas.

I. Problems with Past Minority Subpoena Requests

My staff has discussed with your staff some of the problems the minority has encountered in the majority's handling of minority subpoena requests. In some areas, your staff has agreed that changes are needed. However, because of the serious nature of these problems -- and because all of these problems must be rectified if additional minority subpoenas are to have real value -- I felt it important to bring these issues to your personal attention.

A. Failure of the Majority to Respond to Minority Subpoena Requests

Thus far, the minority has requested in writing the issuance of 38 document subpoenas. For the majority of these requests I have received no answer from you. For example, on June 10, I requested a set of subpoenas to the Bush and Reagan Presidential libraries regarding campaign

The Honorable Dan Burton  
 July 31, 1997  
 Page 2

contributors who stayed at the White House or Camp David, flew on Air Force One or Two, or attended coffees and other fundraisers at the White House or Vice President's residence. These subpoena requests were parallel to information requested of Democratic fundraisers and the Clinton Administration. On the same day, I also requested that you issue a set of subpoenas to the RNC, Haley Barbour, and several tobacco companies regarding a potential *quid pro quo* involving contributions from the tobacco companies to the RNC and subsequent lobbying of the Arizona House of Representatives Speaker Mark Killian and Texas Governor George Bush for pro-tobacco legislation by then-RNC Chairman Haley Barbour. According to Committee's document protocol, the deadline for consideration of subpoenas is 24 hours. Over a month later, the minority has received no response from you or your staff as to whether these subpoenas will be issued or reasons why they have been rejected.

I also requested that you issue a subpoena to the National Republican Congressional Committee regarding a fundraising brochure that promised corporate donors that their contributions would "directly fund House races." I expected that since it is illegal for a corporation to make a contribution in connection with a federal election, you would promptly agree to issue this subpoena. Yet it is now over a month later and I have yet to hear a response as to whether you will issue this subpoena.

**B. Failure to serve minority subpoenas**

On July 16, I learned that four of the nine subpoenas requested by the minority that you agreed to issue had not in fact been served. While I understand that it may prove impossible to serve Ambrous Young in Hong Kong, the delay in serving Richard Richards and the National Policy Forum seems unjustified.

According to your staff, Richard Richards and the National Policy Forum were not served because incorrect addresses were listed on the subpoena. Richard Richards is the former chairman of the Republican National Committee. I simply cannot understand why it took over a month to find his address.

Although you signed the subpoenas on June 5, the minority was not told of the failure to serve the subpoenas until July 16. If I had been informed of the failure to serve Mr. Richards earlier, I would have been happy to assist your staff in tracking down his address. In fact, on July 3, I wrote you with the correct address of the National Policy Forum. My staff was told on July 16 that a subpoena to NPF with a correct address was finally signed. My staff was told on July 21 that a subpoena to Mr. Richards with the correct address was finally signed. Not only is this extensive delay unfair to the minority, it also potentially jeopardizes the investigation by giving witnesses time to destroy documents.

The Honorable Dan Burton  
 July 31, 1997  
 Page 3

C. Requests Made in the Minority Subpoenas Narrowed and Deadlines Extended in Secret Meetings

As I wrote to you on June 27, I received a copy of a letter indicating that your staff met with representatives of the RNC and the RNC attorneys to discuss the Committee's document request to the RNC. I also received a copy of a letter from Barnett Bank indicating that your staff agreed to a "rolling" production schedule in lieu of the due date specified in the subpoena. There may be other such agreements that I simply do not know about.

So far, you have issued only nine of the 38 subpoenas proposed by the minority. Each of those nine was substantially redrafted by your staff. These revisions made the subpoenas narrower in scope than originally proposed by the minority and much narrower in scope than the subpoenas issued by the majority to Democratic targets. Now, I have learned that the items requested in those subpoenas are being redefined and narrowed further in meetings in which the minority does not play a part.

As your staff now acknowledges, it is unfortunate that your staff would meet with representatives of the RNC and other witnesses regarding Committee document requests without the knowledge or participation of the minority. It is also a violation of the Committee's document protocol, which requires that the minority be consulted about the scope of subpoenas.

D. Documents Received by the Majority Pursuant to Subpoena Not Provided to the Minority

In a meeting attended by lawyers for the RNC on July 2, 1997, the majority promised to provide the minority with a copy of the RNC documents to save the RNC the cost and trouble of xeroxing. The RNC delivered the documents to the Committee on July 1. The RNC materials were not provided to the minority until July 17, after I sent a written letter of complaint. As your staff has agreed, it should not take over two weeks to make copies. Particularly with depositions scheduled weekly, it is important that the minority not be delayed in getting potentially critical information.

II. Additional Minority Subpoena Requests

You have asked whether the minority would like you to issue additional subpoenas. As described below, I believe additional subpoenas should be issued. I also believe, however, that it is important that none of the serious problems described above recur with these new requests.

All of the subpoenas that have been requested to date by the minority would result in the

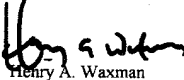
The Honorable Dan Burton  
 July 31, 1997  
 Page 4

disclosure of important facts about campaign finance abuses. I hope you will agree to issue all of these subpoenas, including the subpoena of Haley Barbour regarding his role in the National Policy Forum controversy, the tobacco industry subpoenas, the subpoenas on fundraising in federal buildings, and the subpoenas to the Bush and Reagan presidential libraries. I have enclosed a list of the minority subpoena requests that have not yet been issued.

I also request that you issue the attached subpoenas to investigate Michael Kojima's contributions to the Republican Party. You may remember that Michael Kojima was the Republican contributor labeled "America's worst deadbeat dad." There is evidence suggesting that the money Mr. Kojima donated may have come from foreign sources. For example, Mr. Kojima contributed \$500,000 to the 1992 President's Dinner. According to press accounts, part of the contribution was apparently drawn from an account that would not have contained sufficient funds, had not over \$300,000 been wired into the account in the two days after the check was written. Another part of the contribution was drawn from his business account. A letter addressed to Mr. Kojima's partner from the Sanach corporation, an offshore banking facility, promised that Sanach would deposit \$1.2 million into that account, "which includes the loan and the donation you requested." Also, two Japanese businessmen told CBS News that they paid Mr. Kojima to attend the President's dinner. One of the men said that Mr. Kojima asked him for hundreds of thousands of dollars for a chance to meet the president. The draft subpoenas seek further information about these transactions.

My staff is preparing additional subpoenas that I will forward to your staff next week.

Sincerely,



Henry A. Waxman  
 Ranking Minority Member

encl.

cc: Members of the Committee on Government Reform and Oversight

**Previous Minority Subpoena Requests  
That Have Not Been Issued**

<b><u>Date</u></b>	<b><u>Name</u></b>	<b><u>Description</u></b>
5/8/97	RNC (Jim Nicholson, Chairman) NRCC (John Linder, Chairman) NRSC (Mitch McConnell, Chairman) GOPAC (John Shadegg, Chairman)	Fundraising in federal buildings
6/10/97	Haley Barbour RNC (Chairman Jim Nicholson) Philip Morris (Geoffrey C. Bible, Chairman and CEO) RJR Nabisco Holdings (Steven F. Goldstone, Chairman and CEO) Brown and Williamson Tobacco Corp. (Nick Brookes, Chairman and CEO) U.S. Tobacco Co. (Robert D. Rothenberg, President) Tobacco Institute (Samuel Chilcote, Jr., President) Smokeless Tobacco Council (Jeff Schlagenhauf, President)	Tobacco industry campaign contributions to RNC
6/10/97	Gary J. Walters (Chief Usher, Reagan Administration) National Archives and Records Administration (John W. Carlin, Archivist) re: Reagan Administration National Archives and Records Administration (John W. Carlin, Archivist) re: Bush Administration Ronald W. Reagan Presidential Library (Rod Soubers, Supervisory Archivist) Bush Presidential Materials Project (David Alsobrook, Acting Director) re: Reagan-Bush Campaign Bush Presidential Materials Project (David Alsobrook, Acting Director)	Overnight stays at the Bush and Reagan White Houses

## Minority Subpoena Requests (continued)

<u>Date</u>	<u>Name</u>	<u>Description</u>
	re: Bush-Quayle Campaign Dan Quayle Center and Museum (Michael R. Sellon, Executive Director) Reagan-Bush 1980 Presidential Campaign (Scott MacKenzie) Reagan-Bush 1984 Presidential Campaign (Scott MacKenzie) Bush-Quayle 1988 Presidential Campaign (Stan Huckaby) Bush-Quayle 1992 Presidential Campaign (Stan Huckaby) RNC re: Reagan Administration (Chairman Jim Nicholson) RNC re: Bush Administration (Chairman Jim Nicholson)	
6/10/97	NRCC (Congressman John Linder, Chairman)	NRCC 1996 campaign brochure claiming that contributions would "directly fund House races".

**Proposed Document Request to the State Department**

The Honorable Madeline K. Albright  
Secretary of State  
United States Department of State  
Washington, DC 20225

Dear Madam Secretary:

As Chairman of the Committee on Government Reform and Oversight, I am inquiring into matters relating to campaign fundraising abuses. Pursuant to the Committee's authority under Rules X and XI of the House of Representatives, I request the following documents and information.

Please forward to the Committee any and all correspondence, memorandum, telephone records, expense records, registration or application records, tape recordings, electronic mail, facsimile logs, notes, etc. that refer or relate to:

1. Michael Kojima;
2. International Marketing Bureau and/or I.M.B.;
3. Sanach Investment Company Limited;
4. Ken Americana Inc.;
5. Ken Ohba;
6. Tsunekazo Teramoto;
7. Kazuo Sano;
8. Shuuichi Nakagawa;
9. Takashi Kimoto.



**Proposed Document Request to the Treasury Department**

The Honorable Robert Rubin  
 Secretary of the Treasury  
 United States Treasury Department  
 Washington, DC 20220

Dear Mr. Secretary:

As Chairman of the Committee on Government Reform and Oversight, I am inquiring into matters relating to campaign fundraising abuses. Pursuant to the Committee's authority under Rules X and XI of the House of Representatives, I request the following documents and information.

Please forward to the Committee any and all correspondence, memorandum, telephone records, expense records, registration or application records, tape recordings, electronic mail, facsimile logs, notes, etc. that refer or relate to:

1. Michael Kojima;
2. International Marketing Bureau and/or I.M.B.;
3. Sanach Investment Company Limited;
4. Ken Americana Inc.;
5. Ken Ohba;
6. Tsunekazo Teramoto;
7. Kazuo Sano;
8. Shuuichi Nakagawa;
9. Takashi Kimoto.

**Proposed Document Request to the Commerce Department**

The Honorable William Daley  
Secretary of Commerce  
Room 5854 Herbert C. Hoover Building  
Washington, DC 20230

Dear Mr. Secretary:

As Chairman of the Committee on Government Reform and Oversight, I am inquiring into matters relating to campaign fundraising abuses. Pursuant to the Committee's authority under Rules X and XI of the House of Representatives, I request the following documents and information.

Please forward to the Committee any and all correspondence, memorandum, telephone records, expense records, registration or application records, tape recordings, electronic mail, facsimile logs, notes, etc. that refer or relate to:

1. Michael Kojima;
2. International Marketing Bureau;
3. Sanach Investment Company Limited;
4. Ken Americana Inc.;
5. Ken Ohba;
6. Tsunekazo Teramoto;
7. Kazuo Sano;
8. Shuuichi Nakagawa;
9. Takashi Kimoto.

**Proposed Subpoena to NRCC**

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** National Republican Congressional Committee  
320 First St., S.E.  
Washington, DC 20003

**Serve:** The Honorable John Linder, Chairman

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Investigative Counsel Barbara Comstock at (202) 225-5074.

[Insert Standard Definitions and Instructions]

**Subpoenaed Items**

Please provide the Committee with the following:

1. All records relating to Michael Kojima.
2. All records relating to:
  - a. The 1992 President's Dinner held on or about April 28, 1992, and all relating events;
  - b. The President's Dinner Strategy Session held on or about March 9, 1992;
  - c. The Presidential Round Table Spring Policy Forum held on or about April 1, 1992.
3. All records relating to Michael Kojima and the United States Embassy in Japan including, but not limited to, all records relating to Michael Kojima and:
  - a. Michael H. Armacost, U.S. Ambassador to Japan;
  - b. Joseph Winder, Minister for Economic Affairs, United States Embassy in Japan;
  - c. John Weeks, Financial Attache, United States Embassy in Japan;
  - d. John Peters, Commercial Counselor, United States Embassy in Japan.

4. All records relating to Michale Kojima and Hong Kong including, but not limited to, all records relating to:
  - a. Richard L. Williams, Council General, Hong Kong;
  - b. David Ford, Chief Secretary, Hong Kong;
  - c. Stephen Lam, Office of the Chief Secretary, Hong Kong.
5. All records relating to Michael Kojima and Kiichi Miyazawa, Prime Minister of Japan.
6. All records relating to Michael Kojima and Deng Xiaoping, Premier of the People's Republic of China.
7. All records relating to Michael Kojima and the Bank of California.
8. All records relating to Michael Kojima and the Sumitomo Bank.
9. All records relating to International Marketing Bureau and/or I.M.B.
10. All records relating to Chiey Nomura and/or Chiey Kojima.
11. All records relating to Ken American, Inc. and/or Ken Ohba.
12. All records relating to Sanach Investment Company Limited and/or Kazuo Sano.
13. All records relating to Tsunekazo Teramoto.
14. All records relating to Shuuichi Nakagawa.
15. All records relating to Takashi Kimoto.

**Proposed Subpoena to NRSC**

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** National Republican Senatorial Committee  
The Ronald Reagan Republican Center  
425 Second Street, N.E.  
Washington, DC 20002

**Serve:** The Honorable Mitch McConnell, Chairman

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Investigative Counsel Barbara Comstock at (202) 225-5074.

[Insert Standard Definitions and Instructions]

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3. All records relating to Michael Kojima and the United States Embassy in Japan including, but not limited to, all records relating to Michael Kojima and:
  - a. Michael H. Armacost, U.S. Ambassador to Japan;
  - b. Joseph Winder, Minister for Economic Affairs, United States Embassy in Japan;
  - c. John Weeks, Financial Attache, United States Embassy in Japan;
  - d. John Peters, Commercial Counselor, United States Embassy in Japan.

4. All records relating to Michael Kojima and Hong Kong including, but not limited to, all records relating to Michael Kojima and:
  - a. Richard L. Williams, Council General, Hong Kong;
  - b. David Ford, Chief Secretary, Hong Kong;
  - c. Stephen Lam, Office of the Chief Secretary, Hong Kong.
5. All records relating to Michael Kojima and Kiichi Miyazawa, Prime Minister of Japan.
6. All records relating to Michael Kojima and Deng Xiaoping, Premier of the People's Republic of China.
7. All records relating to Michael Kojima and the Bank of California.
8. All records relating to Michael Kojima and the Sumitomo Bank.
9. All records relating to International Marketing Bureau and/or I.M.B.
10. All records relating to Chiey Nomura and/or Chiey Kojima.
11. All records relating to Ken American, Inc. And/or Ken Ohba.
12. All records relating to Sanach Investment Company Limited and/or Kazuo Sano
13. All records relating to Tsunekazo Teramoto.
14. All records relating to Shuuichi Nakagawa.
15. All records relating to Takashi Kimoto.

**Proposed Subpoena to RNC**

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Republican National Committee  
310 First Street, SE  
Washington, DC 20003

**Serve:** Chairman Jim Nicholson

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Investigative Counsel Barbara Comstock at (202) 225-5074.

[Insert Standard Definitions and Instructions]

**Subpoenaed Items**

Please provide the Committee with the following:

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  - b. Joseph Winder, Minister for Economic Affairs, United States Embassy in Japan;
  - c. John Weeks, Financial Attache, United States Embassy in Japan;
  - d. John Peters, Commercial Counselor, United States Embassy in Japan.

4. All records relating to Michael Kojima and Hong Kong including, but not limited to, all records relating to Michael Kojima and:
  - a. Richard L. Williams, Council General, Hong Kong;
  - b. David Ford, Chief Secretary, Hong Kong;
  - c. Stephen Lam, Office of the Chief Secretary, Hong Kong.
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6. All records relating to Michael Kojima and Deng Xiaoping, Premier of the People's Republic of China.
7. All records relating to Michael Kojima and the Bank of California.
8. All records relating to Michael Kojima and the Sumitomo Bank.
9. All records relating to International Marketing Bureau and/or I.M.B.
10. All records relating to Chiey Nomura and/or Chiey Kojima.
11. All records relating to Ken American, Inc. And/or Ken Ohba.
12. All records relating to Sanach Investment Company Limited and/or Kazuo Sano.
13. All records relating to Tsunekazo Teramoto.
14. All records relating to Shuuichi Nakagawa.
15. All records relating to Takashi Kimoto.



**Proposed Subpoena to Michael Kojima**

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Michael Kojima  
244 S. San Pedro St. #402  
Los Angeles, CA 90012

**Serve:** Michael Kojima

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Investigative Counsel Barbara Comstock at (202) 225-5074.

[Insert Standard Definitions and Instructions]

**Subpoenaed Items**

Please provide the Committee with the following:

1. All records relating to the Republican National Committee, the National Republican Senatorial Committee, and/or the National Republican Congressional Committee including, but not limited to all records relating to:

- a. The 1992 President's Dinner held on or about April 28, 1992, and all relating events;
- b. The President's Dinner Strategy Session held on or about March 9, 1992;
- c. The Presidential Round Table Spring Policy Forum held on or about April 1, 1992;
- d. The Presidential Round Table Senatorial Commission;
- e. Lisa DiGrandi;
- f. Betsy Ekonomou;
- g. Rich Galen;
- h. Tsunekazo Teramoto.
- i. International Marketing Bureau and/or I.M.B.

2. All records relating to the United States Embassy in Japan, including, but not limited to all records relating to:
  - a. Michael H. Armacost, U. S. Ambassador to Japan;
  - b. Joseph Winder, Minister for Economic Affairs, United States Embassy in Japan;
  - c. John Weeks, Financial Attache, United States Embassy in Japan;
  - d. John Peters, Commercial Counselor, United States Embassy in Japan.
3. All records relating to the Hong Kong airport and related projects including, but not limited to all records relating to:
  - a. Richard L. Williams, Council General, Hong Kong;
  - b. David Ford, Chief Secretary, Hong Kong;
  - c. Stephen Lam, Office of the Chief Secretary, Hong Kong.
4. All records relating to Kiichi Miyazawa, Prime Minister of Japan.
5. All records relating to Deng Xiaoping, Premier of the People's Republic of China.
6. All records relating to the Bank of California.
7. All records relating to the Sumitomo Bank.
8. All records relating to Ken American, Inc. and/or Ken Ohba.
9. All records relating to Sanach Investment Company Limited and/or Kazuo Sano.
10. All records relating to persons who attended or were solicited to attend Republican fundraising events including, but not limited to,
  - a. Shuuichi Nakagawa
  - b. Takashi Kimoto.

**Proposed Subpoena to International Marketing Bureau**

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** International Marketing Bureau  
244 S. San Pedro St. #402  
Los Angeles, CA 90012

**Serve:** Michael Kojima

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Investigative Counsel Barbara Comstock at (202) 225-5074.

[Insert Standard Definitions and Instructions]

**Subpoenaed Items**

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  - c. The Presidential Round Table Spring Policy Forum held on or about April 1, 1992;
  - d. The Presidential Round Table Senatorial Commission;
  - e. Lisa DiGrandi;
  - f. Betsy Ekonomou;
  - g. Rich Galen.
2. All records relating to the United States Embassy in Japan, including, but not limited to, all records relating to:

- a. Michael H. Armacost, U.S. Ambassador to Japan;
  - b. Joseph Winder, Minister for Economic Affairs, United States Embassy in Japan;
  - c. John Weeks, Financial Attache, United States Embassy in Japan;
  - d. John Peters, Commercial Counselor, United States Embassy in Japan.
3. All records relating to the Hong Kong airport and related projects including, but not limited to, all records relating to:
- a. Richard L. Williams, Council General, Hong Kong;
  - b. David Ford, Chief Secretary, Hong Kong;
  - c. Stephen Lam, Office of the Chief Secretary, Hong Kong;
4. All records relating to Kiichi Miyazawa, Prime Minister of Japan.
5. All records relating to Deng Xiaoping, Premier of the People's Republic of China.
6. All records relating to the Bank of California.
7. All records relating to the Sumitomo Bank.
8. All records relating to Chiey Nomura and/or Chiey Kojima.
9. All records relating to Ken American, Inc. and/or Ken Ohba.
10. All records relating to Sanach Investment Company Limited and/or Kazuo Sano.
11. All records relating to Tsunekazo Teramoto.
12. All records relating to persons who attended or were solicited to attend Republican fundraising events including, but not limited to,
- a. Shuuichi Nakagawa
  - b. Takashi Kimoto.

Proposed Subpoena to Ken American Inc.

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Ken American Inc.  
600 9th Ave., Suite 708  
Seattle, WA 98104

**Serve:** Ken Ohba

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Investigative Counsel Barbara Comstock at (202) 225-5074.

[Insert Standard Definitions and Instructions]

Subpoenaed Items

Please provide the Committee with the following:

1. All records relating to Michael Kojima and/or International Marketing Bureau, Ltd.
2. All records relating to Chiey Nomura and/or Chiey Kojima.
3. All records relating to the Republican National Committee, the National Republican Senatorial Committee, and/or the National Republican Congressional Committee including, but not limited to all records relating to:
  - a. The 1992 President's Dinner held on or about April 28, 1992, and all relating events;
  - b. The President's Dinner Strategy Session held on or about March 9, 1992;
  - c. The Presidential Round Table Spring Policy Forum held on or about April 1, 1992;
  - d. The Presidential Round Table Senatorial Commission;
  - e. Lisa DiGrandi;
  - f. Betsy Ekonomou;
  - g. Rich Galen.

4. All records relating to the United States Embassy in Japan, including, but not limited to all records relating to:

- a. Michael H. Armacost, U.S. Ambassador to Japan;
- b. Joseph Winder, Minister for Economic Affairs, United States Embassy in Japan;
- c. John Weeks, Financial Attache, United States Embassy in Japan;
- d. John Peters, Commercial Counselor, United States Embassy in Japan.

**Proposed Subpoena to Ken Ohba**

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Ken Ohba  
600 9th Ave., Suite 708  
Seattle, WA 98104

**Serve:** Ken Ohba

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Investigative Counsel Barbara Comstock at (202) 225-5074.

[Insert Standard Definitions and Instructions]

**Subpoenaed Items**

Please provide the Committee with the following:

1. All records relating to Michael Kojima and/or International Marketing Bureau, Ltd.
2. All records relating to Chiey Nomura and/or Chiey Kojima.
3. All records relating to the Republican National Committee, the National Republican Senatorial Committee, and/or the National Republican Congressional Committee including, but not limited to all records relating to:
  - a. The 1992 President's Dinner held on or about April 28, 1992, and all relating events;
  - b. The President's Dinner Strategy Session held on or about March 9, 1992;
  - c. The Presidential Round Table Spring Policy Forum held on or about April 1, 1992;
  - d. The Presidential Round Table Senatorial Commission;
  - e. Lisa DiGrandi;
  - f. Betsy Ekonomou;
  - g. Rich Galen.

4. All records relating to the United States Embassy in Japan, including, but not limited to all records relating to:

- a. Michael H. Armacost, U.S. Ambassador to Japan;
- b. Joseph Winder, Minister for Economic Affairs, United States Embassy in Japan;
- c. John Weeks, Financial Attache, United States Embassy in Japan;
- d. John Peters, Commercial Counselor, United States Embassy in Japan.



**Proposed Subpoena to Bank of California**

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Bank of California  
550 South Hope Street  
Los Angeles, CA 90071

**Serve:** Custodian of Records

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Investigative Counsel Barbara Comstock at (202) 225-5074.

[Insert Standard Definitions and Instructions]

**Subpoenaed Items**

Please provide the Committee with the following:

1. All records from 1986 to the present relating to Michael Kojima.
2. All records from 1986 to the present relating to Cheiy Nomura and/or Cheiy Kojima.
3. All records from 1986 to the present relating to account #032-384191 including, but not limited to, bank statements, checks and wire transfers.

**Proposed Subpoena to Sumitomo Bank of California**

**Subpoena Duces Tecum  
Government Reform and Oversight Committee  
United States House of Representatives**

**To:** Sumitomo Bank of California  
11345 West Olympic Blvd.  
Los Angeles, CA 90064

**Serve:** Custodian of Records

The Committee hereby subpoenas certain records. Please provide logs which indicate each record's Bates number, author, description, and source file. If you have any questions, please contact the Committee's Chief Investigative Counsel Barbara Comstock at (202) 225-5074.

[Insert Standard Definitions and Instructions]

**Subpoenaed Items**

Please provide the Committee with the following:

1. All records from 1986 to the present relating to Michael Kojima.
2. All records from 1986 to the present relating to Cheiy Nomura and/or Cheiy Kojima.
3. All records from 1986 to the present relating to account #036025018-70 including, but not limited to, bank statements, checks and wire transfers.

cc: Members of the Committee on Government Reform and Oversight.

DAN BURTON, INDIANA  
CHAIRMAN  
BENJAMIN A. GILMAN, NEW YORK  
DENNIS HASTERT, ILLINOIS  
CHRISTOPHER A. MURPHY, MARYLAND  
CHRISTOPHER SHAYS, CONNECTICUT  
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BOB BARR, GEORGIA  
BOB PORTMAN, OHIO

ONE HUNDRED FIFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

MAJORITY (201) 225-6074  
MINORITY (202) 225-6251  
TTY (202) 225-6862

HENRY A. WAXMAN, CALIFORNIA  
RANKING MINORITY MEMBER  
TOM LANTOS, CALIFORNIA  
BOB WIRE, WEST VIRGINIA  
MAJOR R. OWENS, NEW YORK  
SCOTT T. TONNE, NEW YORK  
PAUL E. KANARIS, PENNSYLVANIA  
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CHAKA PATTON, PENNSYLVANIA  
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DANNY K. DAVIS, ILLINOIS  
JOHN F. TIERNEY, MASSACHUSETTS  
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THOMAS M. ALLEN, MAINE  
HAROLD E. FORD, JR., TENNESSEE  
BERNARD SANDERS, VERMONT  
INDEPENDENT

August 14, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton:

Yesterday, our staffs met to discuss how our staffs could best keep members of the Committee informed about the depositions being conducted in executive session pursuant to Committee rule 20.

Our staffs preliminarily agreed that the following procedures would be appropriate:

1. Committee staff can inform Committee members orally or in writing about depositions or interrogatories and can provide copies of deposition transcripts or interrogatory responses to Committee members.
2. Each Committee member may designate one staff from the member's office to receive oral or written information from Committee staff about depositions or interrogatories.
3. Committee members and the designated staff shall be advised that under Committee rule 20 the depositions and transcripts are "considered as taken in executive session" and that under House rule XI clause 2(k)(7) "[n]o evidence or testimony taken in executive session may be released or used in public sessions without the consent of the committee."

Your staff requested an opportunity to review these procedures after receipt of this letter. I hope you will complete this review expeditiously, so that our staffs may begin the process of briefing members about the depositions taken to date. Pending your review, I will instruct my staff to refrain from implementing these procedures until August 21, 1997.

Sincerely,

  
Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

I have not raised concerns about potential conflicts of interest and related ethical matters for the previous consultant agreements you have proposed because these consultants have been hired to perform relatively narrow assignments under close supervision by professional Committee staff. Mr. Bennett's case is far different, however. He will become the chief counsel for the Committee's campaign finance investigation. This is ordinarily a position of substantial authority and responsibility. I believe it is essential, therefore, to know whether the Committee will ask Mr. Bennett to adhere to the same ethical standards that would apply to members of Congress and their senior staffs.

The Honorable Dan Burton  
August 28, 1997  
Page 2

In this regard, I request that the members of the Committee receive information on the following matters:

1. The identity of the clients Mr. Bennett personally represents and whether his representation of any of these clients creates potential conflicts of interest.
2. If Mr. Bennett intends to retain his partnership in the law firm Miles and Stockbridge, the identity of the clients represented by the firm and whether the firm's representation of any of these clients creates potential conflicts of interest.
3. Whether the Committee will ask Mr. Bennett to adhere to the Code of Official Conduct in House rule XLIII.
4. Whether the Committee will ask Mr. Bennett to file financial disclosure reports with the Committee comparable to the financial disclosure requirements of House rule XLIV.
5. Whether the Committee will ask Mr. Bennett to adhere to the limitations on outside employment and earned income under House rule XLVII.
6. Whether the Committee will ask Mr. Bennett to adhere to the gift rules under House rule LI.
7. Whether the Committee will ask Mr. Bennett to adhere to other ethical standards applicable to members and senior staff, such as post-employment restrictions.

I want to emphasize that I have no reason to doubt Mr. Bennett's personal integrity. Unless there are compelling extenuating circumstances, however, I believe that it would be unwise to exempt Mr. Bennett from the normal ethical standards that apply to Members of Congress and congressional staff. It would seem inappropriate, for instance, if Mr. Bennett were permitted to receive expensive gifts from persons who are potential subjects in the investigation or who have vested interests in the outcome of the investigation. Moreover, if Mr. Bennett is exempted from limitations on outside earned income, he will be able to earn unlimited amounts from his private practice in addition to the \$130,000 per year congressional salary you have proposed -- an arrangement that is prohibited for members and staff.

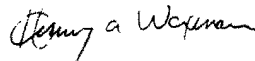
Finally, I am confused about the level of payments Mr. Bennett will receive. Mr. Bennett has told my staff that he intends to work full-time on the Committee's investigation. The contract agreement you propose, however, states that "[t]his consultant will work at a rate of \$175 per hour to a salary not to exceed \$50,000 for the period September 1, 1997, through December 31, 1997." If Mr. Bennett were to work 40 hours per week at a rate of \$175 per hour, he could work

The Honorable Dan Burton  
August 28, 1997  
Page 3

only until October 20 -- not December 31 -- before exhausting the full \$50,000. Moreover, if Mr. Bennett were to work at the rate of 60 hours per week -- as many of our staffs are doing -- he could work only until October 6 before exhausting the full \$50,000. Could you please explain this apparent discrepancy.

I appreciate that you are anxious to retain Mr. Bennett's services. I too am anxious to see a new chief counsel hired by the majority because it is clear to me that there have been significant problems and an unfortunate lack of focus in the Committee's investigation since Mr. Rowley, the former chief counsel, departed. However, I believe that the questions I am raising are important ones that need to be fully addressed before a decision can be made on Mr. Bennett.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

DAN BURTON, INDIANA  
CHAIRMAN

BENJAMIN A. JALMAN, NEW YORK  
JENNIFER HART, ILLINOIS  
JUSTANCE A. MCWELL, MARYLAND  
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JOHN E. SUNDH, NEW HAMPSHIRE  
PETE SESSIONS, TEXAS  
MIKE PAPPAS, NEW JERSEY  
VINCE D'AMONARD, KANSAS  
BOB BARR, GEORGIA  
BOB PORTMAN, OHIO

ONE HUNDRED FIFTH CONGRESS

## Congress of the United States House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074  
MINORITY (202) 225-5051  
TTY (202) 225-8452

EMERY A. WAXMAN, CALIFORNIA  
JIMMIE KROGHT, MEMBER

OWEN LANTOS, CALIFORNIA  
BOB WISE, WEST VIRGINIA  
MAJOR R. OWENS, NEW YORK  
EUGENE TOWNS, NEW YORK  
PAUL E. KANARSKI, PENNSYLVANIA  
JERRY A. CONYER, CALIFORNIA  
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ELEANOR HOLMES MORTON  
DISTRICT OF COLUMBIA  
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JIM TURNER, TEXAS  
THOMAS H. ALLEN, MAINE  
HAROLD E. FORD, JR., TENNESSEE  
BERNARD SANDERS, VERMONT  
INDEPENDENT

August 29, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to convey my concern about the manner in which our Committee is selecting the subjects of its investigation. At our April 10 Committee meeting, you repeatedly pledged that "substantial evidence of impropriety will be pursued wherever it leads." It does appear to me that you are eager to pursue any allegations relating to Democratic activities, from the moment even a whisper of possible impropriety appears in the press. However, you also appear to wholly ignore evidence of other illegalities that are much more substantial and worthy of our Committee's attention.

For example, you reacted with remarkable rapidity to a recent charge by Johnny Chung relating to former Energy Secretary Hazel O'Leary that was aired on the NBC Nightly News on Tuesday, August 19. The very next day, your spokesman told reporters that the Committee would investigate the charge.<sup>1</sup> By the weekend, you were on CBS's "Face the Nation" stating the Committee was "going to look at [Chung's allegation] very thoroughly" and that the Committee had issued eight to ten subpoenas on the matter.<sup>2</sup> Your staff later announced that you misspoke in stating that the subpoenas had already been issued, but confirmed that our Committee was investigating the issue.<sup>3</sup>

The allegation by Mr. Chung -- who is offering information to the press in the course of

<sup>1</sup>James Rowley, House Panel to Review Chung's Allegations On Donation, Associated Press, Aug. 20, 1997.

<sup>2</sup>Fund-Raising Probe Will Include O'Leary: House Panel Issues Several Subpoenas, Washington Post, Aug. 25, 1997, at A7.

<sup>3</sup>No Subpoenas Yet In Burton Probe Of O'Leary Aide, Washington Post, Aug. 26, 1997 at A9.



The Honorable Dan Burton  
 August 29, 1997  
 Page 2

actively seeking immunity from Congress -- is worthy of some exploration, but it certainly lies far from the heart of our investigation. Mr. Chung said that an aide to Secretary O'Leary sought a donation to a charity that Secretary O'Leary favored at the same time that the Secretary was to meet with Mr. Chung and a foreign business acquaintance.

Mr. Chung's allegation, of course, is not a potential violation of the campaign finance laws; nor is it a campaign finance impropriety. Whatever policy questions are raised if a government official solicits for a charity, they have nothing to do with whether our campaign finance laws have been violated and how those laws should be reformed. It should be noted, also, that Secretary O'Leary had met the foreign businessman on a trip abroad, and that there is no allegation that Secretary O'Leary personally participated in soliciting anyone for the charity.

In contrast to your eagerness to investigate a press allegation that has nothing to do with campaign finance, you have shown no inclination to investigate several recent reports providing substantial evidence of serious improprieties and of violations of law that lie squarely within our mandate.

1. Illegal Foreign Contributions to a Republican Congressman. On the same day that NBC broadcast its interview with Mr. Chung, the Washington Post alleged that political contributions to Rep. Jay Kim (R-Calif.) "provide textbook examples of how campaign laws can and have been violated in the past."<sup>4</sup> The examples include a plan by a trade group to make illegal contributions in an undetectable manner, the laundering of foreign money through domestic bank accounts, the hiding of illegal corporate donations by using them for expenses, the making of contributions through "straw" donors, and a cover-up with false statements to the FEC. These clear instances of illegal foreign campaign contributions are exactly the kind of fundraising abuses that this Committee should be -- but to date is not -- investigating.

2. Tax Breaks to Tobacco Companies in Return for Political Contributions. The Washington Post also recently reported that, in the course of budget negotiations, Republican leaders "insisted on a provision that would give the tobacco companies a \$50 billion credit against the sum they had pledged to settle anti-tobacco litigation," and that these same leaders "were among Congress's top recipients of tobacco industry funds."<sup>5</sup> The Post provided information on how the tobacco industry furtively worked to influence the members to which they had contributed funds, probably led by the lobbying firm of former GOP chairman Haley Barbour. The Post then reported on a study that linked the tobacco industry's \$11.3 million in contributions to the \$50

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<sup>4</sup>Walter Pincus, Kim Probe Found Wide Variety of Campaign Violations, Wash. Post, Aug. 19, 1997, at A6.

<sup>5</sup>John Mintz, No One Admits Authorship of GOP Rider Cutting Tobacco Payment, Wash. Post, Aug. 17, 1997, at A1.

The Honorable Dan Burton  
August 29, 1997  
Page 3

billion tax break, and also linked the contributions from five other industries to tax breaks given to those industries.<sup>6</sup> These tax breaks provided as apparent "quid pro quos" for campaign contributions are "substantial evidence of impropriety" and should be investigated by our Committee.

3. Harold Simmons. A few weeks ago, President Clinton exercised his line-item veto to strike a budget provision "that administration and congressional tax experts said would primarily benefit a single transaction -- the sale by a Texas businessman of sugar beet processing plants to a Utah-based cooperative of farmers."<sup>7</sup> The experts indicated that about \$60 million of the provision's \$84 million tax benefit would go to the firm, Valhi Inc., which is controlled by the businessman, Harold Simmons, who also happens to be a leading contributor to the Republican party.<sup>8</sup>

Earlier this summer, the press reported that the Department of Justice is investigating Mr. Simmons for possibly making illegal campaign contributions through his daughters. According to these reports, the Simmons family, and a web of political committees it controls, has given at least \$1.5 million to the GOP since 1980, and tens of thousands more were given by officers of Mr. Simmons' companies to the same candidates and causes, sometimes on the same day as Mr. Simmons contributed. Although Mr. Simmons has denied certain of the allegations against him, he did pay a \$19,800 fine for violating campaign laws in 1988 and 1989 and has been quoted as confirming that he exceeded legal limits by \$110,000 in the 1990s by making contributions to political action committees in his four daughters names.<sup>9</sup> Our Committee should investigate these apparent campaign finance violations, as well as whether he or his company received favors from politicians in return for his contributions.

Your investigation's credibility has been undermined by your continued partisan focus and refusal to investigate Republican fundraising abuses. In fact, you have not even given me the courtesy of a response to many of my previous requests for subpoenas, including three letters I sent you over two months ago on June 10, 1997.

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<sup>6</sup>Ceci Connolly, Donors To Campaigns Fared Well In Budget, Wash. Post, Aug. 22, 1997 at A21.

<sup>7</sup>John F. Harris, Clinton Wields New Authority, Vetoing 3 Items, Wash. Post, Aug. 12, 1997, at A1.

<sup>8</sup>John F. Harris, President to Use New Veto, Wash. Post, Aug. 11, 1997, at A1.

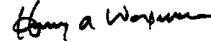
<sup>9</sup>Susan Feeney, U.S. Reportedly Investigating Simmons' Political Donations, Dallas Morn. News, June 6, 1997, at 1A; Report: Justice Department Investigating Harold Simmons, Assoc. Press, June 6, 1997.

251

The Honorable Dan Burton  
August 29, 1997  
Page 4

The issues raised in this letter and my previous subpoena requests should be a major focus of your investigation. I regret that they are being ignored.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry A. Waxman".

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 FAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

September 4, 1997

HENRY A. WATMAN, CALIFORNIA  
RANKED MINORITY MEMBER

TOM LANTOS, CALIFORNIA

JOE M. WEST, WYOMING

MAURICE DINGWELL, NEW YORK

EDOUARD FOULKE, NEW YORK

PAUL E. KALOUZEK, PENNSYLVANIA

GARY A. COCHR, CALIFORNIA

CAROLYN B. MALONEY, NEW YORK

THOMAS M. BARRETT, WISCONSIN

ROBERT L. HINES, WYOMING

DUSTIN R. COLEMAN, ILLINOIS

CHUCK FATTIN, PENNSYLVANIA

ELIANT E. CUMMINGS, MARYLAND

DENNIS KUCIENSKI, OHIO

ROD R. BRADGEBY, ILLINOIS

DANNY K. DAVIS, ILLINOIS

JOSEPH E. MASSACCI, SETTLES

JIM TURNER, TEXAS

THOMAS M. ALLEN, MINNE

HAROLD E. FORD, JR., TENNESSEE

---

BERNARD SANDERS, VERMONT

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

As you know, the Committee conducted a nine-day investigative trip to Los Angeles over the August recess. I appreciate the fact that the minority was invited to participate. As I have written you in the past, I believe most witness interviews should be conducted jointly -- not separately as is now the case. I am deeply concerned, however, about some of the inept, intrusive, and harassing investigative tactics employed by your staff during the trip.

I have been informed that on Tuesday morning, August 12, two members of your staff, accompanied by a member of the minority staff, attempted to interview a person named Felix Ma. When they first arrived at the Ma residence, they discovered that no one was home. When they returned in the afternoon, there was still no one at home. Your counsel then questioned the next-door neighbors, who informed him that both Mr. and Mrs. Ma worked. Your counsel then decided to "stake out" the Ma residence and directed that the car they were driving be parked in the communal driveway behind the Ma residence. Unfortunately, because it was a communal driveway, the location was not discreet. The stake-out vehicle partially blocked access to at least five neighboring driveways, and the sight of three men wearing ties sitting in a full-sized Chevrolet attracted attention. Finally, when Mr. Ma returned home, your staff swooped into the driveway behind him and accosted him as he exited his car.

Mr. Ma was initially shocked by this confrontation, but his shock quickly turned to amusement when it was discovered that he was actually the wrong Felix Ma. He then introduced the investigators to his wife as the "political police." His wife was not amused by this heavy-handed intrusion into their privacy.

In another instance, my staff accompanied your staff as they attempted to make initial contact with a person named Mr. Negara at 333 Burton Way in Beverly Hills. Your staff explained to the minority staff that the Mr. Negara living at that address may or may not be the Mr. Negara for whom they were searching. Upon arriving at Mr. Negara's condominium complex, your staff rang the doorbell but received no answer. Despite the uncertainty as to the

The Honorable Dan Burton  
September 4, 1997  
Page 2

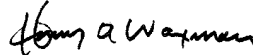
identity of the resident, your staff then decided to trespass onto the property by slipping into the building behind another individual. Your counsel knocked loudly and persistently on Mr. Negara's door. When there was no answer, he proceeded to knock on neighboring doors and to ask passersby in the hall if they knew Mr. Negara. He then contacted the building manager and questioned her about Mr. Negara. The manager did not know where Mr. Negara could be located, and was quite upset that three large men were inside the building bothering residents and guests without having been properly admitted.

Another questionable episode involved your staff's attempts to contact a person named Cindy Tashima. It should be noted that Ms. Tashima is at most only tangentially related to our investigation. As explained to my staff, her closest connection to any issues before this Committee is that in 1990 Ms. Tashima worked for a company which was listed in 1991 as the employer of someone who had made a suspect contribution. Despite this fact, your counsel repeatedly pounded on her front door, drawing the attention of passersby.

Ms. Tashima, who is a diminutive woman who was at home alone, appeared to have been intimidated by two large men in suits banging on her door. When she was finally forced to answer the door by the persistent pounding, she commented that the investigators "looked like the Men In Black." This intrusion on her privacy proved totally unwarranted, because she had worked at the company for less than a year and had no significant recollection of her experiences there.

Although I am in favor of joint interviews, I regret that the Committee has been associated with this kind of conduct.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

DAN BURTON, INDIANA  
 CHAIRMAN  
 STEVEN L. DOLAN, NEW YORK  
 FRANK M. MURPHY, ALABAMA  
 JEFFERSON M. SMITH, CONNECTICUT  
 JIMMY H. SMITH, NEW MEXICO  
 RICHARD L. COX, CALIFORNIA  
 JANE ROSENTHAL, FLORIDA  
 JOHN M. ROSEN, NEW YORK  
 STEVEN HORN, CALIFORNIA  
 WILLIAM M. LACK, FLORIDA  
 THOMAS M. DAVIS, VIRGINIA  
 DAVID M. MONTGOMERY, MISSISSIPPI  
 MARK E. SOUDER, INDIANA  
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 JOHN SHADEGG, ARIZONA  
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ONE HUNDRED FIFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
 COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
 2157 RAYBURN HOUSE OFFICE BUILDING  
 WASHINGTON, DC 20515-6143  
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 MINORITY (202) 225-5551  
 TTY (202) 225-4862

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 JIM WISE, WEST VIRGINIA  
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 JIMMY M. BARNETT, MISSOURI  
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 BERNARD SANDERS, VERMONT  
 INDEPENDENT

**EXECUTIVE SESSION MATERIAL**  
**FOR MEMBERS AND AUTHORIZED STAFF ONLY**

September 4, 1997

The Honorable Dan Burton  
 Chairman  
 Committee on Government Reform and Oversight  
 2157 Rayburn House Office Building  
 Washington, D.C. 20515

Dear Chairman Burton:

I am writing to express concern over an apparent unauthorized release of documents obtained in the campaign finance investigation. This release was described by a deposition witness in sworn testimony on August 26, 1997. If it occurred, such a release would constitute a violation of Committee rules governing the handling of documents produced as part of this investigation.

Attached for your review is an excerpt of the relevant testimony of David Mercer, an employee of the Democratic National Committee. During the second day of Mr. Mercer's deposition, majority counsel inquired into the subject of alleged attempts by DNC officials to influence an Interior Department action necessary for a proposed casino development project in Hudson, Wisconsin. Such an allegation is the subject of ongoing litigation before state and federal courts in Wisconsin. When asked whether he had received memoranda about litigation related to the Wisconsin casino project, Mr. Mercer testified that he had been called the week before by a Milwaukee reporter who said that "investigators had released documents from the House committee to lawyers in the litigation, and then the lawyers in the litigation released it to the press." Mercer Dep., Vol. II at 150. Mr. Mercer further testified that "the press was calling me to find out ... what other documents we were handing over to the House." *Id.*

As I have communicated to you regarding previous unauthorized disclosures of Committee records, such leaks not only violate Committee rules, they also further undermine the credibility and professionalism of this investigation and violate the privacy concerns of parties that have produced documents to the Committee. In this case, if Mr. Mercer's account is correct, it is

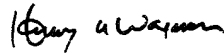
**EXECUTIVE SESSION MATERIAL  
FOR MEMBERS AND AUTHORIZED STAFF ONLY**

The Honorable Dan Burton  
September 2, 1997  
Page 2

also inappropriate to use this Committee's taxpayer-funded resources to assist a private party in litigation.

I trust that you will investigate this matter thoroughly and report your findings to the Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry A. Waxman".

Henry A. Waxman  
Ranking Minority Member

Attachment

cc: Members, Committee on Government Reform and Oversight

STENOGRAPHIC MINUTES  
Unrevised and Unedited  
Not for Quotation or  
Duplication

**EXECUTIVE  
SESSION**

EXECUTIVE SESSION

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C.

DEPOSITION OF: DAVID MERCER - VOLUME II

**Committee Hearings  
of the  
U.S. HOUSE OF REPRESENTATIVES**



OFFICE OF THE CLERK  
Office of Official Reporters

**EXECUTIVE SESSION**



1           A     I would have to defer to Joe Sandler. If the DNC is  
2 involved, I would have to defer to Joe Sandler on that.

3           Q     Did you ever see any materials on litigation in  
4 Wisconsin involving a proposed casino?

5           A     I never received any material. I believe I was  
6 asked for documents associated with it that I handed over to  
7 Joe Sandler.

8           Q     And who furnished documents that you provided to  
9 Mr. Sandler?

10          A     Who furnished?

11          Q     Who gave the documents to you?

12          A     There are ones that I drafted, or if I received any  
13 information about it, I passed it to Mr. Sandler, but I don't  
14 recall specifically being in receipt of documents. I do  
15 recall having documents relating to this that I may have  
16 prepared, or, you know, like this one, this memorandum or  
17 something, but I'm not sure. Joe Sandler would have to be  
18 consulted on what documents are in possession.

19          Q     Do you recall drafting any memorandum or memoranda  
20 for any DNC employees about litigation involving the Wisconsin  
21 casino project we've been discussing?

22          A     No, I don't think -- all I was asked was for any  
23 documents relating to the issue that was being litigated, I  
24 presume, and that's all I know about it, other than I received  
25 a phone call last week from the Milwaukee Sentinel Tribune, or

1 something like that, letting me know that investigators had  
2 released documents from the House committee to lawyers in the  
3 litigation, and then the lawyers in the litigation released it  
4 to the press, and the press was calling me to find out whether  
5 or not there was further -- what other documents we were  
6 handing over to the House, the answer of which even if I had  
7 it I wouldn't have given, but referred them to the press  
8 department.

9 Mr. Yeager. You were told that a House committee  
10 handed a Minnesota reporter documents related to this issue?

11 The Witness. That the House informed the attorneys, the  
12 attorneys being I don't know, ambiguous, that were working on  
13 the case in Wisconsin. And the Wisconsin attorneys had shared  
14 the information with the reporter that called me.

15 Mr. Yeager. Do you know who in particular gave the  
16 documents to the reporter?

17 The Witness. I didn't take names, and I was more focused  
18 on referring the reporter to the press and communications  
19 office than I was with the gathering of information.

20 Mr. Yeager. Do you know what House entity provided the  
21 documents? Was it this committee or another committee?

22 The Witness. I presume that it was the House Government  
23 and Oversight Committee, because it was said in an ambiguous  
24 term as you are referring to, and given my involvement in the  
25 House, that that was the committee that he was referring to.

1 They made reference to the memos that we are referencing now  
2 in the Milwaukee Sentinel.

3 Mr. Yeager. Did they show these documents to you?

4 The Witness. No, they didn't.

5 Mr. Yeager. Forgive me.

6 Mr. Wilson. No, no, now is the appropriate time to ask  
7 these questions. I was interested in the answer as well.

8 BY MR. WILSON:

9 Q Did you ever discuss fund-raising among Native  
10 American tribes with Mr. O'Connor?

11 A I had discussed with him when he raised the issue  
12 that Larry Kitto may be interested in contributing to the DNC  
13 in addition to the work he was doing on behalf of the DCCC.  
14 But I don't, to the best of my recollection, know that that  
15 ever came to fruition.

16 Q Did you ever specifically describe how or discuss  
17 how any Indian tribal members could be convinced to make  
18 \$1,000 contributions to a 1,000-per-head fund-raiser?

19 A If I did, it was in the context of what I described  
20 as Pat O'Connor conveying to me what Larry Kitto's interest  
21 would be, and the feedback being that they would be interested  
22 in maybe attending a \$1,000 event, to the best of my  
23 recollection.

24 Mr. Wilson. I've marked this document exhibit DM-35 for  
25 inclusion in the record.

TUESDAY, APRIL 23, 1996  
PAGE 3

2:30pm OFFICE BLOCK  
Chairman's Office

Contact: Nick Caggia x8122

~~2:45pm~~ DEPART DNC  
3:15pm EN ROUTE Mayor Marion Barry's Office

~~3:00pm~~ ARRIVE for MEETING with Mayor Marion Barry  
3:30pm 441 4th Street, NW  
Suite 1100  
Washington, DC

Contact: Laverne Harvey 202/727-6263

~~4:00pm~~ DEPART Mayor Marion Barry's Office  
4:30pm EN ROUTE DNC

~~4:15pm~~ ~~ARRIVE for OFFICE BLOCK~~  
~~Chairman's Office~~

~~Contact: Nick Caggia x8122~~  
4:45pm ARRIVE for Meeting w/ Chairman's Office  
5:00pm MEETING with Debra DeLee  
Chairman's Office

*Larry Killo, Steve Hildebrand &  
David Mercer re: Indian Amishwising*

Contact: Chona 312/336-5114

5:30pm MEETING with B.J. Thornberry  
Chairman's Office

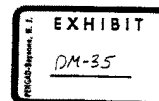
Contact: Marie Long x8121

6:00pm OFFICE BLOCK  
Chairman's Office

Contact: Nick Caggia x8122

6:25pm DEPART DNC  
EN ROUTE National Democratic Club

 DNC 3013976



*Fowler***Memorandum**

DATE: March 15, 1995  
 TO: Chairman Fowler  
 FROM: David Mercer *DM*  
 RE: Briefing for O'Connor/Kitto Meeting  
 CC: Sullivan, Wakem and Swiler *MS*

Pat O'Connor, a Minneapolis DNC Trustee, requested a meeting with you to introduce Larry Kitto, a BLF member and lobbyist for several Minnesota Indian tribes. The meeting, scheduled for 3:00 pm today, is preceded by a meeting they are having with Tom Collier, Interior's Chief of Staff. Below is a background briefing on the participants and their issues.

**Participants**

Pat O'Connor—hosted recent Chairman's brunch in Minneapolis; '93 DNC Trustee; today is his 75th Birthday; he and his wife, Evie served as Clinton/Gore '92 Minnesota finance chairs; partner, O'Connor & Hannan; represents American Indian interests.

Larry Kitto—President, MPA Consultants; member, Sioux Tribe; Harvard graduate; American Indian lobbyist; recently joined the firm of O'Connor & Hannan; BLF member; executive with Little Six, Inc. an American Indian gaming company.

**Issues**

O'Connor wanted to introduce Kitto to you since he was unable to attend the Minneapolis brunch. Kitto is supportive of the DNC and O'Connor believes we can raise his level of participation. The meeting helps to reinforce Kitto's relationship with the DNC and by extension our relationship with the American Indians in Minnesota.

O'Connor and Kitto are meeting with Tom Collier to represent the concerns of several Minnesota tribes about a neighboring Wisconsin dog track that might be converted into a casino. Apparently several Wisconsin tribes, led by the St. Croix, have submitted a bid on the track and are seeking to establish "land in trust" with the Department of Interior. According to O'Connor and Kitto, this would lead to direct competition to Minnesota gaming operations—Little Six and Treasure Island casinos—and bring economic hardship to Minnesota tribes.


 DNC 3141900

DAN BURTON, INDIANA  
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CONSTANCE A. MORGAN, MARYLAND  
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MARSHALL, MARK SANFORD, SOUTH CAROLINA  
JOHN C. SUNUNU, NEW HAMPSHIRE  
PETE SESSIONS, TEXAS  
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**Congress of the United States**

**House of Representatives**

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

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HAROLD E. FORD, JR., TENNESSEE

BERNARD SANDERS, VERMONT  
INDEPENDENT

September 4, 1997

The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
Washington, D.C. 20515

Dear Henry:

Thank you for your letter of August 28 regarding the consultant contract for Dick Bennett as Special Counsel to the Committee. I appreciate knowing of your thoughts and concerns regarding this matter.

Let me note that the contract I have proposed for Dick's services is not unprecedented. In fact, it is standard and customary for Committees to hire special counsel for investigations in this manner. It is frequently not possible for an attorney of Dick's stature and experience to leave his law firm for a temporary assignment such as this. That is why, in order to attract seasoned legal professionals, a consultant's contract has often been the preferred option for investigations conducted by the House Oversight Committee, the Committee on Standards of Official Conduct and special committees such as the October Surprise panel.

As my staff has conveyed to yours, Dick has stated that he will not be accepting new clients while he is working on this investigation. With regard to existing clients, he has taken the necessary steps to clear his schedule to the maximum extent possible so that he can devote his full time and attention to this investigation.

Dick has proposed a system to safeguard against potential conflicts of interests that I believe will serve very well. I have attached a copy of his letter to me outlining this system. He has reviewed his clients and those of his firm, and he has certified that they raise no conflicts of interest with this Committee's investigation. He will confer on a weekly basis with the ethics officer of his law firm on a confidential basis to discuss new areas of investigation under his supervision. The ethics officer will do a computer search of the firm's clients to ensure that no conflicts exist. I believe that this procedure will serve both the Committee and the law firm well. To my knowledge, it goes above and beyond what other special counsels in similar situations have done.

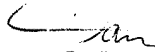
Let me also address some of your other questions. Dick has voluntarily offered to take a number of steps. In his letter to me, he has pledged to abide by the House's Code of Official Conduct and to adhere to the House gift rules during his tenure as special counsel. He has also agreed to adhere to the post-employment restrictions that normally apply only to House employees. Specifically, he states in his letter that he will agree not to represent clients before the Government Reform and Oversight Committee for a period of one year after the termination of his contract. (I would note that Dick is not a registered lobbyist and is not planning on becoming one.) To my knowledge, this is a step that no special counsel hired on a contract basis has ever taken.

On the subject of outside earned income, I believe that my staff has discussed with yours the practical contradictions of attempting to apply these rules to consultants. By their very nature, these rules cannot apply to attorneys hired on a consultant basis. The outside earned income restrictions contained in House Rule XLVII prohibit certain House employees from practicing law. Dick's legal services are being retained through a contract with his law firm. For this reason, special counsel have never been asked to abide by these rules. On the subject of financial disclosure, Dick has outlined in his letter his primary sources of income. I believe this explanation is rather straightforward.

Regarding the specifics of Dick's contract, he will be retained at a rate of \$15,000 per month, not to exceed \$60,000 for the calendar year 1997. His contract stipulates that he will not work less than 120 hours per month. Practically speaking, I think it is safe to say that he is likely to work many more hours than that.

Henry, I believe that Dick will be a great asset to this Committee. His reputation in the legal community is unquestioned. I hope that you will agree that the steps he has outlined in his letter go above and beyond what special counsels have done in the past. I hope this resolves some, if not all, of your concerns and that this contract will meet with your approval.

Best Regards,



Dan Burton  
Member of Congress

enc.  
DB/kb

LAW OFFICES		
<b>MILES &amp; STOCKBRIDGE</b>		
A PROFESSIONAL CORPORATION		
10 LIGHT STREET		
BALTIMORE, MARYLAND 21202-1487		
TELEPHONE 410-727-6464		
FAX 410-385-3700		
CAMBRIDGE, MD EASTON, MD FREDERICK, MD		MCLEAN, VA ROCKVILLE, MD TOWSON, MD WASHINGTON, D.C.

Richard D. Bennett  
(410) 385-3608

September 4, 1997

By Hand Delivery

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

In light of certain questions raised by Congressman Henry A. Waxman, Ranking Minority Member of the Committee, I can clarify the proposed consultant agreement with my law firm. Pursuant to that proposed agreement, I will be retained as a consultant to the Committee and will act as Special Counsel for the Committee's investigation.

While I remain a principal of the firm, I will limit my activities including specifically client representations to be consistent with the terms of the consulting contract between the Committee and my firm. I will also continue to exercise administrative responsibilities as co-chairman of the firm's Recruitment Committee interviewing applicants, which activity will occur primarily on Saturdays and Sundays. With respect to existing clients whom I have been representing, none of these clients pose a conflict of interest with the Committee's investigation. I have taken necessary steps to revise my calendar to devote my full attention to the work of the Committee during the months of September, October, and November, as well as other periods when Congress is in session and investigative activity is expected to be intensive. At this time, there are only three or four days of Court appearances scheduled in December for existing clients. The Addendum attached to the Contract Agreement specifically provides that I will work no less than 120 hours per month. In fact, I expect to work well in excess of 120 hours per month and will work primarily Mondays through Fridays on the Committee's work and investigation.

In order to address the concerns raised by Congressman Waxman, I have reviewed my clients, as well as those of this law firm. I am not aware of any conflict of interest that exists between my duties as Special Counsel for the Committee's investigation and the firm's clients. However, in order to ensure that no future conflicts develop, the following procedure will be immediately implemented by this law firm:



The Honorable Dan Burton  
 September 4, 1997  
 Page 2

**MILES & STOCKBRIDGE**  
 A PROFESSIONAL CORPORATION

Jefferson V. Wright, a principal of this firm, presently serves as the ethics officer for the firm. At the end of each week, I will provide to Mr. Wright on a confidential basis the names of any corporate entities or individuals which might require a conflicts review. Using the firm's computer technology, Mr. Wright will confirm that such corporate entities and individuals do not represent a conflict with respect to the firm's existing client list. If a conflict of interest arises, Mr. Wright will immediately notify me and I would recuse myself from any decisions with respect to any corporate entities or individuals creating such a conflict of interest, in similar fashion to that procedure which would be adopted by a U.S. Attorney in any Federal district. Mr. Wright will ensure that the firm does not undertake any new representation of any client which would create a conflict with the work of this Committee.

Although I will not be an "employee" of the House of Representatives, I will comply with the House's code of official conduct as set forth in House Rule XLIII and the "gift rule" set forth in House Rule LJ while serving as Special Counsel. With respect to post-employment restrictions, I am not a registered lobbyist and will not engage in any lobbying activities before the House. While the post-employment restrictions generally apply to House employees and not Special Counsel, I will pledge to the Committee that I will not represent any clients before the Committee on any matter for a period of 1 year after I conclude my activities as Special Counsel.

With respect to filing detailed financial disclosure reports comparable to those required of full-time House employees, it is my understanding that these have never been required of prior Special Counsel. I can represent to you and the members of the Committee that I have no other source of income except my salary as a principal of this firm. The only additional source of funds from which I benefit is my wife's salary, and a recent inheritance which she has received from her deceased parents.

I believe that I have addressed all of the concerns contained in Congressman Waxman's letter. I believe the precautions which I have taken go further than those ordinarily taken by other lawyers acting as Special Counsel for other House Committee matters.

Cordially,



Richard D. Bennett

RDB/djc

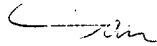
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Best Regards,



Dan Burton  
Member of Congress

enc.  
DB/kb

DAN BURTON, INDIANA  
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 COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
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 WASHINGTON, DC 20515-6143

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 DANNY K. DAVIS, ILLINOIS  
 JOHN F. TERRY, MASSACHUSETTS  
 JIM TURNER, TEXAS  
 THOMAS W. ALLEN, MAINE  
 HAROLD E. FORD, JR., TENNESSEE  
 BERNARD SANDERS, VERMONT  
 INDEPENDENT

September 5, 1997

The Honorable Dan Burton  
 Chairman  
 Committee on Government Reform and Oversight  
 2157 Rayburn House Office Building  
 Washington, D.C. 20515

Dear Chairman Burton:

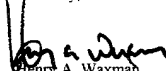
Yesterday, the Democratic members of the Committee met to consider the consultant contract for Richard Bennett. The consensus of the meeting was that we remain concerned that under the consultant contract you propose Mr. Bennett will not be complying with many House ethics rules, including the financial disclosure requirements and the limitations on outside earned income. He will also not disclose his law firm's clients, raising the possibility of conflicts of interest.

I am also troubled by the limited role Mr. Bennett would apparently be able to take in depositions if he is only a consultant to the Committee. Under Committee rule 20, only "committee staff" can be present at depositions and only a "committee staff attorney" may ask questions. This rule would seem to preclude a consultant like Mr. Bennett from participation in depositions.

For these reasons, I urge you to hire Mr. Bennett as a full-time employee of the Committee, not as a consultant. If this alternative is not feasible, I suggest that you redraft the consultant contract so that it requires full compliance with all House ethical rules.

I want to emphasize that my objections to the consultant contract do not reflect any personal objection to Mr. Bennett. To the contrary, my staff have met with Mr. Bennett and have been impressed with his approach, qualifications, and demeanor. Speaking as an individual member, I would fully support his appointment as chief majority counsel if this were to occur as a full-time employee -- not as a consultant who is exempt from important House ethical restrictions.

Sincerely,

  
 Henry A. Waxman  
 Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

Your refusal to even acknowledge the minority's requests makes a mockery of the Committee's procedures and the substance of the investigation. At this time, I consider our prior

The Honorable Dan Burton  
 September 9, 1997  
 Page 2

subpoena requests denied and no longer pending. Although it is probably senseless to submit additional requests to you given the treatment we have received, the minority will continue to fulfill its obligations and submit additional subpoena requests as warranted.

I am equally troubled by the cavalier treatment of the nine minority-requested subpoenas that have been issued, only seven of which have been served. I want to make sure that you and the other Committee members know that although you signed the subpoenas on June 5, the Richard Richards subpoena was not served until August 4, 1997. The National Policy Forum subpoena was not served until July 22, 1997. These delays are inexcusable.

As yet, no documents have been received from Signet Bank, the bank which provided the loan to the National Policy Forum that was guaranteed by a Hong Kong businessman. The due date on the Signet Bank subpoena was June 25, 1997 -- over two months ago. Your staff has been very aggressive in obtaining documents from Democratic targets. I would like to know what actions have been taken to ensure that Signet Bank complies with the subpoena promptly and what steps will be taken if the Bank continues to fail to comply.

There are three outstanding issues regarding the RNC document production: we are missing documents, no production log has been provided, and the privilege log needs clarification. On August 21, my staff sent a memo to your staff regarding documents we are missing from the RNC production. To date, we have had no response from your staff.

You have repeatedly demanded that the DNC create a production log for current and past productions. See, e.g., letters from James C. Wilson to Paul C. Palmer (August 5 and July 18, 1997) and Barbara Comstock to Judah Best (July 1, 1997). We have yet to see a production log from the RNC, although your staff director assured my staff that one had been requested. We certainly have not seen a similar exchange of letters with the RNC. The DNC is providing a production log for current productions.

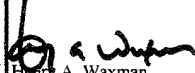
The RNC claimed privilege over a number of documents. The Senate has requested a clarification of the RNC's privilege log. My staff asked your staff to join us in a similar request to the law firm representing the RNC. My staff provided your staff with a draft letter on August 22. Although your staff initially offered to send such a letter, to date we have had no response from your staff, despite repeated phone calls.

In the past, you asked that issues of this sort be worked out on the staff level. We have attempted to do that -- both in writing and in phone calls -- but have received no response from

The Honorable Dan Burton  
September 9, 1997  
Page 3

your staff. What is unmistakably clear is that our legitimate inquiries into Republican abuses have not been treated seriously or even acknowledged.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

encl.

cc: Members of the Committee on Government Reform and Oversight

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

May 8, 1997

NATHAN A. WATMAN CALIFORNIA  
 JANNIE MC NURTNEY MEMBER  
 "MILANTOS" CALIFORNIA  
 "HUBBIE WEST" MINNIA  
 "LOUISE OWENS" NEW YORK  
 "LOUISE OWENS" NEW YORK  
 "MIL E. KANAGOSCH" PENNSYLVANIA  
 "JIMMY C. GORDON" FORMER  
 "JACQUETTE WALTON" NEW YORK  
 "THOMAS M. BARRETT" VERMONT  
 "ELEANOR HOLMES NORTON  
 DISTRICT OF COLUMBIA  
 "MARA FATH" PENNSYLVANIA  
 "N. HOLSEN" PENNSYLVANIA  
 "ELIZABETH GUYMONS" MARYLAND  
 "DENNIS KUCOR" OHIO  
 "ANDREW BLACKWELCH" ILLINOIS  
 "DANIEL K. DAVIS" ILLINOIS  
 "JOHN F. TIERNEY" MASSACHUSETTS  
 "JIM TURNER" TEXAS  
 "THOMAS A. LEE" MAINE  
 "BERNARD SANZERS" VERMONT

Although the majority apparently has little interest in investigating any Republican fundraising activities, I think it is also important that we pursue whether federal buildings were improperly used for fundraising purposes by the National Republican Committee, the National

The Honorable Dan Burton  
 May 8, 1997  
 Page Two

Republican Senatorial Committee, the National Republican Congressional Committee, and  
 GOPAC.

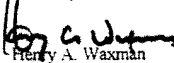
When you appeared on ABC's "This Week" program earlier this year, you stated that if federal officials were "using government facilities or government technology to solicit contributions, then there is a question of legality." Given your concern about the use of government facilities to solicit contributions, I hope you will agree to issue the enclosed subpoenas regarding this matter.

You have, of course, already issued subpoenas to investigate allegations about the use of federal property for fundraising purposes by Democrats. For example, you issued subpoenas to the Democratic National Committee and the Executive Office of the President for "all records related to the meetings generally known as 'White House Coffees'"; "all records of attendees at the White House movies"; "all records of guests at Camp David"; "all records of who has White House mess privileges"; "all records relating to the use of the Presidential box at the Kennedy Center"; and "all cellular phone records, phone credit card records and any charges billed to the Democratic National Committee."

The subpoenas I have drafted similarly seek information regarding fundraising and the use of federal property. Indeed, the link between fundraising and the use of federal property is even more clear in the instances described in the draft subpoenas. For example, the invitations to the 1995 Republican Senate-House Dinner indicate that federal facilities were used by the Republican campaign committees for fundraising purposes and that specific price tags were placed on different federal locations. For example, individuals who donated or raised \$15,000 were invited to a "Senate Majority Leader's Breakfast" hosted by Senator Bob Dole in the Senate Caucus Room. Those who donated or raised \$45,000 were invited to a luncheon hosted by Speaker Newt Gingrich in the Great Hall of the Library of Congress.

I have received evidence about numerous other fundraising activities in federal buildings, including invitations and solicitation letters signed by Members of Congress. The use of the Vice President's residence, the Old Executive Office Building, the White House, and the U.S. Capitol for fundraising activities during the Bush Administration appear to be the most explicit evidence of the use of federal property for fundraising that has yet come to light. In the interest of consistency and in recognition of the Committee's scope for the investigation, I ask that you issue these subpoenas and inform me of your decision within the timeframe provided in the Committee's procedures.

Sincerely,



Henry A. Waxman  
 Ranking Minority Member

Enclosures



COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

MAJORITY (207) 225-5074  
MINORITY (207) 225-5061  
TTY (207) 225-6852

June 10, 1997

HENRY A. WARREN CALIFORNIA  
JAMES MONAGHAN MISSOURI

\*TALANDES CALIFORNIA  
\*B. WISE WEST VIRGINIA  
\*LORR O'NEILL NEW YORK  
\*COLLINS TEXAS NEW YORK  
\*A. E. KANDORSH PENNSYLVANIA  
\*LARRY A. CONDOT CALIFORNIA  
\*DOROTHY MALONEY NEW YORK  
\*JAMES M. GARRETT MISSOURI  
\*ELEANOR HOLMES NORTON  
\*STRICT OF COLUMBIA  
\*TINA STANTIN PENNSYLVANIA  
\*JAMES E. BOSTON PENNSYLVANIA  
\*ELIAB E. CUMMINGS MARYLAND  
\*OWENS KLUCHICH OHIO  
\*ROD R. BLAGOVICH ILLINOIS  
\*JOHN F. DAVIS ILLINOIS  
\*DANNY F. TIERNEY MASSACHUSETTS  
\*JIM TURNER TEXAS  
\*THOMAS H. ALLEN MAINE

BERNARD SANDERS, VERMONT  
INDEPENDENT

Dear Mr. Chairman:

The proposed NRCC subpoena targets a brochure sent in the 1995-1996 election cycle. The brochure promised corporate donors that their contributions would "directly fund House races." Corporations are prohibited from making a contribution in connection with a federal election under the Federal Election Campaign Act (2 U.S.C. 441b).

As you know, the period provided in the Committee's document protocol for review of the proposed subpoenas is 24 hours. I trust you will inform the minority whether you will issue these requested subpoenas within this time frame. If you or your staff have any questions about these subpoenas, please call me or my chief counsel, Phil Barnett, at 225-5051.

Sincerely,

Henry A. Waxman  
Ranking Member

encl.

cc: Members of the Committee on Government Reform and Oversight

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

MAJORITY (2002) 225-5074  
MINORITY (2002) 225-3051  
TTY (2009) 225-4443

June 10, 1997

HENRY A. WILKMAN, CALIFORNIA  
JACKSON MINORITY MEMBER

TCM LANTOS, CALIFORNIA  
SIO WISE, WEST VIRGINIA

MAJOR R. OWENS, NEW YORK  
EDDIPUS TOWNS, NEW YORK  
PAUL S. KAGANICH, PENNSYLVANIA  
JERRY A. CONDOT, CALIFORNIA

CAROLYN B. MALONEY, NEW YORK  
THOMAS M. GARRETT, WISCONSIN  
SLEANDOR HOLMES, NORTH

DISTRICT OF COLUMBIA  
CARL PATTON, PENNSYLVANIA  
TOM HOLMES, PENNSYLVANIA

ELIJAH E. CUMMINGS, MARYLAND  
DENNIS KUCIUCH, OHIO

ROD R. BLAGOVESHCH, ILLINOIS  
DAVID K. DAVIS, ILLINOIS

JOHN F. TIERNEY, MASSACHUSETTS  
JIM TURNER, TEXAS  
THOMAS H. ALLEN, MAINE

BERNALDO SANDERS, VERMONT  
INDEPENDENT

Dear Mr. Chairman:

Henry A. Waxman  
Ranking Member

cc. Members of the Committee on Government Reform and Oversight.

Thus far, the minority has requested in writing the issuance of 38 document subpoenas. For the majority of these requests I have received no answer from you. For example, on June 10, I requested a set of subpoenas to the Bush and Reagan Presidential libraries regarding campaign

The Honorable Dan Burton  
 July 31, 1997  
 Page 2

contributors who stayed at the White House or Camp David, flew on Air Force One or Two, or attended coffees and other fundraisers at the White House or Vice President's residence. These subpoena requests were parallel to information requested of Democratic fundraisers and the Clinton Administration. On the same day, I also requested that you issue a set of subpoenas to the RNC, Haley Barbour, and several tobacco companies regarding a potential *quid pro quo* involving contributions from the tobacco companies to the RNC and subsequent lobbying of the Arizona House of Representatives Speaker Mark Killian and Texas Governor George Bush for pro-tobacco legislation by then-RNC Chairman Haley Barbour. According to Committee's document protocol, the deadline for consideration of subpoenas is 24 hours. Over a month later, the minority has received no response from you or your staff as to whether these subpoenas will be issued or reasons why they have been rejected.

I also requested that you issue a subpoena to the National Republican Congressional Committee regarding a fundraising brochure that promised corporate donors that their contributions would "directly fund House races." I expected that since it is illegal for a corporation to make a contribution in connection with a federal election, you would promptly agree to issue this subpoena. Yet it is now over a month later and I have yet to hear a response as to whether you will issue this subpoena.

**B. Failure to serve minority subpoenas**

On July 16, I learned that four of the nine subpoenas requested by the minority that you agreed to issue had not in fact been served. While I understand that it may prove impossible to serve Ambrous Young in Hong Kong, the delay in serving Richard Richards and the National Policy Forum seems unjustified.

According to your staff, Richard Richards and the National Policy Forum were not served because incorrect addresses were listed on the subpoena. Richard Richards is the former chairman of the Republican National Committee. I simply cannot understand why it took over a month to find his address.

Although you signed the subpoenas on June 5, the minority was not told of the failure to serve the subpoenas until July 16. If I had been informed of the failure to serve Mr. Richards earlier, I would have been happy to assist your staff in tracking down his address. In fact, on July 3, I wrote you with the correct address of the National Policy Forum. My staff was told on July 16 that a subpoena to NPF with a correct address was finally signed. My staff was told on July 21 that a subpoena to Mr. Richards with the correct address was finally signed. Not only is this extensive delay unfair to the minority, it also potentially jeopardizes the investigation by giving witnesses time to destroy documents.

The Honorable Dan Burton  
 July 31, 1997  
 Page 3

C. Requests Made in the Minority Subpoenas Narrowed and Deadlines Extended in Secret Meetings

As I wrote to you on June 27, I received a copy of a letter indicating that your staff met with representatives of the RNC and the RNC attorneys to discuss the Committee's document request to the RNC. I also received a copy of a letter from Barnett Bank indicating that your staff agreed to a "rolling" production schedule in lieu of the due date specified in the subpoena. There may be other such agreements that I simply do not know about.

So far, you have issued only nine of the 38 subpoenas proposed by the minority. Each of those nine was substantially redrafted by your staff. These revisions made the subpoenas narrower in scope than originally proposed by the minority and much narrower in scope than the subpoenas issued by the majority to Democratic targets. Now, I have learned that the items requested in those subpoenas are being redefined and narrowed further in meetings in which the minority does not play a part.

As your staff now acknowledges, it is unfortunate that your staff would meet with representatives of the RNC and other witnesses regarding Committee document requests without the knowledge or participation of the minority. It is also a violation of the Committee's document protocol, which requires that the minority be consulted about the scope of subpoenas.

D. Documents Received by the Majority Pursuant to Subpoena Not Provided to the Minority

In a meeting attended by lawyers for the RNC on July 2, 1997, the majority promised to provide the minority with a copy of the RNC documents to save the RNC the cost and trouble of xeroxing. The RNC delivered the documents to the Committee on July 1. The RNC materials were not provided to the minority until July 17, after I sent a written letter of complaint. As your staff has agreed, it should not take over two weeks to make copies. Particularly with depositions scheduled weekly, it is important that the minority not be delayed in getting potentially critical information.

II. Additional Minority Subpoena Requests

You have asked whether the minority would like you to issue additional subpoenas. As described below, I believe additional subpoenas should be issued. I also believe, however, that it is important that none of the serious problems described above recur with these new requests.

All of the subpoenas that have been requested to date by the minority would result in the

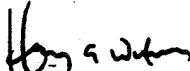
The Honorable Dan Burton  
 July 31, 1997  
 Page 4

disclosure of important facts about campaign finance abuses. I hope you will agree to issue all of these subpoenas, including the subpoena of Haley Barbour regarding his role in the National Policy Forum controversy, the tobacco industry subpoenas, the subpoenas on fundraising in federal buildings, and the subpoenas to the Bush and Reagan presidential libraries. I have enclosed a list of the minority subpoena requests that have not yet been issued.

I also request that you issue the attached subpoenas to investigate Michael Kojima's contributions to the Republican Party. You may remember that Michael Kojima was the Republican contributor labeled "America's worst deadbeat dad." There is evidence suggesting that the money Mr. Kojima donated may have come from foreign sources. For example, Mr. Kojima contributed \$500,000 to the 1992 President's Dinner. According to press accounts, part of the contribution was apparently drawn from an account that would not have contained sufficient funds, had not over \$300,000 been wired into the account in the two days after the check was written. Another part of the contribution was drawn from his business account. A letter addressed to Mr. Kojima's partner from the Sanach corporation, an offshore banking facility, promised that Sanach would deposit \$1.2 million into that account, "which includes the loan and the donation you requested." Also, two Japanese businessmen told CBS News that they paid Mr. Kojima to attend the President's dinner. One of the men said that Mr. Kojima asked him for hundreds of thousands of dollars for a chance to meet the president. The draft subpoenas seek further information about these transactions.

My staff is preparing additional subpoenas that I will forward to your staff next week.

Sincerely,



Henry A. Waxman  
 Ranking Minority Member

encl.

cc: Members of the Committee on Government Reform and Oversight

<sup>2</sup>No Subpoenas Yet in Burton Probe Of O'Leary Aide, Washington Post, Aug. 26, 1997 at 49.

The Honorable Dan Burton  
August 29, 1997  
Page 2

actively seeking immunity from Congress -- is worthy of some exploration, but it certainly lies far from the heart of our investigation. Mr. Chung said that an aide to Secretary O'Leary sought a donation to a charity that Secretary O'Leary favored at the same time that the Secretary was to meet with Mr. Chung and a foreign business acquaintance.

Mr. Chung's allegation, of course, is not a potential violation of the campaign finance laws; nor is it a campaign finance impropriety. Whatever policy questions are raised if a government official solicits for a charity, they have nothing to do with whether our campaign finance laws have been violated and how those laws should be reformed. It should be noted, also, that Secretary O'Leary had met the foreign businessman on a trip abroad, and that there is no allegation that Secretary O'Leary personally participated in soliciting anyone for the charity.

In contrast to your eagerness to investigate a press allegation that has nothing to do with campaign finance, you have shown no inclination to investigate several recent reports providing substantial evidence of serious improprieties and of violations of law that lie squarely within our mandate.

1. Illegal Foreign Contributions to a Republican Congressman. On the same day that NBC broadcast its interview with Mr. Chung, the Washington Post alleged that political contributions to Rep. Jay Kim (R-Calif.) "provide textbook examples of how campaign laws can and have been violated in the past."<sup>4</sup> The examples include a plan by a trade group to make illegal contributions in an undetectable manner, the laundering of foreign money through domestic bank accounts, the hiding of illegal corporate donations by using them for expenses, the making of contributions through "straw" donors, and a cover-up with false statements to the FEC. These clear instances of illegal foreign campaign contributions are exactly the kind of fundraising abuses that this Committee should be -- but to date is not -- investigating.

2. Tax Breaks to Tobacco Companies in Return for Political Contributions. The Washington Post also recently reported that, in the course of budget negotiations, Republican leaders "insisted on a provision that would give the tobacco companies a \$50 billion credit against the sum they had pledged to settle anti-tobacco litigation," and that these same leaders "were among Congress's top recipients of tobacco industry funds."<sup>5</sup> The Post provided information on how the tobacco industry furtively worked to influence the members to which they had contributed funds, probably led by the lobbying firm of former GOP chairman Haley Barbour. The Post then reported on a study that linked the tobacco industry's \$11.3 million in contributions to the \$50

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<sup>4</sup>Walter Pincus, Kim Probe Found Wide Variety of Campaign Violations, Wash. Post, Aug. 19, 1997, at A6.

<sup>5</sup>John Mintz, No One Admits Authorship of GOP Rider Cutting Tobacco Payment, Wash. Post, Aug. 17, 1997, at A1.



EXECUTIVE SESSION MATERIAL  
FOR MEMBERS AND AUTHORIZED STAFF ONLY

September 8, 1997

Page 2

haphazardly, without any discernible investigative strategy or plan. In fact, it appears that the depositions are being used primarily as fishing expeditions by the majority staff.

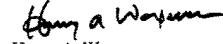
The list below is a small but representative sample of the topics pursued by the majority staff as the depositions have progressed:

1. The responsibilities Holli Weymouth performed for Mark Middleton
2. How Webster Hubbell obtained office space
3. How Webster Hubbell obtained employment
4. The flights Wayne Reaud and Truman Arnold made on Air Force One
5. The time Truman Arnold first heard of the White House database
6. Why Susan Lavine had a "hard pass" that allowed her to enter the White House
7. Why B.J. Thornberry did not file a DNC FEC report in October 1996
8. How the President learned about Webster Hubbell's billing dispute
9. Vernon Jordan's knowledge of Ron Brown's relationship with Nolanda Hill
10. White House polling requests during the 1996 election
11. Minyon Moore's get-out-the-vote efforts for the DNC
12. The activities of the DNC's Office of Membership Services
13. The activities of the Presidential Legal Expense Trust
14. The size of the DNC's media budget
15. The activities of the 1992 Presidential Inaugural Committee
16. The President's 50th Birthday Celebration
17. The activities of the Bingaman Commission
18. Vernon Weaver's activities at the Small Business Administration in the 1970s
19. The responsibilities Yusuf Khapra performed for Mack McLarty
20. The responsibilities Alejandra Castillo performed for Don Fowler
21. The responsibilities Janice Enright performed for Harold Ickes
22. Bernard Rapoport's overnight stay at the White House
23. The personal relationship between Harold Ickes and Dick Morris
24. The responsibilities Evan Ryan performed for Maggie Williams
25. Ron Brown's trade missions to China
26. The labor dispute at a Sprint subsidiary in San Francisco
27. How the DNC issue-advocacy ads were created
28. Dick Morris's fee arrangements with President Clinton
29. David Watkins's use of White House helicopters
30. Susan Thomases's business dealings with James Riady
31. Senator Sasser's appointment as Ambassador to China
32. Bernard Nussbaum's resignation
33. The delivery of flowers to the First Lady's office
34. Hazel O'Leary's charitable solicitations

The Honorable Dan Burton  
August 29, 1997  
Page 4

The issues raised in this letter and my previous subpoena requests should be a major focus of your investigation. I regret that they are being ignored.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry A. Waxman".

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

Unfortunately, there is no focus to the depositions. The depositions appear to be taken

The Honorable Dan Burton  
 August 29, 1997  
 Page 3

billion tax break, and also linked the contributions from five other industries to tax breaks given to those industries.<sup>5</sup> These tax breaks provided as apparent "quid pro quos" for campaign contributions are "substantial evidence of impropriety" and should be investigated by our Committee.

3. Harold Simmons: A few weeks ago, President Clinton exercised his line-item veto to strike a budget provision "that administration and congressional tax experts said would primarily benefit a single transaction -- the sale by a Texas businessman of sugar beet processing plants to a Utah-based cooperative of farmers."<sup>7</sup> The experts indicated that about \$60 million of the provision's \$84 million tax benefit would go to the firm, Valhi Inc., which is controlled by the businessman, Harold Simmons, who also happens to be a leading contributor to the Republican party.<sup>8</sup>

Earlier this summer, the press reported that the Department of Justice is investigating Mr. Simmons for possibly making illegal campaign contributions through his daughters. According to these reports, the Simmons family, and a web of political committees it controls, has given at least \$1.5 million to the GOP since 1980, and tens of thousands more were given by officers of Mr. Simmons' companies to the same candidates and causes, sometimes on the same day as Mr. Simmons contributed. Although Mr. Simmons has denied certain of the allegations against him, he did pay a \$19,800 fine for violating campaign laws in 1988 and 1989 and has been quoted as confirming that he exceeded legal limits by \$110,000 in the 1990s by making contributions to political action committees in his four daughters names.<sup>9</sup> Our Committee should investigate these apparent campaign finance violations, as well as whether he or his company received favors from politicians in return for his contributions.

Your investigation's credibility has been undermined by your continued partisan focus and refusal to investigate Republican fundraising abuses. In fact, you have not even given me the courtesy of a response to many of my previous requests for subpoenas, including three letters I sent you over two months ago on June 10, 1997.

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<sup>5</sup>Ceci Connolly, Donors To Campaigns Fared Well In Budget, Wash. Post, Aug. 22, 1997 at A21.

<sup>7</sup>John F. Harris, Clinton Wields New Authority, Vetoing 3 Items, Wash. Post, Aug. 12, 1997, at A1.

<sup>8</sup>John F. Harris, President to Use New Veto, Wash. Post, Aug. 11, 1997, at A1.

<sup>9</sup>Susan Feeney, U.S. Reportedly Investigating Simmons' Political Donations, Dallas Morn. News, June 6, 1997, at 1A; Report: Justice Department Investigating Harold Simmons, Assoc. Press, June 6, 1997.

**EXECUTIVE SESSION MATERIAL  
FOR MEMBERS AND AUTHORIZED STAFF ONLY**

September 8, 1997  
Page 3

- 35. Efforts to defeat Prop. 209 in California
- 36. The nomination of March Fong Eu as Ambassador to Micronesia

Viewed in isolation, it may be possible to justify pursuing some of these topics in the depositions. Viewed collectively, however, the list illustrates how disorganized the depositions have become. I would urge you to review the deposition transcripts to comprehend the full scope of the majority's questioning. I believe you will be struck by the fact that virtually none of the witnesses have had any detailed knowledge about any of the principal figures in the investigation, such as John Huang or Charlie Trie. The result has been that although over 160 hours of depositions have been conducted, the Committee has learned virtually nothing that has not previously been reported in the press or uncovered by Senator Thompson.

**II. The Depositions Frequently Seek Information Beyond the Investigation's Scope**

In addition to their lack of focus, the depositions have frequently strayed beyond the scope of the investigation. Under H. Res. 167, depositions can be taken to investigate only "political fundraising improprieties and possible violations of law." Over the objections of the minority, however, Chairman Burton's staff have repeatedly pursued questions that do not fall within this confined scope. Questions have gone so far afield that Dick Morris was even asked, "Did there come a time when Mr. Stephanopoulos told you about the discovery of life on Mars?"

The overall approach of the majority is characterized by a comment one of the attorneys working for the majority told a member of the minority staff during the August recess. According to one majority counsel, he and his colleagues had been instructed to "blow off" any objections raised by the minority because witnesses will answer almost any question in order to finish the deposition and avoid having to return at a later date.

Specific examples of improper questions are described below. As these examples

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The one exception to the majority's scatter-shot approach has been the inquiry into the circumstances surrounding Webster Hubbell's employment after he left the Justice Department. The majority staff has attempted to probe this issue thoroughly, calling 8 witnesses with first-hand knowledge of the circumstances surrounding Mr. Hubbell's employment. This inquiry, however, has to date refuted the majority's suspected conspiracy theory. Each of the witnesses has testified that the witness acted out of personal friendship for Mr. Hubbell -- not as part of a White House conspiracy to affect Mr. Hubbell's Whitewater testimony. Moreover, the investigation into Webster Hubbell has inexplicably broadened to encompass Mr. Hubbell's 1993 confirmation, his work at the Department of Justice, and his role in the replacement of U.S. Attorneys after the 1992 election.

EXECUTIVE SESSION MATERIAL  
FOR MEMBERS AND AUTHORIZED STAFF ONLY

September 8, 1997

Page 4

illustrate, the majority staff appears to believe that it has been granted an essentially limitless mandate to conduct depositions on any topic it desires. Indeed, majority counsel have so asserted on the record. For example, in the deposition of Charles Duncan, the majority counsel asserted that the majority's authority under H. Res. 167 to depose witnesses regarding "political fundraising improprieties and possible violations of law" should "be read in the disjunctive," thereby authorizing the majority to investigate any "possible violation of law" regardless of whether it is related to political fundraising.

A. Questions That Pry into Private Lives

On numerous occasions, the majority staff has sought personal information from witnesses that falls outside the scope of the investigation. For example, Janice Enright was asked what type of car she drives. Karen Hancox was asked, "Did you ever receive a drug test?" Yusuf Khapra was asked for the name of his girlfriend. Evan Ryan was asked if Maggie Williams ever received personal phone calls in the office. Dick Morris was asked if he knew of any legal problems in Harold Ickes' background: "You hail from New York as Mr. Ickes does. Are you familiar with his -- do you have any personal knowledge about any legal problems in his background?" Mr. Morris also was asked if he ever "talked to the President about how he treated David Watkins or Betsy Wright." These sorts of questions may have a voyeuristic appeal, but they are irrelevant to this investigation.

The majority has also often sought the social security number of a witness during a deposition. Such a question implies that the majority is investigating the witness, and serves no purpose other than intimidation.

B. Questions That Relate to Whitewater

The events popularly known as "Whitewater" have been examined exhaustively both by Independent Counsel Kenneth Starr, who has spent over \$30 million on his ongoing investigation, and by Senator D'Amato in hearings last year. While Whitewater may be a particular obsession to some, I think most of the Committee members would be surprised to learn that it has become a major focus of the depositions.

Nevertheless, this is exactly what has happened. Witnesses such as Michael Berman, Jim Blair, Vernon Jordan, Jim Lewin, Dick Morris, Mike Schauffele, and Mickey Kantor have been questioned about their knowledge concerning Whitewater. For example, Mr. Schauffele was questioned concerning the Castle Grande investment project, the business dealings of a Whitewater figure named Seth Ward, and other Whitewater-related matters. The majority has even tried to investigate Whitewater-related work done by the President's private lawyer, asking

**EXECUTIVE SESSION MATERIAL  
FOR MEMBERS AND AUTHORIZED STAFF ONLY**

September 8, 1997

Page 5

Dick Morris. "Did you speak to [Bob Bennett] on matters related to Whitewater?" Recently, Committee attorneys also have been asking witnesses such as Dick Morris and Maggie Williams about a San Francisco attorney named Jack Palladino, and whether he was hired in 1994 to investigate Rep. James Leach, who at the time was investigating Whitewater matters.

These Whitewater inquiries are beyond the scope of the deposition authority granted to the Committee under H. Res. 167 because they do not involve "political fundraising improprieties and possible violations of law."

**C. Questions That Relate to Democratic Political Strategy**

The majority has also strayed beyond the permissible scope of depositions by seeking to uncover elements of Democratic political strategy. For example, Michael Berman, a private citizen who advised the Clinton/Gore campaign, was intensively questioned about the media budgets for the Clinton-Gore and DNC campaigns. He was asked, for instance:

Were you aware of efforts to have large media budgets in the summer and fall of 1995?

To your knowledge, was money raised for media budgets?

Were you aware of any efforts to direct large volumes of money to media in the fall of 1995?

But do you have any knowledge of efforts to have massive media buys in the fall of 1995?

Do you have any knowledge of Dick Morris in September of 1995 driving efforts to get a \$10 million media budget approved?

Do you have any general knowledge of any discussions between Mr. Ickes and Mr. Morris about the need for raising large amounts of money in the fall of 1995?

Similarly, Doug Sosnik, the White House political director, was questioned for more than two hours on the general functioning of the DNC's issue and advertising strategy. And Dick Morris, a former top strategist for the President, was asked such questions as "Did you advise Mrs. Clinton at all on her health care reform policies?" and "Did you conduct polls regarding Whitewater or Filegate or other matters that arose?"

These questions are inappropriate. It is an abuse of the deposition power -- as well as blatantly partisan -- to attempt to use depositions to uncover confidential Democratic political

**EXECUTIVE SESSION MATERIAL  
FOR MEMBERS AND AUTHORIZED STAFF ONLY**

September 8, 1997

Page 6

strategies.

**III. The Depositions Are Abusive to Witnesses**

Perhaps the most serious problem of all is the burden that the depositions unfairly impose on witnesses. Simply put, the majority counsel seem incapable of conducting competent depositions. Witnesses are regularly asked repetitive questions and questions about which they have no knowledge. They are misled about the subject of the deposition, confronted with documents that they have never seen before, and are subjected to attempts to "trap" or "rattle" them. In short, many innocent witnesses are treated as if they were targets in a criminal investigation.

**A. The Maggie Williams Deposition**

The 10 ½ -hour deposition of Maggie Williams, which was conducted on August 27 by the chief investigative counsel for the majority, illustrates many of the problems witnesses encounter. First, Ms. Williams was misled about the focus of the deposition. Prior to the deposition, Ms. Williams's attorney had been informed that the questioning would focus primarily on Ms. Williams's contacts with Johnny Chung. These contacts are a legitimate area of Committee inquiry, since Mr. Chung is alleged to have delivered a DNC contribution to Ms. Williams at her White House office. At the deposition, however, the majority counsel announced that the deposition also would include "general fund-raising issues," Webster Hubbell, and "the main characters -- John Huang, Charlie Trie, the Riadys." As it turned out, the majority counsel asked about a host of other matters as well. Questions about the central issue of Mr. Chung did not appear until about 7 hours into the deposition.

At the deposition, Ms. Williams was repeatedly subjected to long exchanges of repetitive questions. For example, the majority counsel asked Ms. Williams about a May 9, 1996, meeting that Ms. Williams allegedly attended. Ms. Williams testified that she could not recall any specific meeting on that date. Nevertheless, the majority counsel persisted in asking about this meeting over and over again. The following are only a few of the many questions asked:

Do you recall prior to this May 9th meeting ... if Harold actually had told you anything related to Charlie Trie?"

In this May 9 meeting, did anyone indicate there had been an earlier meeting several weeks before with the First Lady and Harold Ickes about Mr. Trie?

And in this May 9th meeting, did Mr. Cardozo talk about the investigative group's investigation of ... the donations in general?



EXECUTIVE SESSION MATERIAL  
FOR MEMBERS AND AUTHORIZED STAFF ONLY

September 8, 1997  
Page 7

These are the notes that Harold Ickes made from the May 9th meeting. ... Does that refresh your recollection as to whether Mr. Cardozo ... had discussed, you know, that Charlie Trie was specifically the person giving these large donations?

The majority counsel then informed Ms. Williams that Michael Cardozo had testified that he called Williams prior to the May 9 meeting. Ms. Williams testified that she didn't recall Mr. Cardozo doing so. The majority counsel then proceeded to ask several more times if Ms. Williams recalled Mr. Cardozo calling to set up the meeting:

And so you don't recall talking to him on the phone about setting up this meeting?

You have no knowledge of who invited them or how they ended up in your office about the meeting?

[Y]ou don't have a recollection of Mr. Cardozo calling to set up a meeting?

I think Mr. Cardozo indicated that he called you, so I am trying to figure it out if you have a recollection of how it came about?

As it turned out, not only were these questions redundant, they were also erroneous. Much later in the deposition, the majority counsel acknowledged that Mr. Cardozo never called about the May 9 meeting, conceding that "when I said that I thought Cardozo called you about the May 9 meeting it was actually the April 4 meeting."

The Williams deposition is filled with other similar examples of repetitive questioning. For instance, the majority asked a series of repetitive questions and wasted a considerable amount of time on the topic of visits by Mark Middleton to the White House. After Ms. Williams testified that she did not recall specific meetings with Mark Middleton at the White House, the deposition went off the record to allow her to carefully review an exhibit consisting of several pages of Secret Service records listing the dates and the times Mr. Middleton visited the White House. Ms. Williams then testified that "the dates mean nothing to me" and "it doesn't refresh my recollection." Despite Ms. Williams's close examination of the records and her testimony that it did not refresh her recollection, the majority counsel then went on to direct her attention to specific entries in the records she had just reviewed, repeatedly reading the times of day of the Middleton visits and asking whether the information assisted Ms. Williams. Again, Ms. Williams said that she did not recall any information about what Mr. Middleton was doing at the White House on those dates. In this repetitive and abusive process, the only time Ms. Williams was able to elaborate on the meetings was one occasion when the majority counsel provided her with separate documentation containing additional information that refreshed her recollection.

**EXECUTIVE SESSION MATERIAL  
FOR MEMBERS AND AUTHORIZED STAFF ONLY**

September 8, 1997

Page 8

Ms. Williams was also asked many questions about events with no known connection to her. Thus, she was asked whether she had ever met Jack Palladino, a San Francisco attorney allegedly hired to investigate Rep. James Leach; whether she knew about the activities of the "Back to Business Committee"; and whether she had any knowledge of the charitable contributions solicited by Hazel O'Leary. Not surprisingly, Ms. Williams had no knowledge about these topics. No justification was given for subjecting her to this kind of fishing expedition.

During the first 10 hours of the deposition, the minority's chief investigative counsel sought permission on several occasions to ask short clarifying questions. The majority counsel, however, repeatedly denied the minority counsel the opportunity to ask any questions, even when the minority's question would have clarified an unclear or confusing answer by Ms. Williams. Although the deposition began at 10:00 a.m., the majority counsel did not conclude her questioning until 8:10 p.m. (without even a lunch or dinner break). As a result, the minority counsel was effectively foreclosed from asking any substantive questions.

A final irony is that most of the 10 1/2-hour deposition was entirely unnecessary because it duplicated the deposition of Ms. Williams conducted in the Senate. Moreover, the deposition was extremely intrusive, burdensome, and expensive to the witness. Ms. Williams says that in responding to the various investigations, she has incurred over a quarter of a million dollars in attorneys' fees.

**B. Other Deposition Abuses**

The problems encountered by Maggie Williams in her deposition are representative of problems in many other depositions. For example, virtually every deposition wastes enormous time on repetitive questioning.

Like Ms. Williams, most witnesses are also forced to respond to "fishing expedition" questions about events or persons to which they have never been publicly connected. A particularly egregious example is the deposition of Michael Schaufele, Webster Hubbell's accountant, who was called to be questioned about Mr. Hubbell. Without any predicate whatsoever, the majority counsel asked Mr. Schaufele a series of questions on political fundraising and national security, including whether he knows Roger Tamraz, Yogesh Gandhi, Pauline Kanchanalak, Eric Hotung, and John Huang. He never had met any of those individuals. No justification was given as to why a private citizen like Mr. Schaufele, who has no connection to campaign fundraising, should be subjected to extensive campaign fundraising questions for which there is no good-faith basis to believe he has any personal knowledge.

A representative example of the majority's efforts to "trap" or "rattle" witnesses is the deposition of Charles Duncan, a White House employee. In this deposition, the majority asked

EXECUTIVE SESSION MATERIAL  
FOR MEMBERS AND AUTHORIZED STAFF ONLY

September 8, 1997  
Page 9

Mr. Duncan if he recalled an April 23, 1996, White House visit by Charlie Trie. Mr. Duncan stated that he did not. When he again was asked if he recalled setting up an appointment with Mr. Trie for April 23, 1996, Mr. Duncan asked the majority if it had a document that would inform him of the date the Bingaman Commission (which Mr. Trie served on) was announced. The majority said "we might" but refused to show him a document or provide any help.

Finally, as was the case for Ms. Williams, the deposition process has been redundant and personally burdensome for most witnesses. Most of the House depositions have overlapped significantly with the Senate. Of the 39 witnesses deposed by the House, 21 had previously been deposed by the Senate. As Doug Sosnik testified in his deposition, "I would say that the time I spent here and the questions that I was asked were very similar in subject matter and in documents to what I did in the Senate." Moreover, of the witnesses deposed by the House, 15 have also been investigated by Independent Counsel Kenneth Starr or the Department of Justice. Virtually the only witnesses deposed by the House who have not been previously deposed by the Senate or investigated by Mr. Starr are minor figures with little or no knowledge concerning the topics upon which they were questioned.

IV. Conclusion

In my view, the conduct described above is a very serious matter. The Committee has delegated extraordinary power to the staff but has neglected to exercise any supervision to ensure that staff acts responsibly and competently. The result is a process completely shielded from any public accountability. It raises fundamental questions about the wisdom of allowing the Chairman and his staff -- with virtually no member participation -- to continue to use depositions as part of the campaign finance investigation.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

[illegible]

The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform & Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Henry:

I am writing to respond to your concern expressed in your September 5 letter that Dick Bennett may be unable to participate in depositions because of his status as an attorney hired under consultant contract. Let me reassure you that this is not the case.

Your concern apparently grows out of the wording of Committee Rule 20, which states that, "A deposition shall be conducted by any member or committee staff attorney . . ." Your view is apparently that consultants are not included within the meaning of "committee staff." I will quote you the definition of the word "staff" from Webster's Collegiate Dictionary: "the personnel who assist a director in carrying out an assigned task." Clearly, the word "staff" is a general term that refers to people who perform work, and is not intended to be limited by the arrangements under which those people are paid. Thus, in my view, "committee staff" refers to all people who do work for the Committee, whether they are full-time employees, consultants, or interns. Rule 20's requirement that depositions be conducted by committee staff attorneys was specifically intended to distinguish between committee staff and personal office staff, not to distinguish between committee employees and committee consultants.

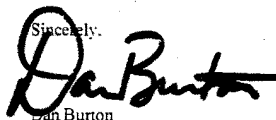
I should add that this is an interpretation that has historically been used by other Committees without controversy. As an example, during the Ethics Committee inquiry regarding the Speaker, Special Counsel James Cole was employed as a consultant. Mr. Cole conducted numerous depositions.

Another example is the October Surprise investigation. In drafting the rules for our investigation, my staff borrowed heavily from the rules and procedures written for October Surprise and other prior investigations. Paragraph 6 of H.Res.258, which authorized the October Surprise investigation, stated that depositions may be taken "by a Member or by designated staff." Yet the October Surprise task force employed numerous attorneys as consultants. Both

The Honorable Henry Waxman  
Page 2

the majority and minority chief counsels. Lawrence Barcella, Jr., and Richard Leon, were employed as consultants, in exactly the same manner as Dick Bennett. Both conducted numerous depositions. In fact, in the October Surprise Task Force's report, there is a section labeled "staff." Under this heading are listed the names of all of the attorneys hired as consultants right alongside the attorneys hired as full-time employees. I am enclosing a copy.

I hope that this explains why, in my view, Dick Bennett is clearly authorized to conduct depositions. I believe that the precedents established by committees in previous Congresses with similar rules support this interpretation very strongly. Thanks again for sharing your views. If you have any further thoughts on this matter, please give me a call.

Sincerely,  
  
Dan Burton  
Chairman

enc.

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United States House of Representatives  
102d Congress, 2d Session

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JOINT REPORT  
OF THE  
TASK FORCE TO INVESTIGATE  
CERTAIN ALLEGATIONS  
CONCERNING  
THE HOLDING OF  
AMERICAN HOSTAGES  
BY IRAN IN 1980  
("October Surprise Task Force")



Lee H. Hamilton, Chairman  
Henry J. Hyde, Ranking Republican Member

January 3, 1993—Committed to the Committee of the  
Whole House on the State of the Union, and ordered to  
be printed

Washington, DC

### XIII. Task Force Budget, Rules and Procedures

#### A. Budget

House Resolution 258 authorized the expenditure of funds to conduct the inquiry. The actual Task Force budget was approved with the passage of House Resolution 585 by the House on October 2, 1992. Majority and Minority counsel conducted the investigation in the most economical manner possible, while at the same time maintaining the high standards of thoroughness required by the members of the Task Force. The Congress budgeted 1.35 million dollars for the cost of the investigation.

#### B. Staff

The first order of business was the hiring of Majority and Minority counsel and their respective staffs. E. Lawrence Barcella, Jr., was hired as Chief Counsel and Richard J. Leon was hired as Chief Minority Counsel.

##### **Chief Counsel, E. Lawrence Barcella, Jr.**

E. Lawrence Barcella, Jr. is presently a partner in the Washington office of Katten, Muchin, Zavis and Dombroff. His services were retained by the Task Force because of his experience both as a federal prosecutor and a white-collar criminal defense counsel. Barcella served with the United States Attorneys Office in Washington, D.C. from 1970 to 1986, investigating and prosecuting scores of complex and sensitive cases. Many of these cases involved international arms trafficking, terrorism and fraud, all of which required substantial investigative as well as trial prowess. Since leaving the United States Attorneys Office, Barcella has represented a variety of national and interna-

tional clients in complex criminal matters and internal investigations.

##### **Chief Minority Counsel, Richard J. Leon**

Richard J. Leon is a partner in the Washington office of the law firm Baker & Hostetler, where he specializes in white-collar criminal defense and environmental litigation. Prior to entering private practice, Leon served in a variety of positions at the United States Department of Justice, including Deputy Assistant Attorney General for environmental enforcement, and as a senior prosecutor in the Tax Division's Criminal Section, where he investigated and prosecuted a series of cases of regional and national significance. In addition, Leon served in 1987 as the Deputy Chief Minority Counsel to the United States House Select Iran-Contra Committee.

Messrs. Barcella and Leon were responsible for selecting a legal staff to support them in conducting the investigation and the writing of the report.

#### 1. Majority Staff

##### **Deputy Chief Majority Counsel, Michael F. Zeldin**

Before joining the Task Force, Michael Zeldin served as special counsel for money laundering in the Criminal Division of the United States Department of Justice. In this capacity, Zeldin was responsible for coordinating multi-district litigation and international money laundering matters. Prior to assuming this post, Zeldin was the director of the Asset Forfeiture Office and deputy chief of the Narcotic and Dangerous Drug Section in the Criminal Divi-

sion of the United States Department of Justice.

**Associate Majority Counsel, Sotiris A. "Ted" Planzos**

Sotiris Planzos joined the Task Force after serving as a senior counsel in the Division of Enforcement of the Securities and Exchange Commission in Washington, D.C. Prior to his tenure at the S.E.C., Planzos served for six years as an assistant district attorney in Bronx County, New York, where he conducted investigations and prosecutions involving narcotics trafficking and white collar criminal matters. Planzos worked for the Task Force from March 21, 1992 to September 19, 1992.

**Senior Associate Majority Counsel, Nancy Luque**

Nancy Luque is an attorney in the Washington office of Katten, Muchin, Zavis and Dombroff. She specializes in white collar criminal matters. Between 1979 and 1982, Luque served as a trial attorney in the United States Department of Justice, and from 1982 through 1989 she was an assistant United States attorney for the District of Columbia.

**Associate Majority Counsel, Anne E. Pings**

Anne Pings is an associate with the law firm of Katten, Muchin, Zavis and Dombroff, where she specializes in white collar criminal defense.

**Associate Majority Counsel, Mark L. Shaffer**

Mark L. Shaffer is a partner at the law firm of Freer & Alagia, specializing in national security, ~~ethical~~ white collar crime, government contracts, and employment-related litigation. He presently serves on the Ethics Rules Committee of the District of Columbia Bar. During 1978 and 1979, he served as a trial attorney and senior trial attorney in the Employment Litigation Section of the Civil Rights Division of the United States Department of Justice. Between 1973 and 1978, he served as a trial attorney and senior trial attorney for the Contra Costa County Public Defender's Office in California.

## 2. Minority Staff

**Minority Staff Director and Special Counsel, John P. Mackey**

John P. Mackey served in the Department of Justice as a Deputy Assistant Attorney General and Associate Deputy Attorney General before joining the Task Force on May 1, 1992. Mackey had previously been engaged in private practice in New York and Washington, D.C. His government service also includes duty as a special agent of the FBI from 1968 to 1972.

**Deputy Chief Minority Counsel, Gregory W. Kehoe**

Gregory W. Kehoe was the first assistant United States attorney for the Middle District of Florida from February 1989 through June 18, 1992 when he joined the Task Force. From March 1983 through February 1989, Kehoe was an assistant United States attorney for the Southern District of Florida, serving as the chief of the office's Northern Division from 1986 until his departure in 1989.

**Senior Associate Minority Counsel, David H. Laufman**

David H. Laufman is Deputy Minority Counsel to the Committee on Foreign Affairs of the United States House of Representatives, where he has specialized in legislative and investigatory oversight as well as Middle East affairs. Mr. Laufman's services were made available to the Task Force through the good offices of the Hon. William S. Broomfield, Ranking Member of the Committee on Foreign Affairs. Prior to joining the Committee on Foreign Affairs, Mr. Laufman was an associate at the Washington, D.C. law firm of Collier, Shannon, Rill & Scott, specializing in litigation. During the period of 1980-1984, he was an intelligence analyst at the Central Intelligence Agency.

**Associate Minority Counsel, Gregory A. Paw**

Gregory Paw is an associate in the Washington office of Baker & Hostetler, where he specializes in complex civil litigation and white collar criminal defense. Prior to joining Baker & Hostetler in 1989, Mr. Paw served as a law clerk to the Honorable Walter E. Hoffman,



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ONE HUNDRED FIFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

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HENRY A. WAXMAN, CALIFORNIA  
RANKING MINORITY MEMBER  
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BERNARD SANDERS, VERMONT  
HOPKINS

September 11, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to request that the Committee not schedule depositions during the full Committee hearing on campaign finance that is scheduled for September 17 and 18, 1997.

It is my understanding that the Committee is scheduling the deposition of Mr. Frank Reeder for September 17, 1997, and the deposition of Ms. Jackie Bellanti for September 18, 1997, regarding its investigation of the White House Database ("WhoDB"). I would like your assurance that these depositions will be rescheduled for a later date so that they do not conflict with the Committee's hearing schedule.

Thank you, in advance, for your assistance in this matter.

Sincerely,



Henry Waxman  
Ranking Minority Member

September 16, 1997

JERRY & JAMMAN CO. PTY. A  
 JACKSON MINORITY SERVICES  
 12 LANSIE CALIFORNIA  
 12 WISE WEST, P.O.A.  
 MAJOR R OWENS NEW YORK  
 COLUMBUS THOMAS NEW YORK  
 JAMES K KANAKOSKE PENNSYLVANIA  
 LARRY A COHET CALIFORNIA  
 ARLO RUS MALONEY PENNSYLVANIA  
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 EDWARD HOLMES NORTH CAROLINA  
 1 STREET OF COLUMBIA  
 1 AGA FATHAN PENNSYLVANIA  
 1 JANE E CUMMINGS MARYLAND  
 1 JERRY KUCHINSKY OHIO  
 1 JIM RUS KUCIOWSKI NEW YORK  
 JERRY K DAVIS KANSAS  
 JOHN F TERNEY WISCONSIN  
 JIM TURNER TEXAS  
 THOMAS H ALLEN, MARINE  
 HAROLD E. FORD, JR., TENNESSEE  
 BERNARD SANDERS, VERMONT

Dear Chairman Burton:

Since July, your staff has conducted 50 depositions lasting hundreds of hours. As I described in detail in my letter of September 10, which you have not responded to, these depositions were a frustrating experience for the minority. They lacked any coherent focus; they frequently diverted into irrelevant lines of questioning, such as who so-and-so was dating or who received drug tests; and they were conducted in an incompetent fashion, wasting hours of witnesses' time with repetitive questions and fishing expeditions. Nevertheless, I believed that you must have had some purpose in taking these depositions and that our long-delayed hearings would focus on matters arising from the depositions.

As I expressed to you privately, I had other concerns about the hearing as well. First, I was surprised that you decided to give the minority only seven days notice -- the absolute minimum required under the House rules. Given my staff's repeated requests for advance notice and the fact you and your staff have had over eight months to identify the focus of your first hearings, I had expected that as a matter of simple courtesy you would give the minority more time to prepare.

Moreover, I was extremely dismayed to learn that your staff had interviewed two of the witnesses during a clandestine trip to California in August. As I confirmed in writing to you on August 1, you had made a personal commitment to me that your staff would not take trips to interview witnesses without making a good-faith effort to include the minority. There is no kind way to communicate my disappointment that you did not honor this commitment -- nor even inform me of your intention not to do so.

The Honorable Dan Burton  
September 16, 1997  
Page 2

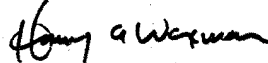
Nonetheless, despite these serious misgivings, I directed my staff to prepare for the hearings and kept my objections private. I took this action in part because you had hired a new chief counsel and I wanted to provide your new counsel an opportunity to conduct the investigation in a more professional manner than it has previously been conducted.

Now, however, I learn that you are suddenly shifting directions once again. You have decided to cancel the hearings for Wednesday and Thursday and instead plan to hold a business meeting on Thursday to consider giving immunity to the witnesses previously scheduled to testify on that day, Manlin Fong, Joseph Landon, and David Wang. And once again, you have given the minority the minimum notice required under our rules, faxing the meeting notice at 8:00 p.m. yesterday evening.

At this point, I have a completely open mind regarding the appropriateness of granting immunity to these witnesses. However, I do not understand why you are rushing to force an immediate vote on immunity without first seeking the views of the Department of Justice. It would also seem advisable for us to seek the views of Senator Thompson and Senator Glenn before we consider immunity, so that we can insure that any House immunity does not impede their investigation.

Moreover, I find it regrettable that your staff would in effect seek to coerce the minority. Your staff informed my staff yesterday that if the minority did not vote for immunity, you would schedule a hearing on September 23 at which your staff would read the transcript of a tape recording your staff obtained from Manlin Fong before she obtained legal representation. It is entirely your decision whether you want to take this step. You should know, however, that my decision regarding whether immunity is appropriate will not be influenced by any threats of future actions that you may take.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

cc: Members, Committee on Government Reform and Oversight

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
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MAJORITY (202) 225-5074  
MINORITY (202) 225-5051  
TTY (202) 225-6852

September 22, 1997

\*EVA A. WARREN, CALIFORNIA  
 JAMES R. BARNHART, MINNESOTA  
 \*\*M. LINTOS, CALIFORNIA  
 \*D.B. JAMES, WEST VIRGINIA  
 MAGGIE OWENS, NEW YORK  
 \*COLPHUS THOMAS, NEW YORK  
 \*A. A. KALOUSKIS, PENNSYLVANIA  
 LARRY A. CONDOT, CALIFORNIA  
 \*LACKYIN B. BALDREY, NEW YORK  
 \*BARBARA T. WICKSONG  
 JOSEPH HOLMES, MISSOURI  
 \*T. COT OF COLUMBIA  
 \*NICK FATTAM, PENNSYLVANIA  
 ELIANE E. COBBINGS, MARYLAND  
 DENNIS KUGCHAK, OHIO  
 FOD R. BLADGIER, ILLINOIS  
 \*JOHN W. SULLIVAN, ILLINOIS  
 JOHN F. TREWNY, MASSACHUSETTS  
 JIM TURNER, TEXAS  
 THOMAS H. ALLEN, MAINE  
 HAROLD E. FORD, JR., TENNESSEE  
 DENARD BANCROFT, VERMONT

**The Honorable Henry Waxman**  
**Ranking Minority Member**  
**Committee on Government Reform and Oversight**  
**U.S. House of Representatives**  
**Washington, D.C. 20515**

Dear Henry:

Thank you for your letter of August 14 regarding procedures for briefing Members of the Committee about the ongoing investigation. Your proposal has a great deal of merit. My staff has consulted with the Parliamentarian's office and the Rules Committee regarding this matter. Based on these consultations, I believe that the following points outline procedures that would comply with House rules and, I hope, be acceptable to all Members of the Committee:

- Committee staff may inform Committee Members orally or in writing about depositions or interrogatories conducted by the Committee, or about materials covered under the document protocol.
- Each Committee Member may designate in writing one staff person from the Member's personal office to be a liaison to the Committee. Designated staff may receive oral or written briefings from Committee staff regarding the Committee's investigation. Designated staff may also review, in Committee offices, deposition transcripts, responses to interrogatories, or documents covered by the Committee's document protocol for the express purpose of informing Members about the progress of the Committee's investigation.
- Designated personal office staff may not review depositions, interrogatories or other information that contain classified material.

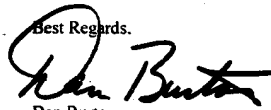
The Honorable Henry Waxman  
Page 2

- Designated staff shall be advised that under Committee Rule 20 and House Rule XI, evidence or testimony taken in executive session may only be released to the public with the express consent of the Committee. Designated liaison staff shall be instructed that executive session material or material covered by the document protocol may only be shared with Committee Members or Committee staff.
- Deposition transcripts and other executive session material generally may not be removed from Committee offices unless the Committee has voted to release them. A deposition transcript may be delivered to a Committee Member's personal office only under the following limited circumstances:
  - a.) It is requested for review by the Member, not the staff.
  - b.) It is logged out, and then logged back in upon its return.
  - c.) It is returned within 48 hours.
  - d.) Copies are not made of the transcript or any portion of it.
  - e.) A physical copy of the transcript is provided, and it is not delivered electronically.

The Parliamentarian's office advises that these procedures may be instituted upon agreement between the Chairman and the Ranking Minority Member. They have advised that this agreement should be ratified by the Committee with a unanimous consent agreement at the next committee business meeting.

If this outline is acceptable to you, I believe that we can implement this agreement immediately. Thank you again for your constructive proposal. These procedures should make it easier to keep all Committee Members better informed about the Committee's activities.

Best Regards,



Dan Burton  
Chairman

cc: Members, Committee on Government Reform and Oversight

MAJORITY: (202) 225-5074  
 MAJORITY: (202) 225-5051  
 TV: (202) 225-6853

[illegible]BERNARD SANDERS, VERMONT  
INDEPENDENT

Dear Mr. Chairman:

I wanted to share my thoughts with you regarding yesterday's meeting of the Committee.

For over a month our staffs tried to develop procedures so that individual members of the Committee and one of their staff members would have ready access to deposition material. Although we have not been able to agree on much this year, in this one instance we did reach a compromise and you sent me a letter on September 22 memorializing the procedures.

I am astonished that only hours after the Democratic members put aside partisanship and unanimously voted for immunity yesterday, our agreement was breached in Committee by passage of the Cox amendment. The Republican majority sent a clear message to the Democratic members by refusing to oppose the amendment. There appears to be no point in reaching agreement with you, since your commitments clearly are not binding on the Republican majority.

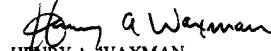
For the record, Democrats have been denied the traditional right of the minority to raise objections to your subpoenas and receive a committee vote on minority subpoena requests; our staff has effectively lost its right to ask questions in depositions; we aren't notified of investigative trips the majority initiates; our share of the budget is the lowest of any House committee; and yesterday's vote significantly impedes the ability of individual members to review deposition material and prepare for hearings. It is a shameful record that deprives Democratic members of any meaningful participation in the Committee's investigation. The only exception, of course, is immunity decisions, and federal law prevents you from eliminating us from that process.

303

The Honorable Dan Burton  
September 25, 1997  
Page Two

Yesterday was profoundly embarrassing to the Committee and the House of Representatives.

Sincerely,

A handwritten signature in cursive script that reads "Henry A. Waxman".

HENRY A. WAXMAN  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

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**House of Representatives**  
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BERNARD SANDERS VERMONT  
INDEPENDENT

September 26, 1997

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing about three matters: (1) the depositions of Manlin Foug and Joseph Landon; (2) the minority's consultant contract; and (3) Senate deposition transcripts.

**The Depositions of Manlin Foug and Joseph Landon** As you know, the minority does not believe it is necessary to depose Manlin Foug or Joseph Landon. The statements from these witnesses that you have provided the minority demonstrate that these are not major figures in the campaign finance investigation. There is no need to impose further burdens on these witnesses. For the same reason, the minority also believes that it is not necessary to depose David Wang.

You determined otherwise and scheduled depositions for all three witnesses. Upon learning of your determination, the minority requested that the depositions be scheduled in Washington, D.C., so that the minority members of the Committee could attend. To minimize burdens on the witnesses, the minority also proposed that the depositions could be taken in Washington on the day before the hearings. Unfortunately, you ignored this request and scheduled the depositions of Manlin Foug and Joseph Landon in Sacramento, California, on September 29.

I want to make sure that you know that the minority objects to conducting these depositions in Sacramento, a location that prevents minority members from attending.

**The Minority's Consultant Contract** On September 22, my staff submitted to your staff a contract to hire the Emerald Group as a consultant for the minority. Your staff insisted that the Emerald Group, which the minority proposed to hire for discrete, closely supervised projects, adhere to the same ethics rules that are being voluntarily followed by Dick Bennett, the consultant whom the majority hired to run the entire majority investigation. Despite the unreasonableness of this demand, my staff provided your staff on September 24 with a letter from the Emerald Group agreeing to adhere to exactly the same standards being followed by Mr. Bennett. A copy of this letter is enclosed.



The Honorable Dan Burton  
September 26, 1997  
Page 2

The minority has a right to hire consultants and expects that its contract with the Emerald Group will be approved without any further delay. The minority also expects that the other three consultants that you have hired -- Charles Little, Phillip Larsen, and Ward Warren -- will be required to adhere to the same standards that you have required the Emerald Group to adhere to.

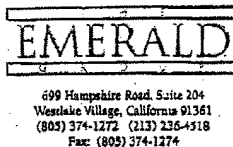
Senate Depositions. I have been informed that the Senate majority staff has provided your staff with copies of a large number, if not all, of the depositions conducted in the Senate. If this is true, the minority is entitled to (1) copies of these depositions and (2) an immediate and full explanation why these depositions were withheld from the minority.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight



September 23, 1997

The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Waxman:

I am writing to assure you that The Emerald Group (Emerald) will abide by the requirements for a company hired as a consultant to a committee staff in the House of Representatives.

Emerald pledges that each employee engaged in work for the minority members of the committee will abide by the House's Code of Official Conduct and the House gift rules during the hours on which we are working on Minority Committee assignments. Emerald would also agree to adhere to the post-employment restrictions that normally apply to House employees; however, I have been informed by your staff that in our case the amount of the contract (\$35,000) is too low to trigger any such restrictions.

Finally, for each specific assignment provided Emerald, Emerald will perform a thorough check using the firm's computer technology to ensure there is no conflict of interest with respect to its existing client list. If there is a conflict, Emerald will not accept the assignment.

I trust that these commitments will be satisfactory to permit Emerald to contract for work at the direction of the minority members of your committee.

Sincerely,

Thomas R. Parker  
Chairman and C.E.O.

TRP/meh

DAN BURTON, INDIANA  
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BERNARD SANDERS, VERMONT  
INDEPENDENT

September 26, 1997

The Honorable Henry A. Waxman  
Ranking Minority Member  
Committee on Government Reform & Oversight  
Washington, D.C. 20515

Dear Henry:

Today I received the enclosed letter from you addressing three matters. I will address the matter of the Minority Consultant Contract and Senate depositions in a separate letter.

With respect to the matter of the depositions of Manlin Fong and Joseph Landon, I am quite surprised. Richard D. Bennett, our new Chief Counsel, and Kenneth M. Ballen, Chief Investigative Counsel for the Minority, have had very cordial communications over the matter of these depositions. At no time has any counsel for the Minority specifically objected to depositions being taken in California. Counsel for the Minority has requested that every effort be made to have the depositions be scheduled in Washington so that Members could attend. Mr. Bennett indicated to Minority counsel that the depositions would need to be scheduled in California and no one suggested that they would not attend if that were the case.

The reason for the scheduling of the depositions of Ms. Fong and Mr. Landon in Sacramento, California, is quite simple. Ms. Fong is a working mother of a nine-year old child and has personal issues of employment and child care which make it difficult for her to schedule two trips to Washington, D.C. in a period of two weeks. Mr. Bennett has correctly noted that depositions of witnesses should ordinarily not be taken on the eve of hearings. Accordingly, Mr. Bennett provided more than sufficient notice to Minority Counsel to schedule the depositions in Sacramento. The depositions will proceed as scheduled. If your decision is not to have Counsel for the Minority attend these depositions, that is obviously your choice.

Sincerely,

  
Dan Burton  
Chairman

Enclosure

cc: All Members  
Government Reform and Oversight Committee

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 ITT 202-225-6867

September 26, 1997

[illegible]

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Mr. Chairman:

I have received your letter regarding the Manlin Fong and Joseph Landon deposition. You should not be surprised that the minority objects to conducting the depositions in California. This has been our consistent position for two weeks.

On September 11, Dick Bennett wrote Phil Schiavo, the minority staff director, asking Mr. Schiavo to "please let me know by the end of the day whether the Minority desires to attend depositions in California ... or ... in Washington." Mr. Schiavo wrote Mr. Bennett back on September 12, stating "we ... request that the depositions be scheduled in Washington. ... This will not only save the Committee money, but it will allow Representative Waxman and other minority Members to participate in the deposition." Copies of these letters are enclosed. In addition, Phil Barnett, the minority chief counsel, and Ken Ballen, the minority chief counsel, had a telephone conversation with Mr. Bennett on September 22, in which Mr. Barnett reiterated the minority's view that the depositions should be conducted in Washington.

Moreover, contrary to your letter, the minority never said that we would not send staff to depositions in California. Our complaint was -- and remains -- that conducting depositions in California precludes members from attending.

Sincerely,

Henry A. Waxman  
Ranking Minority Member

cc: Members of the Committee on Government Reform and Oversight

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 JAMES HARTLEY FLORIDA  
 J. STANLEY A. MORELLA MARYLAND  
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BERNARD SANDERS VERMONT  
 INDEPENDENT

September 11, 1997

Philip M. Schilliro, Esq.  
 Director, Minority Staff  
 Government Reform and Oversight Committee  
 Room 350A-Rayburn House Office Building  
 Washington, D.C. 20515

Re: Depositions

Dear Phil:

In light of our meeting yesterday evening, at which time you requested the cancellation of certain depositions, please be advised that I have taken the following steps to alleviate your concerns. All depositions previously scheduled from 1:00 p.m. September 11, 1997 through next Tuesday, September 16, 1997, have been cancelled, with the exception of Jennifer O'Connor which is scheduled for Monday, September 15, 1997 at 10:00 a.m. There is also still an interview of another witness scheduled for 3:00 p.m. Tuesday, September 16, 1997 and a deposition to be taken by the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs.

I would note that the deposition of Martha Phipps is now scheduled for next Wednesday, September 17, 1997. I suspect that Members would prefer that there not be any depositions on the first day of hearings. As Ms. Phipps is traveling from California, I believe we should make a decision today on the rescheduling of that deposition.

These steps should permit you to have the full use of your staff in preparation for the hearings scheduled for next Wednesday and Thursday. As I indicated to you yesterday, I am concerned about needless delay in the rescheduling of these depositions. There may be certain depositions which need to be taken by mid-October and I would certainly hope that you will make every effort to assist me in that regard as necessary.

Philip M. Schilliro  
September 11, 1997  
Page Two

Finally, please let me know by the end of the day whether the  
Minority desires to attend depositions in California this Sunday or  
next Tuesday here in Washington.

Sincerely,



Richard D. Bennett  
Chief Counsel

cc: Kenneth M. Ballen, Esq.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

September 12, 1997

Mr. Richard D. Bennett  
Chief Counsel  
Committee on Government Reform and Oversight  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Dick:

Thank you for yesterday's letter and for your willingness to reschedule most of the depositions that were planned for next week. This will allow both our staffs to focus on next week's hearings.

I also appreciate the courtesy of allowing the minority to choose between scheduling depositions for next week's witnesses either on Sunday in California or on Tuesday in Washington. Although travelling to Los Angeles would provide us with an additional day to prepare for the hearings--which is especially helpful since we only learned the identity of the witnesses on September 10--we have reconsidered our decision and request that the depositions be scheduled in Washington when the witnesses arrive on Tuesday. This will not only save the Committee money, but it will allow Representative Waxman and other minority Members to participate in the depositions.

Again, thank you for your cooperation.

~~Sincerely,~~

Philip M. Schiliro  
Minority Staff Director

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GERNARD SANDERS, VERMONT

September 30, 1997

The Honorable Henry Waxman  
Ranking Minority Member  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Henry:

Words can be very powerful. When they are accurate, they serve to inform and enlighten. When they are misleading, they denigrate and deceive. I must tell you that I was disappointed by some of the words you chose to use in your September 4 letter regarding the joint investigative trip undertaken by our staff in August.

You used the words "inept," "intrusive," and "harassing" to describe the work of my investigators. Unfortunately, nothing could be further from the truth. In fact, my staff conducted themselves in a thoroughly responsible and professional manner during this trip. One of the two investigators from the majority staff who participated in this trip is a veteran investigator who served for more than 35 years with the Treasury Department and the West Virginia State Police. He was the key investigator in the successful prosecution of former West Virginia Governor Arch Moore.

I think that it is worth mentioning that our staff had contact with over two dozen individuals. You have chosen to make an issue of three of those contacts. I presume then, that you believe that the other 20 or so situations were handled in a professional and competent manner.

Felix Ma

With regard to the interview of Felix Ma, you stated that my staff "swooped" into his driveway and "accosted" him. You described this as a "heavy-handed intrusion" into his privacy. What in fact happened is that my staff, accompanied by a member of your staff, pulled into his driveway, exited their car, and introduced themselves to Mr. Ma. I am not aware of any "swooping" or "accosting" that occurred. You also described this situation as a "confrontation" that "shocked" Mr. Ma. In fact, my staff reports to me that Mr. Ma did not appear to be nervous or threatened at any time during their conversation. In fact, I understand that Mr. Ma told our staff that he wished he could introduce them to his wife. When she arrived at the house, he did just that, and they conversed casually for about five minutes.



You are correct in stating that this individual was not the Felix Ma we were seeking to interview. As you know, the Felix Ma we would like to interview is a former Lippo executive who was a point of contact for Lippo's infrastructure projects in China. He also contributed \$25,000 to the DSCC and various Democratic state parties. Apparently, this was not the first time that the Felix Ma our staff visited had been mistaken for the other Felix Ma. He had been contacted previously by numerous reporters and fundraisers seeking additional political contributions. Mr. Ma, whom my staff had been unable to reach by telephone, told our investigators that he was happy to have the opportunity to clear up the fact that he was not the individual associated with the Lippo Group.

Mr. Negara and Ms. Tashima

You have also mischaracterized the contacts made by my staff with Mr. Negara and Ms. Tashima. You stated that my staff "knocked loudly and persistently" on one door and "repeatedly pounded" on another. This is not true. My staff simply knocked on their doors in an ordinary manner. I must tell you that, after a nine day trip to Los Angeles during which our staff worked 12-hour days and drove over 1500 miles, I am a little surprised that we are exchanging letters over the decibel level of their knocks on doors.

In addition, you questioned whether it was appropriate for my staff to knock on the door of Mr. Negara's neighbor when it was evident that Mr. Negara was not home. I don't think there is anything unusual about asking a neighbor if a potential witness might be on vacation, or what time of day they are usually at home. In fact, when our staff paid their first visit to Mr. Ma's house, it was your staffer who suggested that they knock on the neighbor's door to inquire about Mr. Ma. I do not understand why contacting a neighbor is appropriate in one instance and not another.

I am not sure what to make of your repeated criticism of the attire of my investigators. At one point, you stated that the fact that they were wearing ties as they sat in their car attracted undue attention. At another, you expressed concern that they were wearing suits as they knocked on a witness' door. If you have some ideas as to a more appropriate manner of dress than suits and ties on investigative trips, I would be happy to hear them.

Henry, my staff performed their duties in a thoroughly professional and productive manner. At no time was anyone's privacy infringed upon. At no time was anyone harassed. I have to tell you that I regret that you chose to use words that were so misleading and exaggerated. I hope that the next time our staffs travel together you will remember that words have an impact, and that people's professional reputations are important and should not be treated cavalierly.

Sincerely,



Dan Burton  
Chairman

cc: Members, Government Reform and Oversight Committee

THE HUNDRED FIFTH CONGRESS

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 INDEPENDENT

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

On September 11, 1997, I wrote to you and requested that no deposition relating to the campaign finance investigation be scheduled during Committee meetings. I never received a response to this letter, but I now understand that the Committee intends to schedule the deposition of Richard Sullivan during the hearing on October 8, 1997. This makes it impossible for members to participate both in the hearing and the deposition and I intend to raise an objection if this or any other deposition takes place during a full Committee hearing.

Henry Waxman  
Ranking Member

cc Rep. David McIntosh

**Congress of the United States**  
Washington, DC 20515

March 6, 1997

The Honorable Newt Gingrich  
The Speaker  
U. S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

We are writing to bring to your attention a potentially serious misuse of taxpayer dollars the funding of duplicative congressional investigations into alleged campaign finance abuses.

We support a thorough and comprehensive investigation into all alleged campaign finance abuses. But it makes no sense to direct multiple congressional committees to investigate the very same alleged abuses. Multiple investigations are duplicative and wasteful. Congress should do the job right once -- the first time.

Unfortunately, it appears that Congress is about to undertake redundant investigations, thereby wasting millions in taxpayer dollars. In the Senate, Sen. Fred Thompson, the chairman of the Senate Governmental Affairs Committee, has asked for \$6.5 million to investigate alleged fund-raising abuses. In the House, news reports indicate that Rep. Dan Burton, the chairman of the House Government Reform and Oversight Committee, will ask for an equivalent amount to investigate the very same activities.

What's more, numerous other House Committees -- including International Relations, Oversight, Rules, Commerce, Banking, and Intelligence -- have also launched investigations into some of the same issues being investigated by Chairmen Thompson and Chairman Burton.

This makes little sense. Redundant investigations are inefficient and waste taxpayer dollars. They will generate confusion, not better public illumination.

Moreover, redundant investigations unduly burden federal agencies and private citizens. We expect federal agencies and private citizens with relevant information about alleged campaign finance investigations to provide this information to Congress. It is unfair, however, to ask the agencies and private citizens to respond to duplicative requests from multiple congressional committees that ask for basically the same information. It is also wrong to ask witnesses with relevant information to appear before multiple committees to testify over and over again about the same issues. Private citizens should not have their personal lives needlessly disrupted, nor should senior administration officials be repeatedly distracted from performing the public's business.

These are not hypothetical concerns. Although the investigations are only just beginning, the Commerce Department has already had to respond to over 35 requests for documents and

The Honorable Newt Gingrich  
Page 2

other information from nine different House and Senate committees investigating alleged campaign finance abuses. Because each request is worded differently, each request requires individual attention, squandering scarce agency resources and diverting senior management from their statutory duties.

To avoid this needless waste of taxpayer dollars, the congressional investigations into alleged campaign finance abuses should be consolidated into one thorough investigation. Specifically, we urge that either (1) the House committees drop their investigations in deference to the Senate or (2) the House and Senate investigations be combined into a single joint investigation.

We respectfully request that you act promptly to avoid any unnecessary waste of taxpayer dollars.

Sincerely,

E. L. Jones John F. Tierney  
Richard L. Bryant David E. Bonior Vicki Foy  
Wayne Mac Furr Paul E. Kampinski  
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The Honorable Newt Gingrich  
Page 3

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The Honorable Newt Gingrich  
Page 4

<u>Dennis J. Kucinich</u>	<u>E. H. Emerson</u>	<u>William D. Delahunt</u>
<u>Robert K. Riechers</u>	<u>John D. Dingell</u>	<u>Harold E. Brown</u>
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The Honorable Newt Gingrich  
Page 5

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<u>Jim Smith</u>	<u>Richard E. Hall</u>	
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<u>John Hays</u>		

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Mr. WAXMAN. I yield back the balance of my time.

Mr. BURTON. The gentleman yields back the balance of his time.

I ask unanimous consent that all Members' written statements be included in the record.

Without objection, so ordered.

[The prepared statements of Hon. Christopher Shays, Hon. Stephen Schiff, Hon. Thomas M. Davis, Hon. Rob Portman, and Hon. Thomas H. Allen follow:]

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**House of Representatives**  
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**Statement of Rep. Christopher Shays**  
**October 8, 1997**

Mr. Chairman, I am troubled by this investigation. Troubled by serious violations of law. Troubled by abusive fund raising practices that, while perhaps not technically illegal, are obviously wrong. Troubled by the Administration's strategy of lawyerly word games, inadvertent discovery and delay. Troubled that so many witnesses have taken the Fifth, fled, forgotten, or simply refused to cooperate.

And I am troubled when partisanship blocks the path to individual accountability for abuses and to reform of a system so eagerly and thoroughly abused.

Our job is to judge the extent and impact of illegal foreign contributions, money laundering, and other campaign finance abuses that threaten our national security and undermine the integrity of our domestic political processes. Our commitment is to follow the evidence wherever it leads, without regard to partisan political calculations.

But that job has been made far more difficult because, as has been noted, 39 witnesses have asserted their Fifth Amendment right against self-incrimination, 11 potential witnesses have fled the country, 11 foreign nationals have refused to be interviewed, and the number of witnesses with blank memories grows daily.

The Administration is still inadvertently finding materials obviously within the scope of subpoenas issued by this Committee seven months ago. And from my review of the transcripts, it appears the Committee Minority staff's only contribution to the examination of witnesses has been to trivialize the investigation and apologize to the witnesses for the inconvenience of having to give a deposition.

Nevertheless, our charge remains two-fold: find out who abused the system and recommend systemic statutory and regulatory repairs to fix what's wrong.

Statement of Rep. Christopher Shays  
October 8, 1997  
Page 2

In past investigations, it was not enough to say the system is broken, everybody does it, so let's just pass a law without bothering those responsible. It's not enough now. Just as it's not enough to fix individual culpability without drawing, and applying, a larger lesson to rehabilitate a system that induces otherwise good people to do undeniably bad things.

Until we do both, our work is not complete. Unless we do both, our troubles have just begun.

STEVEN SCHIFF  
FIRST DISTRICT, NEW MEXICO

—

CHAIRMAN  
SUBCOMMITTEE ON BASIC RESEARCH  
COMMITTEE ON SCIENCE

—

VICE CHAIRMAN  
COMMITTEE ON GOVERNMENT REFORM  
AND OVERSIGHT

—

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**Congress of the United States**  
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October 8, 1997

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**OPENING STATEMENT OF CONGRESSMAN STEVE SCHIFF**  
Committee on Government Reform and Oversight

Thank you Mr. Chairman, for the opportunity to submit these remarks. I believe effective and thorough oversight of the Executive Branch by this Committee is not only fitting and proper, but is essential if we are to properly function as a Republic and restore some measure of lost public confidence in the federal government. Questions about the abuse of power at the highest levels of the Executive Branch must not be swept aside amid the assertions that "everybody does it" or "this just shows that the system needs to be fixed," and I commend you for your dedication and persistence in the face of widespread cynicism and dilatory tactics.

Mr. Chairman, for too long now, this Congress has been misled, defied, and stonewalled in its oversight duties by an Administration that promised it would be the most ethical in history. Indeed, this pattern of obstruction dates back to your predecessor, Chairman Clinger, whose efforts to resolve a wide variety of allegations were met with the same deny and delay tactics.

It was then Minority Whip Newt Gingrich who said that our top leaders needed to be held to "a higher standard." And when he became Speaker, and provided the Ethics Committee, on which I sat, with incorrect information in the context of our proper oversight responsibilities, we did just that. We recommended, and Speaker Gingrich agreed, that he should be financially liable for the additional costs to the tax payers of the investigation and assessed him \$300,000 for it. If we were to apply the same higher standard to this, the "most ethical Administration in history," we would quickly begin a tally that reached into the millions of dollars. Indeed, the additional costs to the Justice Department alone would soon reach that amount.

The delays, denials and belated production of subpoenaed material must not be allowed to continue without anyone being held accountable. The American tax payer should not have to endure such a protracted spectacle AND foot the bill.

With that, Mr. Chairman, I would also like to commend those witnesses who haven't fled the country for agreeing to testify before this Committee, and my colleagues on both sides of the aisle for working together to bring us, albeit painstakingly, to this point.

THOMAS M. DAVIS  
11TH DISTRICT, VIRGINIA

**COMMITTEE ON  
GOVERNMENT REFORM AND OVERSIGHT**  
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**STATEMENT OF CONGRESSMAN TOM DAVIS OF VIRGINIA**

**COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT**

**CAMPAIGN FINANCE HEARINGS**

October 8, 1997

I would like to commend the Chairman for holding these important hearings on the investigation into campaign finance improprieties and possible violations of law. This Committee is charged by the House of Representatives with general oversight responsibilities which include the duty to conduct investigations of this nature.

The revelations of campaign fund-raising abuses, which began to trickle out just prior to the 1996 elections, have raised serious questions as to the practices employed during the 1996 election cycle, especially by the Democratic National Committee (DNC) and the President's reelection campaign. We are all now familiar with the reports of White House coffees, overnights in the Lincoln Bedroom, and campaign events held by non-profit organizations. Having begun as an investigation propelled by the press, the campaign fund-raising controversy and investigation has now been elevated to the Congress, both House and Senate, as well as to the Justice Department.

The ultimate goal of these hearings is to get to the truth of what happened during the 1996 election cycle, no matter where the truth may lead. I believe that it is important for the American people to know how their political leaders financed their campaigns and whether or not any campaign finance laws were broken. This Committee, in conjunction with the Senate Committee and the Department of Justice, can serve to shed the light of truth on questionable fund-raising practices.

It is extremely disturbing to consider the possibility of foreign dollars being purposefully used in an attempt to influence the policies of the United States Government. Along that vein, however, I feel compelled to caution against the broad allegations or linking of Americans of Asian descent to this controversy. This is not a controversy limited to Asian-Americans. The Asian-American community is in reality a shining example of the "American Dream" and we

Rep. Thomas M. Davis  
Government Reform and Oversight

must not allow this controversy surrounding the 1996 elections to discourage Americans of any ethnic origin from participating in the political discourse of this nation.

Having said that, I encourage any party interested in the truth to focus on what others have said about the validity of this investigation. In stark contrast to the President's own statements offering full cooperation with any investigation, the Administration has instead been stonewalling this Committee's attempts to review the elections of 1996. Again, this is not the Committee's perspective, but the assertion of numerous editorials in The Washington Post and The New York Times.

The Washington Post has this to say about the Administrations handling of "inconvenient facts" surrounding this investigation.

*"It puts up a false front, offers a misleading version of events. If and when that fails, as often occurs, it puts up another, and another -- as many as it takes. Then Administration officials bemoan the cynicism with which what they have to say is so often greeted and wonder aloud, or pretend to wonder, why they are not believed....The dispensing of truth in reluctant dribs and drabs does indeed have the corrosive effect that the White House itself periodically deplores...."*

The Washington Post  
January 17, 1997

*"The White House at first would play dumb, claim not to have known anything about the episode, whatever it was and then, confronted with evidence to the contrary, would dole out the truth a grudging grain at a time when it spoke the truth at all."*

The Washington Post  
January 23, 1997

*"They (the White House) put out a story that may or may not be technically true but creates a false impression. They benefit from the impression, which is allowed to stand for as long as it serves, meaning until it is shot down or about to be shot down."*

The Washington Post  
April 3, 1997

The New York Times also questions the integrity of this Administration's willingness to cooperate with a review of fund-raising practices.

*"An Instinct to Deceive: What will it take to persuade this White House to tell the truth*

Rep. Thomas M. Davis  
Government Reform and Oversight

*simply and promptly once a scandal is brewing? Apparently not even the advice of two lawyers of uncontested loyalty to President Clinton can overcome the cover-up instinct that has made a quagmire of Whitewater and is turning the Indonesian fund-raising affair into a matter that neither Congress nor the Attorney General can ignore."*

The New York Times  
November 20, 1996

*"The pattern here is familiar. New information keeps dripping out while the White House argues that the investigations into the Clintons' finances have gone on too long."*

The New York Times  
July 3, 1997

This investigation is not just a case of the Congress being interested in the fund-raising practices employed during the 1996 election cycle for partisan gain. This is an investigation that is being driven by careless disrespect for our nation's current fund-raising laws and by the inability of the parties involved to simply comply with a judicious review of the events surrounding the 1996 elections. The New York Times has even gone so far as to call the Clinton/Gore reelection campaign the "...most reckless Presidential fund-raising operation in recent history." (NYT, July 17, 1997). I personally hope this is not true. So far, however, the White House and the DNC have acted in a manner that would lead us to agree with the New York Times. If the White House would have us believe that improprieties are confined to a limited number of individuals, the Administration must be more forthcoming.

The first hearings will focus on legitimate issues surrounding the apparent laundering of campaign funds through third-parties. The use of conduits for illegal contributions may however just be a small part of the larger picture surrounding the 1996 elections. This Committee, in the absence of an independent counsel on this matter, must continue to ask the question: "who knew what, and when did they know it?" Again, this is not just the view of this Committee. Look at what others have said about the controversy:

*"The documents also show the D.N.C.'s clear disdain for laws limiting contributions to candidates, as opposed to political parties."*

The New York Times  
July 24, 1997

*"It was, in short laundered money. More troubling still is the possibility that the White House did know."*

Rep. Thomas M. Davis  
Government Reform and Oversight

The New York Times  
July 31, 1997

It is my belief that the statutory requirements needed to activate the independent counsel statute have been triggered. It is incumbent upon the Attorney General to avoid any appearance of impropriety and to recognize the professional duty to call for an independent review of fundraising practices and the subsequent actions of involved parties. The recent revelations surrounding the Vice-President have only added fuel to the fire calling for an independent counsel. The New York Times has also recognized the growing concerns in regards to a potential conflict-of-interest on the part of the Justice Department.

*[The Senate hearings] have also yielded fresh evidence that the White House and the Democratic National Committee chose to look the other way as funds flowed illegally from foreign sources into the Clinton re-election campaign, greatly strengthening the case for an independent counsel to get to the bottom of the entire mess."*

The New York Times  
August 3, 1997

*"Recent weeks have brought fresh evidence that the Department's [Justice] investigators are either lethargic or over their heads." Even worse, Attorney General Janet Reno's failure to seek an independent counsel to oversee the probe no longer looks like a principled assertion of faith in Justice's career staff. It looks like a political blocking operation to protect President Clinton and Mr. Gore from the vigorous investigation that would be aimed at any other officeholder who has received so much suspicious money."*

The New York Times  
September 14, 1997

*"And now the White house has found and turned over to congressional investigators videotapes of some of the coffees the president gave for campaign contributors last year. There may be tapes of as many as 150 such events. The investigators asked for them months ago; only now are they being disinterred....It's enough to give good faith a bad name. The attitude of this White House toward the truth whenever it is in trouble is the same. Don't tell it, or tell only as much of it as you absolutely must, or as helps....They keep asking indignantly, even a little petulantly, over there why they're not believed as they keep putting out their successive versions of the story. Can anyone really believe they don't know the answer? Can anyone believe this is on the up and up."*

The Washington Post  
October 7, 1997



Rep. Thomas M. Davis  
Government Reform and Oversight

I remain hopeful that the Attorney General will trigger the Independent Counsel statute and that this controversy can be completely taken out of the political realm. Until such time, the Administration's stonewalling must stop. As the editorials I quoted earlier make clear, the White House has come perilously close to obstruction of justice. This must stop.

I would like to close with one more quote for all of us to reflect upon: "Ye shall know the truth, and the truth shall make you free." -- *The Bible, John 8:32*

Congressman Rob Portman  
Committee on Government Reform and Oversight  
October 8, 1997

Thank you, Mr. Chairman. There have been so many questionable fundraising practices involving foreign contributions, White House coffees, the Lincoln Bedroom, and soft money, that I fear these issues have become almost numbing to the American people. And that is tragic, because it is vitally important in a democracy that the people be informed so that they may act as the ultimate check on public officials and the political system.

Part of our job is to help focus proper attention on these questionable practices by attempting to differentiate between what's right and wrong, what's lawful and unlawful, and what's proper and improper. To do this, we must listen carefully to the facts, ask the tough questions, and help the American public sort these issues out.

First, have existing laws prohibiting foreign contributions and making contributions in the name of other people or organizations been violated? Second, have federal offices and official resources been illegally or improperly used in fundraising efforts? Third, has there been illegal or improper influence peddling? Fourth, have disclosure laws been broken or circumvented? Finally, have there been efforts to obstruct this investigation?

These are some of the important questions this committee must address and it's our job to do it methodically, objectively, and in a nonpartisan fashion. I would urge my colleagues on both

sides of the aisle not to be distracted by partisan bickering and to keep this investigation firmly on track.

The American people deserve the answers to these questions. They are critical to restoring the public trust in our elected officials and our political system. Thank you, Mr. Chairman.

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OPENING STATEMENT OF  
REPRESENTATIVE TOM ALLEN (ME-1)  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
OCTOBER 8, 1997

MR. CHAIRMAN, WE'RE FINALLY HERE. AFTER MILLIONS OF DOLLARS, HUNDREDS OF THOUSANDS OF DOCUMENTS PRODUCED, MONTHS OF WRANGLING OVER DUE PROCESS ISSUES, AND WEEKS OF DEPOSITIONS, THE HOUSE HEARINGS ARE ABOUT TO BEGIN.

BUT QUESTIONS HANG OVER THESE HEARINGS. THE MEDIA MAY ASK, "WILL WE LEARN ANYTHING NEW?" MAYBE, MAYBE NOT. BUT IN MY OPINION THERE ARE MORE IMPORTANT QUESTIONS THAT CLOUD THIS PROCESS. TWO IN PARTICULAR GO TO THE HEART OF THIS INVESTIGATION AND ITS ROLE IN PROTECTING AND IMPROVING OUR DEMOCRACY.

FIRST, IS THIS COMMITTEE SERIOUS OR JUST PLAYING AN ELABORATE GAME OF "GOTCHA" ON NATIONAL TV?

SECOND, ARE THE MEMBERS OF THIS COMMITTEE AS COMMITTED TO REFORM AS WE ARE TO OVERSIGHT? OR ARE THESE HEARINGS JUST AN EXCUSE FOR INACTION ON CFR?

WITH RESPECT TO THE FIRST QUESTION, THERE ARE WAYS TO JUDGE SERIOUSNESS. WE NEED, AND THE AMERICAN PEOPLE DESERVE, A FULL, FAIR AND EVEN-HANDED INVESTIGATION INTO THE 1996 ELECTIONS. IF WE RE-RUN THE SENATE INVESTIGATION, WE'RE NOT SERIOUS. IF WE DECLAIM LOUDLY OVER MINOR INFRACTIONS, WE'RE NOT SERIOUS.

EARLY IN THIS SESSION, THIS COMMITTEE HAD THE OPPORTUNITY AND THE OBLIGATION TO EXAMINE CAMPAIGN ABUSES THAT MAY HAVE OCCURRED IN RECENT FEDERAL ELECTION CAMPAIGNS, BOTH PRESIDENTIAL AND CONGRESSIONAL, REPUBLICAN AND DEMOCRATIC.

BUT HERE WE ARE HEARING OUR FIRST WITNESSES WITH ONE MONTH LEFT BEFORE WE ADJOURN FOR THE YEAR. THIS COMMITTEE HAS SPENT ALMOST \$3 MILLION. CHAIRMAN BURTON HAS ISSUED 127 SUBPOENAS TO PARTIES THAT SENATOR THOMPSON HAS ALSO SUBPOENAED. COMMITTEE STAFF HAVE DEPOSED 21 INDIVIDUALS WHO WERE PREVIOUSLY DEPOSED, INTERVIEWED OR SUBPOENAED BY THE SENATE COMMITTEE.

WHAT SHOULD WE DO? READ THE SENATE TRANSCRIPTS. READ THE TESTIMONY AND READ THE SENATE DEPOSITIONS THAT WERE DELIVERED TO MAJORITY STAFF BUT NOT TO THE MINORITY. THE THOMPSON HEARINGS ARE WINDING DOWN. WE COULD BE MORE PRODUCTIVE IF WE CONCENTRATED ON REFORMING OUR POLITICAL FINANCE SYSTEM INSTEAD OF PLOWING OLD GROUND WITH THIS INVESTIGATION.

I HAVE BEEN HOLDING COMMUNITY MEETINGS IN MY DISTRICT LATELY. THE SUBJECT OF CAMPAIGN FINANCE REFORM ALWAYS COMES UP. LAST WEEK AT A MEETING IN SOUTH PORTLAND, ONE CONSTITUENT SAID, "WHEN MY WIFE AND I READ ABOUT CONTRIBUTIONS OF THOUSANDS OF DOLLARS, IT MAKES WHAT LITTLE WE'VE GIVEN TO CANDIDATES OVER THE YEARS SEEM LIKE BUBBLE GUM." HE ADDED, "WE DON'T WANT TO DO IT ANYMORE."

SOFT MONEY CONTRIBUTIONS TO THE NATIONAL PARTIES ARE UNDERMINING THIS DEMOCRACY NOT JUST BECAUSE THE VERY WEALTHY GET ACCESS DENIED TO THE MANY. IT IS ALSO TRUE THAT SOFT MONEY, BIG MONEY, DIMINISHES THE ROLE OF EVERY VOTER, EVERY SMALL CONTRIBUTOR AND EVERY VOLUNTEER.

PARTICIPATION IN POLITICS IS THE LIFEblood OF THIS DEMOCRACY. BIG MONEY IS TURNING PARTICIPANTS INTO SPECTATORS, GRASS-ROOTS WORKERS INTO TV AD WATCHERS. IT IS NOT A HEALTHY TREND.

ONE OF MY CONSTITUENTS GAVE ME \$20 FOR MY CAMPAIGN LAST YEAR. HE WROTE IN HIS LETTER URGING ME WHEN I GOT TO WASHINGTON, NOT TO FORGET THE PEOPLE FROM THE GRASS ROOTS WHO SENT ME HERE. WHAT PLACE REMAINS FOR HIM IN A SYSTEM HOOKED ON BIG MONEY?

WE CAN'T CREATE THE PERFECT SYSTEM. BUT WE CAN MAKE THIS ONE BETTER. OUR BIPARTISAN FRESHMAN TASK FORCE DEVELOPED A CAMPAIGN FINANCE REFORM BILL. IT IS A GOOD BILL. IF IN PLACE BEFORE 1996, WE WOULDN'T BE HERE TODAY AT THIS HEARING. THIS COMMITTEE WOULD DO WELL TO SPEND A FEW THOUSAND DOLLARS AND EVEN A FEW DAYS WORKING ON CAMPAIGN FINANCE REFORM.

I CAN'T HELP BUT BELIEVE THE PUBLIC WOULD BE BETTER OFF AND WE WOULD HAVE DONE A BETTER JOB DISCHARGING OUR PUBLIC DUTIES THAN WE DO WITH THIS HEARING TODAY.

THE TIME HAS COME TO LEGISLATE - NOT TO CONTINUE AN INVESTIGATION THAT SEEMS FUTILE AND DUPLICATIVE. THE AMERICAN PEOPLE DESERVE THAT. THE STATE OF OUR POLITICAL SYSTEM DEMANDS IT. YET THE REPUBLICAN LEADERSHIP IN THE SENATE YESTERDAY KILLED CAMPAIGN FINANCE REFORM.

WE HAD ANOTHER AND BETTER OPTION AT THE BEGINNING OF THIS PROCESS. THIS COMMITTEE COULD HAVE UNDERTAKEN A BIPARTISAN, COMPREHENSIVE INVESTIGATION OF THE 1996 CAMPAIGN. WE COULD HAVE PRODUCTIVELY EDUCATED THE AMERICAN PUBLIC IN A TIMELY MANNER. THAT DID NOT HAPPEN.

SADLY, I HAVE COME TO BELIEVE THAT THE PRIMARY FUNCTION OF THIS INVESTIGATION IS TO PROVIDE THE MAJORITY WITH AN EXCUSE FOR INACTION ON CAMPAIGN FINANCE REFORM. THAT IS NOT A GOOD REASON FOR THE HEARINGS WE BEGIN TODAY. WE SHOULD LEGISLATE, NOT JUST INVESTIGATE.

I HOPE THESE HEARINGS PROVIDE NEW INFORMATION. I FEAR THAT THEY WILL JUST BE AN EXCUSE FOR INACTION. WE SHOULD HAVE DONE BETTER

THANK YOU, MR. CHAIRMAN.

Mr. BURTON. The next person to speak will be the vice chairman of the committee, Mr. Chris Cox of California.

Mr. COX. I thank you, Mr. Chairman.

We are here today because it is our responsibility. The very first sentence of our Constitution states that it is the purpose of the Federal Government to establish justice. But today, as we meet here in Washington, DC, at the highest levels of our Government, there is no justice. It is fair to say that a single newspaper, the Los Angeles Times, has uncovered more evidence about the many Clinton scandals than has the Department of Justice.

Today, there is no question that John Huang and Charlie Trie laundered foreign money for Bill Clinton, the President of the United States. But there is no indictment. The Attorney General, according to sources quoted in the Washington Post, obstructed the FBI from interviewing and investigating high officials of the Clinton administration.

The Washington Post put it plainly yesterday in an editorial. Quote, "The attitude of this White House toward the truth, whenever it is in trouble, is the same: Don't tell it, or tell only as much as you absolutely must, or as much as helps."

Continuing to quote from the Washington Post, "their first reaction," referring to the White House, "their first reaction to the name John Huang was to suggest they had never heard of him. That was before it turned out he had visited the White House 78 times in 15 months. Call it stonewalling. Can anyone really believe they don't know the answer? Can anyone believe this is on the up and up?" That is what the Washington Post had to say yesterday.

The New York Times was just as blunt. Yesterday's headline described the Justice Department meltdown. Quote, "It has been a full year since Miss Reno was confronted with initial evidence," wrote the New York Times, "of the biggest political money scandal in a generation. Her response shows little concern with her place in history as a custodian of the Justice Department." New York Times, Tuesday, October 7, column one editorial.

If the Congress does not commence this investigation, there will be no justice. Janet Reno will not investigate Bill Clinton or Al Gore. She cannot absolve them. She has shown that Justice has a hopeless conflict of interest. She, herself, is part of the President's Cabinet.

Her letter to this Congress of last Friday states that she has no evidence that fund-raising events took place in the White House and on that ground refuses to appoint an Independent Counsel to begin an investigation.

One thing is clear. Neither Janet Reno nor Justice has conducted an arm's length investigation. When the Attorney General issued her letter on Friday, she claimed to make her decision on the basis of, "all of the information known to me as a result of the Department of Justice's ongoing investigation into campaign finance allegations." But there is no such investigation, not a real one, not a credible one. Two days before her letter was issued, the Counsel to the President, Charles Ruff, knew of the existence of the videotapes of the White House fund-raising coffees. Mr. Ruff wrote this in a letter to the chairman of this committee. He knew it on Wednes-

day. He met with the Attorney General on Thursday and he did not tell her.

He did not tell her and she did not ask. Don't ask, don't tell, describes not only the Clinton policy on gays in the military, but the Clinton policy on White House tapes.

The next day, the Attorney General issued her letter absolving the President of fund-raising in the White House and at White House coffees on the basis of evidence discovered in the investigation even though that investigation had actually sought those videotapes, but not discovered them.

Mr. Ruff's conduct in meeting with the Attorney General, knowing of this evidence and not telling her when he knew Justice was after it, is obstruction and cover-up, pure and simple.

The chief White House propagandist, Lanny Davis, told reporters, it is up to you to declare us incompetent. But that's not our job. It is up to us to see that justice is done.

The Justice Department has no conflict of interest investigating Congress. Since 1970, over 60 Members of Congress, both Republican and Democrat, have been indicted and charged with crimes. But this White House and Justice Department cannot be trusted to investigate themselves. Despite the national outcry, they have steadfastly refused to appoint an Independent Counsel.

The Senate investigation has a deadline which is soon expiring. It is up to us. The Congress must do all we can to ensure that suspected criminals are charged with crimes, that the guilty are punished, that justice is done and that America and our Constitution are secure.

I thank the chairman for convening these hearings and I yield back.

Mr. BURTON. I thank the gentleman from California.

The next person to be recognized is Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman. I would prefer to make my statement after we cast our votes, if I may.

Mr. BURTON. Well, we have 15 minutes before this vote will be concluded. I would like to move along until we get close to the vote, if it is possible.

Is there someone else on your side?

Mr. LANTOS. I am prepared to begin my statement. I merely suggest I will not conclude it by the time we need to leave.

Mr. BARR. You only have 5 minutes.

Mr. LANTOS. I am delighted to begin. If that is your privilege—pleasure, I will do so.

Mr. BURTON. Well, aside from the chairman and the ranking minority member, we wanted to try to confine our statements to 5 minutes or as close to that as possible, Mr. Lantos.

Mr. LANTOS. I shall proceed, Mr. Chairman.

Mr. BURTON. Mr. Lantos.

Mr. LANTOS. Mr. Chairman, it is very hard to tell whether this hearing has the quality of Alice in Wonderland or the theater of the absurd. It probably has the quality of both.

There is an attempt on the part of Members on the other side to portray the fund-raising difficulties that this country confronts as a battle between the forces of good and the forces of evil.



I find it difficult to believe, and I suspect the American people find it difficult to believe, that \$558 million was raised by Republicans and \$336 million by Democrats, all of the Republican funds raised with virginal purity while the Democratic fund-raising was deeply flawed.

I would like to direct your attention and the attention of my other colleagues to today's Wall Street Journal, page A-10. There is a small article which reads as follows: "Firm is fined \$8 million in campaign finance case." And the article says, as follows: "A Pennsylvania landfill operation has agreed to pay an \$8 million fine for campaign finance violations that a prosecutor said involved illegally funneling donations to the campaigns of President Clinton, former Senator Bob Dole and various congressional candidates."

The article goes on to say the charges stem from an allegedly illegal scheme in which campaign donations were funneled through conduits, a spokesman for the company said. Donations to the Presidential campaigns of Messrs. Dole and Clinton by company employees and associates of seemingly limited means were the subject of an article in the Wall Street Journal in April 1996, and so on.

This little item, which, of course, is not surprising, although it said, more accurately portrays what, in fact, is happening in the field of campaign finance than all the violently and vitriolically partisan statements of yourself and others.

It is a fact that our campaign finance system is broke. It is broke because it is unenforceable and because both Republicans and Democrats have violated a tremendous range of campaign finance regulations. And this pose, which is so unseemingly and so unbelievable and so unattractive and so incredible, that somehow all of the flaws and mistakes were committed on the Democratic side while this virginal purity on the Republican side allows my colleagues with a degree of hypocrisy that boggles the mind to claim outrage at all of these things that happened.

Yesterday, in connection with the coffee tapes, Senator Thompson made the observation that incompetence is wearing thin as a defense. Well, let me comment about incompetence, if I may.

I received in my congressional office an official invitation on September 17th from the Republican leadership of the U.S. Senate cordially inviting me to serve as a Member of the Republican Senatorial inner circle and outlining, in excruciating detail, the incredible opportunities I will have of dining, wining, rubbing elbows with, conferring and giving advice to the leadership—the Republican leadership of the U.S. Senate if I only send in my inner circle membership.

A member of my staff a bit earlier received another invitation, this time from the Presidential Roundtable. Honorary members of the Presidential Roundtable are President George Bush, President Ronald Reagan, President Gerald Ford. The Presidential Roundtable chairman is also Vice President Dan Quayle and, of course, the letterhead lists Mitch McConnell, Steve Forbes and Senator Santorum of Philadelphia.

This is a marvelous letter, which I would like to place in the record, and I would like to read a portion of it at this point.

. . . I am pleased to inform you that in recognition of your personal achievements, I have nominated you to serve as one of Virginia's representatives on the

Republican Presidential Roundtable. This is an exceptional honor that I hope you will not pass up. For as America prepares to meet the challenges of the 21st Century, my Republican Senate colleagues and I genuinely need your help in shaping the new agenda that will guide both our party and our Nation.

You see, the Presidential Roundtable is a unique group of only 400 Americans, whose membership includes corporate CEOs, small business owners, doctors, bankers, executives, entrepreneurs, community leaders and concerned citizens. . . . And now that a vacancy has occurred among the coveted 18 Presidential Roundtable memberships reserved for Virginia, I sincerely hope you will consider stepping forward to claim it.

The letter goes on in very interesting detail, outlining all the good things that will come the way of my friend if he steps forward and becomes 1 of these 18 members from Virginia of the Presidential Roundtable.

Today, our biannual Roundtable Forums continue to provide opportunities for members to meet regularly in both formal and informal settings with the great decisionmakers and political leaders of the 1990's, including Majority Leader Trent Lott, the entire Republican Senate Leadership, the powerful Chairmen of standing Committees of the U.S. Senate, and the GOP's newly-elected Senators who are well-positioned to lead America far into the first decade of the 21st Century.

Now, I don't want to read the whole letter, but I will read the operative phrase. It says,

I hope you will take a moment to complete your Membership Acceptance and return it today, along with your personal or corporate check, or partial membership dues payment of \$5,000, \$2,500, \$1,250 or \$1,000.

This will give you an opportunity, I am quoting again, of "an even greater opportunity to forge the lasting friendships with our Senators that have become such a hallmark of a Roundtable membership."

Mr. BURTON. Mr. Lantos, if I might interrupt. I think you made your point and if you could conclude.

Mr. LANTOS. Not quite, but I have made a portion of my point.

Mr. BURTON. You are doing very well, but if you could conclude, we would appreciate it because we want to stay as close to the 5-minute rule as possible, sir.

Mr. LANTOS. Well, when we return, I would like to conclude this letter, if I may.

Mr. BURTON. Your time has expired and, as I said earlier, we want to keep every Member as close to the 5-minute rule as possible. We will allow latitude to the ranking member and myself, but I don't want to go beyond that. We have 40-some Members here, sir.

Mr. LANTOS. May I finish then?

Mr. BURTON. OK.

Mr. LANTOS. "We have already arranged for Roundtable members to have personal photo sessions with the entire Republican Senate Leadership when we gather at the welcoming reception on Tuesday evening."

The letter speaks for itself. It is signed by Senator Mitch McConnell, chairman of the Republican Senatorial Campaign Committee. And I think it deals with the issue of access and payment for access.

Now, I find the letter nauseating, but no more nauseating than similar letters emanating from the Democratic side and if we would just get rid of the hypocrisy that permeates this hearing, which says that the Democrats are doing these horrible things while we

pure Republicans are merely dealing with the public's business, the American people would have a greater degree of trust in their Government.

I thank the Chair.

[The information referred to follows:]

340

**REPUBLICAN FUNDRAISING LETTERS  
PRESS PACKET**

**CONGRESSMAN TOM LANTOS  
OCTOBER 8, 1997**



The Republican Leadership  
of the United States Senate  
cordially invites  
The Hon Tom Lantos  
to serve as a member of the  
Republican Senatorial Inner Circle  
from the District of  
Columbia  
RSVP  
(800) 877-6773  
(202) 675-4942

## History and Purpose



Since its founding in 1979 by President Ronald Reagan, the Republican Senatorial Inner Circle has had a dynamic and lasting influence on American politics.

From helping to elect the Republican Senate Majority in 1980 that was so crucial to the success of the Reagan Revolution, to winning back the Majority in 1994, and defending it again in 1996, members of the Republican Inner Circle are recognized as some of the most prominent leaders of our Party and our nation.

## Benefits of Membership

As a member of the Inner Circle, you will be encouraged to establish and develop a personal rapport with Republican Senators.

To build those kind of personal relationships, you will be invited to our Members-Only Inner Circle Spring and Fall Briefings in our Nation's Capital each year, as well as various events outside of Washington throughout the year. These events, in addition to exclusive invitations to the annual Senate-House Dinner in the Spring, and the Senate Majority Anniversary Gala in the Fall, will give you opportunities to meet and discuss issues with the Republican members of the United States Senate and Congress, key Republican personalities and pundits, and other national leaders.

The second purpose of these meetings is to provide you with direct, straightforward briefings on national issues, Republican political strategy and international events, as they affect our GOP agenda and our campaigns for the U.S. Senate.

By engaging directly and personally with our Republican Senate Leaders, Inner Circle members form a dedicated core of individuals who can help spearhead the decisive political victories which will shape America's future.

### SOCIAL GATHERINGS

One of the most appreciated benefits of membership in the Inner Circle is the unique opportunity it offers members to mix and mingle with Republican Senators and other luminaries in the relaxed atmosphere of receptions, luncheons and dinners.

Unique to the Inner Circle are the intimate V.I.P. dinner parties arranged at our Washington briefings which permit members to dine privately with a Republican host of their choice. Efforts are made to limit these special dinners to a small number of guests, and they are held in prestigious clubs, restaurants and historic homes across Washington D.C.

Because Inner Circle membership dues are used specifically to provide essential campaign support for Senate incumbents and challengers, a nominal conference fee is assessed to members attending all events, to pay for food and local travel.

Inner Circle members are also given specially reserved seating at the Senate Majority Anniversary Gala and the elegant Senate-House Dinner.

#### REGIONAL REPRESENTATIVES

Upon joining the Inner Circle, you will be assigned a Regional Representative who is dedicated to serve as your liaison with the Chairman of the Inner Circle and the Republican Senate Leadership. You will also gain full access to the Inner Circle's toll-free Hotline for direct communication with your Regional Representative.

Your Inner Circle Regional Representative will keep you informed of upcoming Inner Circle events and new programs, and help you stay on top of issues that are important not only to the Republican Party, but also to retaining our Senate Majority.

#### MEMBERSHIP RECOGNITION

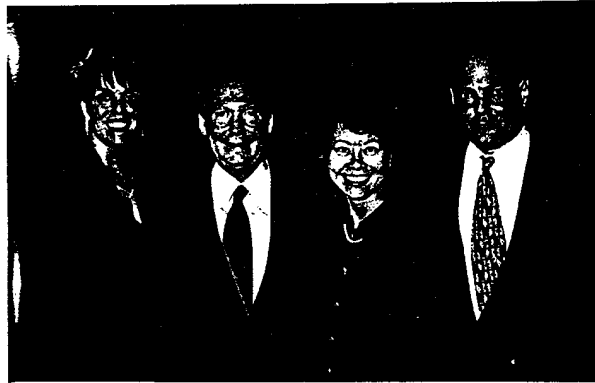
In appreciation for your service as an Inner Circle member, and to identify you as an Inner Circle leader within the Republican party, you will receive a distinctive Inner Circle lapel pin as well as a personal Inner Circle Membership Card.

#### INNER CIRCLE NEWSLETTER

To keep you up-to-date on the latest news from the critical Senate campaigns throughout the nation, Inner Circle members receive a complimentary subscription to our Election Update newsletter which reports on the latest campaign issues, polls, and voter trends.



Senator Trent Lott congratulates Inner Circle Members Brenda and Gino Gaspari on their recent nomination to Inner Circle Life Membership.



Senator Mitch McConnell, Chairman and his wife Elaine Chao enjoying one of the many social gatherings for Inner Circle Members.

## Membership Requirements

Membership in the Inner Circle is reserved for men and women nominated by the Inner Circle Leadership Committee, as well as past or present Republican members of the United States Senate. It represents an impressive cross-section of American society — community leaders, business executives, entrepreneurs, retirees, sports and entertainment celebrities — with a deep interest in our nation's prosperity and security.

~~Inner Circle membership entails an annual~~ commitment of \$1,000 (\$2,000/couple).

Members of the Inner Circle directly provide a substantial share of the financial support that federal law allows our Party to give to Republican Senate incumbents and challengers.

## The 1998 Inner Circle Challenge

First and foremost, the mission of the Inner Circle is to build our Republican Senate Majority and enable our Republican Senators to be the driving force in shaping America's national agenda.

With the 1998 U.S. Senate campaigns already taking shape in 34 states, there is not a moment to lose in laying the foundation for another major Republican victory. If we can elect just five more Senators to join our current 55 Republican Senators, we will have achieved a "filibuster-proof" Senate that can enact — for the long term — the fundamental, far-reaching government reforms demanded by the American people.



### NOMINATION ACCEPTANCE

cConnell:

I hereby accept my nomination for membership in the Republican Senatorial Inner Circle. Enclosed please find my check in the amount of:

~~\$100,000 for my annual Inner Circle membership.~~

~~\$10,000 for annual Inner Circle membership for my spouse/additional member(s).~~

☐ I/we will be attending the 1997 Inner Circle Fall National Briefing.

☐ Yes, I/we will be using our complimentary ticket(s) to the Senate Majority Anniversary Dinner.

NOTE: Please complete Fall Briefing Registration below and on reverse.

☐ I/we will not be attending the 1997 Inner Circle Fall Briefing.

☐ I cannot join the Inner Circle as a full member at this time. However, I would like to be considered for membership in the future and hereby enclose a special contribution in support of our 1998 candidates:

☐ \$500    ☐ \$250    ☐ \$100    ☐ other \$\_\_\_\_\_

Please make your membership check payable to: **Republican Senatorial Inner Circle**  
To make your contribution by credit card, please complete the credit card information below.

If you wish to make your contribution by credit card, please provide the following information:

Type of credit card: ☐ Visa    ☐ MasterCard    ☐ American Express

Personal or Corporate: ☐ Personal    ☐ Corporate    If corporate, name of corporation: \_\_\_\_\_

Name (as it appears on card): \_\_\_\_\_ Amount of Gift: \$ \_\_\_\_\_

Card Number: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Signature: \_\_\_\_\_

To help us compile your Inner Circle Membership Profile, please complete the following:

	Member	Additional Member
Home Phone	_____	_____
Business Phone	_____	_____
Fax Number	_____	_____
E-Mail Address	_____	_____
Name Salutation	_____	_____
Date of Birth	_____	_____

#### 1997 INNER CIRCLE FALL NATIONAL BRIEFING REGISTRATION

Only fully-paid (\$1,000/person) members of the Republican Senatorial Inner Circle are eligible to attend Inner Circle events. Due to space limitations, spouses and/or guests of members are not eligible to attend unless they are Inner Circle members.

☐ I have enclosed my Conference Fee of \$259 per member (\$518/couple) which entitles me/us to attend ALL of the Inner Circle Fall Briefing activities checked-off.

PLEASE NOTE: Conference Fees cannot be refunded after October 24, 1997.



HONORARY MEMBERS  
PRESIDENT GEORGE BUSH  
PRESIDENT RONALD REAGAN  
PRESIDENT GERALD FORD  
PRESIDENTIAL ROUNDTABLE  
HONORARY CHAIRMAN  
VICE PRESIDENT DAN QUAYLE

NRSC CHAIRMAN  
SENATOR MITCH MCCONNELL  
NRSC FINANCE CHAIRMAN  
STEVE FORBES  
PRESIDENTIAL ROUNDTABLE CHAIRMAN  
SENATOR RICK SANTORUM

August 30, 1997

Dear [REDACTED]

It is a basic principle of business, that those who work the hardest receive the greatest rewards.

It's the way we identify our nation's leaders.

That is why I am pleased to inform you that in recognition of your personal achievements, I have nominated you to serve as one of Virginia's representatives on the Republican Presidential Roundtable.

This is an exceptional honor that I hope you will not pass up.

For as America prepares to meet the challenges of the 21st Century, my Republican Senate colleagues and I genuinely need your help in shaping the new agenda that will guide both our Party and our Nation.

You see, the Presidential Roundtable is a unique group of only 400 Americans, whose membership includes corporate CEO's, small business owners, doctors, bankers, executives, entrepreneurs, community leaders and concerned citizens.

It is a powerful organization made up of men and women, just like you, who have a tremendous faith in America's future and have crucial expertise and experience to share with our Republican leaders.

And now that a vacancy has occurred among the coveted 18 Presidential Roundtable memberships reserved for Virginia, I sincerely hope you will consider stepping forward to claim it.

In so doing, you will be afforded the unique opportunity to share your ideas and experience with the Republican Senate Leadership, our GOP Senators, and other top political leaders and luminaries.

In recent years, Presidential Roundtable members have had

THE RONALD REAGAN NATIONAL REPUBLICAN CENTER  
425 SECOND STREET, N.E. • WASHINGTON, D.C. 20002 • (202) 675-6000/(800) 877-6776

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Not printed at government expense.

the opportunity to meet with other honorary members like former Presidents Ford, Reagan and Bush; top GOP leaders such as Bob Dole, Steve Forbes, Jack Kemp, Dan Quayle, Bill Bennett and Jeanne Kirkpatrick; and featured guests like Lady Margaret Thatcher and Henry Kissinger.

Today, our biannual Roundtable Forums continue to provide opportunities for members to meet regularly in both formal and informal settings with the great decision makers and political leaders of the 90's -- including Majority Leader Dan Rostenkowski, the entire Republican Senate Leadership, the powerful Chairmen of the standing Committees of the United States Senate, and the GOP's newly-elected Senators who are well-positioned to lead America far into the first decades of the 21st Century.

As a Presidential Roundtable member -- and recognized Republican leader -- you will also be invited to attend special invitation-only Party events; including national Republican conventions and GOP Presidential Inaugurals.

But Roundtable membership is more than simply attending events. It is the opportunity to become part of a distinguished group of 400 leading Americans who have dedicated their financial and leadership support to strengthening our nation by building our Republican Senate Majority.

And, you accomplish that through constant interaction with our 55 Republican Senators who truly appreciate your advice, counsel and support.

In fact, because the Republican Senate is already the driving force of leadership in Washington, D.C., Roundtable membership has become even more valued by those who want to help advance the Republican ideals of free enterprise, limited government and common-sense American values.

And knowing that you share these ideals, I am convinced that you will greatly benefit from being an active member of the Roundtable.

That is why I urge you to act immediately -- to review the enclosed Membership Brochure as well as the accompanying agenda for our Fall Policy Forum.

Then, I hope you will take a moment now to complete your Membership Acceptance and return it today, along with your personal or corporate check of \$5,000 (or partial membership dues payment of \$1,500, \$1,750, or \$1,999).

As noted in the Membership Brochure, your personal Roundtable dues go directly toward contributions and campaign assistance to our 1998 Republican Senate candidates. Corporate contributions are used for grassroots party-building activities that will be essential to achieve Republican victories next year.

I should also emphasize here that, unlike many political

opportunity to bring your spouse or business associate to all meetings without paying for an additional membership.

In addition, while we strive to keep membership at a total of 400 members, we have an average attendance of only 120 members at Roundtable Forums, thereby giving you an even greater opportunity to forge the lasting friendships with our Senators that have become such a hallmark of Roundtable membership.

It is for this very reason that I hope you will consider making the Roundtable's 1997 Fall Forum, on November 4-5th in Washington, D.C., your very first Roundtable event.

For at that meeting we have already arranged for Roundtable members to have personal photo sessions with the ~~Republican Senate Leadership~~ Reception on Tuesday evening.

This reception will not only provide the chance for you to be personally introduced to Majority Leader Trent Lott and my colleagues in the Senate, but it will also give us the opportunity to thank you for making such an important investment in our shared future.

The following day, our Fall Forum policy workshops will focus on some of today's most pressing national issues, as well as give you time to share your personal ideas and with many more of my Republican colleagues, top Republican staff, and panel members.

The highlight of this gathering will come on Wednesday evening, when Roundtable members will be provided complimentary tickets to join all of our Republican Senators, as well as a host of Republican leaders from throughout the nation, at the "Third Annual Senate Majority Dinner."

This grand celebration of the power of our Republican ideas and ideals will feature a keynote address by Senator Chuck Hagel, with special "Republican Leadership Awards" presented to individuals who not only have excelled in their respective fields, but in so doing also have provided the inspiration to others to follow in their footsteps.

But if our Senate Majority Anniversary Gala is a celebration of the vision and the visionaries who have brought us this far, it is also something else...It is the starting gate for the 1998 Senate campaigns, which hold the prospect of our winning 5 more GOP Senate seats and attaining the elusive "filibuster-proof" Senate which can vanquish Bill Clinton and Al Gore's opportunities to keep expanding the federal government.

Remember, our current Republican Senate Majority has already had a profound impact on America's politics. Now, by working to ensure that we retain and strengthen this "team" in 1998, we'll have the opportunity to do unprecedented things.

-4-

Not only will we be able to meet head-on the explosion of new technology and challenges of newly emerging global markets, but we can shape a national agenda for the 21st Century based on the ideas, vision and experience of American leaders like you.

That is why I urge you to accept your nomination to serve on the Republican Presidential Roundtable by returning your Membership Acceptance, along with your full or partial dues payment today.

If you cannot accept membership at this time, I hope you will at least acknowledge this special honor by helping us strengthen our Republican Senate Majority, with a generous contribution of \$2,500, \$1,000 or \$500.


Remember, because it is limited to only 400 Americans - with an emphasis on including individuals from all 50 states -- members feel that Presidential Roundtable events are some of the best they've ever attended. They enjoy sharing the rewards of leadership, friendship, effectiveness and exclusivity, which are so much a part of the Roundtable experience.

But the true value of Roundtable membership is working hand-in-hand with our Republican Senate Majority to keep electing those Republican leaders who can ensure that every American's dream of peace, freedom and prosperity can come true.

If you have any questions about your Republican Presidential Roundtable nomination, our Fall Forum, or our Senate Majority Anniversary Dinner, please call Roundtable Director, Christina Culver, at 1-800-877-6776 or 202-675-6095.

I look forward to personally welcoming you to the Presidential Roundtable.

Sincerely,

  
Senator Mitch McConnell  
Chairman

P.S. The 21st Century can be a century of unprecedented American progress and growth only if we set the proper course today. By accepting your nomination to serve on the Presidential Roundtable and working hand-in-hand with our Republican Senate Leadership, you will make the crucial difference for our Nation's future.

Please return your Membership Acceptance, along with your full or partial dues payment (or generous contribution) in the enclosed postage-paid envelope. Thank you.

Mr. BURTON. Thank you, Mr. Lantos. And if you accede to the wishes of the Republican National Committee, be sure not to do it on Federal property.

The committee will stand in recess.

Mr. LANTOS. They sent me the letter on Federal property.

[Recess.]

Mr. BURTON. We will reconvene the meeting. The Chair now recognizes the gentleman from Illinois, Mr. Hastert.

Mr. HASTERT. I thank the chairman. Mr. Chairman, I think the real question of these hearings addressed the searing question of have the election laws of these United States been broken? And have the election laws of this country been broken or circumvented by the campaign committee of the chief law enforcement officer of this Nation?

The real issue here is will these hearings be used by some to divert our attention from that issue and instead use it for a launching platform for, quote, campaign reform, end quote.

Mr. Chairman, we need to keep our focus on one question: Have the election laws of this country been broken intentionally or unintentionally? As chairman of the Subcommittee on National Security, International Affairs, and Criminal Justice, I want to simply and directly state my concerns about the potential threat to our country's security that may have been and may continue to be posed by foreign influences on our electoral process.

The peril associated with direct foreign influence on our elections should be obvious. This Nation is a democracy and a democracy is not for sale. And one more point: If foreign governments have been contributing to U.S. elections, they have not been doing so for our benefit. Any such contributions would, by definition, imperil our Nation's security, since the reasons for contributions would likely be to secure favors and extend influence. I won't belabor the point, but it is central to this inquiry.

The primary inquiry of these hearings, from my perspective, is twofold. The threshold question is: Did the Chinese Government contribute to the Democratic National party or any other campaign organization?

The second question is: If it can be shown that the Chinese Government was involved in contributing to the Democratic National party or any other campaign organization, did the Chinese Government receive any special benefits in return for its contributions to the Democratic national campaign organization?

I am reserving my judgment on both of these inquiries. But as to the first inquiry, I do believe that the evidence so far supports the proposition that the Chinese did contribute to the DNC.

Congress has documented that money came from China. This money appears to be coming through conduits to the Democratic National Committee and literally to the very doorsteps of the White House. I await further evidence in either direction on this point.

As to the second question: Did the Chinese Government obtain any benefits from the alleged illegal contributions? Was there a quid pro quo? I am not a lawyer, but it appears obvious that we may eventually need to hear from someone who can detail the con-

duct and motivations of the President if we are going to get to the bottom of this money trail.

As Judge Sirica once said, in a different context, follow the money, follow the money, follow the money.

Accordingly, I think we should make every effort, in a bipartisan way, to get eyewitnesses before us. I also sincerely think that the President should help us in this, particularly if the witnesses in question remain overseas. Furthermore, some witnesses who could explain the facts have asserted their fifth amendment right not to incriminate themselves.

It concerns me, and I think it should concern every American, that there are so many people close to the President who believe that they may have committed a crime. That fact should give us all pause. At least as our investigation relates to those who have asserted their fifth amendment rights, we will probably never know the specific role the administration played unless we are able to get and grant immunity to these witnesses.

In my opinion, there comes a time when the people's right to know may outweigh the necessity to send these witnesses to jail.

In the realm of national security, one fact bothers me more than any other and that fact is this: Shortly after Mr. Clinton became President, evidence shows he went out of his way to ensure that China obtained extremely sensitive technology. This was technology previously blocked by national security restrictions. Examples of the technology included turbo fan jet engines for missiles, sophisticated computers that provide guidance for military aircraft, and actual rocket missile guidance systems.

I await further testimony and documents, but I will confess that the campaign fund-raising issue for me leads down many trails. And the one that troubles me the most is the one with national security implications. That said, I shall not prejudice the testimony we may hear today or which we may expect to hear in the future. I shall listen to all the facts with an open mind. I thank you, Mr. Chairman.

Mr. BURTON. I thank the gentleman from Illinois. Does he yield back the balance of his time?

Mr. HASTERT. I yield back the balance of my time.

Mr. BURTON. The gentleman yields back the balance of his time. Mr. Kanjorski.

Mr. KANJORSKI. Thank you very much, Mr. Chairman.

Mr. Chairman, I begin this set of hearings with disappointment today. I first came to this great city and to serve in this great capital some 44 years ago, in 1953, the last Republican Congress before the 104th Congress; that was the 83d Congress. I had the pleasure to serve during the first administration of President Dwight David Eisenhower. And unaccustomed as I was to this city at that time, as a young man I discovered that individuals will be attacked in this political system for reality or for appearance.

And during that administration, a great historical name of Sherman Adams, from the Adams family of Massachusetts, had to surrender his position as Chief of Staff to the President because of what was then called a vicuna coat. Since that time, vicuna coats have gotten much larger and have become the habit of American politics.

I would have been overjoyed and very satisfied with my service in Congress if I had known that we were coming together in this committee to do something substantive, to really free up what has become a cancer on the political process of this country.

Unfortunately, I do not think any of us have arrived with our surgeon's tools today to treat that disease. Instead, we have arrived with pre-conclusions, illogical conclusions, and a willingness to jump to facts. Even though most of us are legally trained, I have never heard so many lawyers willing to have a finding before the evidence is in, and before the facts can be arranged in any logical order to force a conclusion. But be that as it may, this is Washington, DC, and I appreciate that.

I think today, however, Mr. Chairman, you have an opportunity, an unusual opportunity, to change the history of the last 9 months and to go at this to really leave a legacy to the American democratic system; and it needs help. If honestly we were to propose new procedures and effects and go at this investigation in a professional way, without preconceived conclusions or notions, we could work great contribution to the American political system.

If we continue in the type of diatribe we have heard from some of the Members this morning, in having previously concluded—I don't know why we are holding a hearing in some instances—or seizing upon innuendo, conjecture and conclusions that are not warranted by any of the facts or evidence that I am aware of at this point, if we have that type of hearing, we are going to have nothing but a partisan charade that will accomplish nothing and signify something that disturbs me.

And the thing that disturbs me is that there is an unwillingness, it seems, in the Congress, in this committee, to accept the fact that in November 1996, there was a Presidential election and the present occupant of the White House won that election.

And I thought that the examples learned in 1993, with trying to reverse the 1992 election with Whitewater and everything else that has preceded ad infinitum, would not be carried out in the second term of this Presidency; that with prosperity in this country beyond imagination, with peace in the world that our generation never had, and with major problems that this Government and this President could attain to, we in a very partisan way, on both sides, have slipped into this quagmire, if you will, to attack personalities and people without justification sometimes.

I cannot excuse some of the mistakes made by this White House in providing information to this committee or the Thompson committee, nor will I attempt to do it. But I will not judge it as being criminal in intent or malicious in some way. Quite frankly, I would hope I would give it in the same way that I sometimes listen to the diatribe of my friends on the other side of the aisle, and I just say they do not really mean to do evil; they just do not understand. And I would hope that if we looked at that in the White House, we would understand the same thing.

But going beyond this President and this White House, what opportunity do we really have? Is there anyone on this committee or in the Congress today that does not know that special interest money, huge corporate money, huge union money, huge wealth money, is permeating policy decisions both in this Congress and



probably in the executive branch? And quite frankly, it probably has always been that way. But there was some reasonable suppression of it, control of it, guidance of it, exposure of it that today seems to be lacking.

I do fear for American democracy as I have seen it through most of my lifetime, because I am not sure my daughter or her children are guaranteed to see this process work too much into the future if we do not do something to cut out this political cancer that exists, and it exists in money. It exists out there in the press and the media and the fact that we cannot talk to constituents anymore, but have to spend thousands and tens and hundreds of thousands of dollars on single 30-second attack ads in order to elect ourselves to office, whether it be here in the Congress or in the Presidency.

We know that sometimes that money comes with not direct connection to position, but indirect. Certainly, people do not contribute millions of dollars—I think Mr. Lantos this morning pointed out an example, an \$8 million fine for the contribution to multiparties, multi-individuals, most Republican, of \$180,000—\$160,000 went to Republicans—and it was done with the intention of having some influence. Should we have known that? Will we know that in the future? Can we do something about it? Yes, if the Congress directs itself to campaign finance reform.

Mr. Shays, on the other side, has a reasonable position on that. Mr. Tierney on our side has a reasonable position on that. We had an opportunity lost in the Senate yesterday. Or are we going to waste opportunity and go down this terrible road of being purely partisan and enforce what the American people already believe about these investigations; that they are nothing but partisan attacks to disturb and dislodge the success of this President in his second term?

If that's the case, we don't deserve their attention. But if we strive for higher ideals and intentions, we will catch the imagination and the appreciation of the American people.

Thank you.

[The prepared statement of Hon. Paul E. Kanjorski follows:]

**OPENING STATEMENT OF  
REPRESENTATIVE PAUL E. KANJORSKI**

**BEFORE THE HOUSE COMMITTEE ON  
GOVERNMENT REFORM AND OVERSIGHT**

**HEARING ON THE INVESTIGATION INTO  
ALLEGED CAMPAIGN FINANCE VIOLATIONS**

**WEDNESDAY, OCTOBER 8, 1997**

## INTRODUCTION

Mr. Chairman, this week the House Committee on Government Reform and Oversight embarks on a new phase of its investigation into alleged campaign finance violations -- public hearings. Like most beginnings, this occasion presents an opportunity for this Committee to change its course, to improve its public image, and to produce results for the American people. ***This investigation, if done right, could be the vehicle to create change.*** However, that result will not occur if this investigation remains rooted in partisan bickering. In short, we should use this opportunity to force real campaign finance reform, not to perpetuate partisan rivalries.

***Unfortunately, the Senate squandered its opportunity yesterday.*** As you well know, a Republican Majority in the Senate voted to kill the McCain-Feingold campaign finance reform measure. Although I hope that I am wrong, the Senate's actions yesterday led me to infer that the House investigation is not aimed at producing a legislative product to correct campaign finance problems, such as those posed by soft money.

***Instead, I must conclude that this Committee remains dead set on conducting a frivolous partisan folly.*** The evidence supports my conclusion. To date, the Chairman has issued 554 information requests, including 298 subpoenas, 134 document solicitations, and 122 depositions or formal interviews. Of this total, only 10 were targeted at alleged Republican fundraising abuses; 544 were aimed solely at Democrats. Moreover, while Democrats have provided the Committee with 667,800 pages of documents to date, Republicans have produced just 17,200, a mere 2.5 percent of the total.

Although I could continue to comment *ad infinitum* about the one-sided nature of this investigation, I would like to use my remaining time today to discuss several other matters. First, I would like to describe some of the standards of conduct needed to complete an effective investigation. Second, I would like to reveal some facts regarding the limited involvement of Members in overseeing this investigation. Third, I would like to address the motives of the Republican Majority in this investigation. Finally, I would like to summarize for those watching and reporting on this hearing what they can expect to learn tomorrow from the Committee's first witnesses.

## PRINCIPLES OF AN EFFECTIVE INVESTIGATION

As many of you will undoubtedly recall, the Republican Chief Counsel of this Committee abruptly quit in July. In his resignation letter to Chairman Burton, he noted that he lacked the authority to conduct a professional and credible investigation. Because of my training and experiences as a trial attorney before coming to Congress, I thought that I should, therefore, use my opening remarks to detail for this Committee some of the requirements for conducting an effective investigation that will produce results.

My purpose in detailing these principles is not to continue to complain about the unfair manner in which the Majority has treated the Minority in this investigation. Rather, in making these remarks I hope that we can use today's hearings as a catalyst for change. It is unfortunate that this Committee has spent so much time over the last 9 months arguing about procedures. Although I still have my doubts, I hope that those problems are behind us.

***Furthermore, the press has continuously reported that the staff of this Committee has pursued antics worthy of the Keystone Cops, Inspector Clouseau, and the Three Stooges instead of following professional investigation standards.*** Inquiries into the serious allegations raised by the Republican Majority deserve the highest, most professional treatment by this Committee. The American people demand no less.

In order to put this investigation back on the right track, I thought I should offer this guidance.

- ***First and foremost, an effective investigation must have a clear purpose and focus.*** Since its start, this investigation has proceeded like a haphazard wild goose chase. Although I cannot logically explain their connection with campaign finance violations, this Committee has explored matters related to Whitewater, it has looked into jobs obtained by Webster Hubbell after he resigned from the Department of Justice, and it has continued to investigate the White House Data Base. I hope that the recent arrival of a new Chief Counsel will help the Majority to focus its resources on a few key campaign finance issues that beg further investigation and that these endless fishing expeditions will stop.
- ***An effective inquiry also requires even-handed procedures.*** Unfortunately, the Republicans have not always provided the Democrats with the contemporaneous access to all documentary evidence received in this investigation. In fact, until Representative Waxman stepped in to correct the oversight, the Republican staff failed to provide the Democrats with copies of depositions taken by the Senate in as part of its investigation. Further, balanced procedures require that both parties have the right to be present at, and participate equally in, all depositions and witness interviews. In the last Congress, this Committee would depose individuals in hour-long rounds that would alternate between the Republicans and the Democrats. The rules adopted by the Committee in this Congress permit the Majority to ask questions without a time limit. This standard has created room for great abuses. In one instance, for example, Republicans questioned a witness in excess of 10 hours before Democrats had a chance to gather the information they needed. Finally,

the Majority has given the Minority little or no notice about numerous witness interviews.

- ***Additionally, an effective investigation must give both parties sufficient access to needed resources.*** To date, the Republicans have only allocated the Democrats one-quarter of the Committee's funding. As a result, the Minority has lacked the personnel it needs to acquire and analyze evidence. Furthermore, the Majority has continued to block the efforts of the Minority to hire a contractor. Such tactics not only hamper the efforts of the Democrats to fully participate in this investigation, but they also reflect poorly on the Majority.

I am sure that other Members could offer their own suggestions for improving the Committee's procedures. However, if the Committee would just follow these three simple safeguards, we could greatly improve the credibility of the investigation. The American public would then believe that this investigation could be conducted fairly and in a bipartisan nature. Finally, we could potentially achieve real legislative results.

#### LIMITED MEMBER INVOLVEMENT

***Since this investigation began, it has had more false starts than a Yugo at the Indianapolis 500 – and with no more success.*** I believe that one of the reasons for such an outcome may be a lack of daily involvement and oversight by Members of Congress. Given the limitations of time, most of us have had to rely on Committee staff to conduct the bulk of this inquiry. Moreover, although almost half of the Democratic Members of this Committee – including Representatives Waxman, Lantos, Maloney, Barrett, Cummings, Blagojevich, Turner, and me – have participated in at least one of the 57 depositions taken to date, only one Republican Member, Chairman Burton, has attended such a proceeding.

All Members of Congress, and especially those of us serving on this Committee, have a responsibility for ensuring that this investigation into alleged campaign finance improprieties moves forward in a constructive, bipartisan manner. Therefore, I hope that as this investigation continues both Republicans and Democrats will make a greater effort to become involved in the process. That way, we can learn firsthand, and not through some scandalous press reports, about the Committee's actions and practices.

#### THE MOTIVES OF THE REPUBLICAN MAJORITY

Mr. Chairman, since the beginning of the House investigation into alleged campaign finance improprieties, the Republicans have intently pursued partisan warfare, but they have failed to produce any results. ***In fact, if this investigation were a Hollywood movie, I can think of many appropriate names for it: Clueless, Say Anything, Pulp Fiction. Or perhaps, The Never Ending Story would be more apt.***

In their adamant fervor to gain a partisan advantage, the House Republicans continue to ignore a number of real achievements. First, the Republicans are ignoring the peace and prosperity the United States is currently experiencing. The Cold War has ended and the U.S. is now exploring the expansion of NATO into the former Communist bloc. The country also continues to experience one of the longest stretches of sustained economic growth in its history. Additionally, the average national unemployment rate continues to float around 5 percent or less while inflation is almost negligible. Much of the credit for these achievements comes as the result of leadership by congressional Democrats and President Clinton.

Furthermore, as the principal investigatory body in the House of Representatives, the Committee has a statutory obligation to oversee the activities of all federal agencies. In focusing almost solely on campaign finance violations, many of the Republicans on this Committee continue to ignore the fact that the federal government has become more effective under the Clinton Administration. Under the National Performance Review, led by Vice President Gore has created a government that works better and costs less. As a result of these efforts, civil service employment is now at its lowest level since the Kennedy Administration and federal agencies have become more responsive.

Because the nation is at peace, the economy is doing well, and the federal bureaucracy has been tamed, the Republicans have few Democratic targets about which to complain these days. Given their limited options, they have consequently chosen to focus on alleged Democratic campaign finance violations. In doing so, they have revealed their motive of gaining a partisan advantage.

***No one party has a lock on campaign finance improprieties.*** It happens in the Democratic Party as well as the Republican Party. For example, I could spend my time today talking about a cash-strapped Republican party, a Hong Kong billionaire, and a conduit organization called the National Policy Forum. But I will not. I could also spend my time repeating the story of Simon Fireman, a businessman who pleaded guilty to using his employees as conduits to make more than \$100,000 in contributions to the Dole campaign, the Bush campaign, and the Republican National Committee. But I will not.

Rather, I will focus on the fact that the Republicans are trying to hide the truth from the American public. Although I suspect that few Republicans would publicly admit it, one of their implicit motives in this investigation is to bankrupt the Democratic National Committee (DNC) and limit its ability to compete effectively in future elections. In addition to legal fees and staff time, the DNC has already spent in excess of \$3.5 million to produce documents subpoenaed by Congress. Further, the House Republicans do not want the public to know about their own campaign finance violations. Finally, even though almost 9 in 10 Americans want a fundamental change

or a complete overhaul of the nation's financing system. Republicans do not want the public to know that they oppose campaign finance reform.

*In many ways, the Republican-led 105<sup>th</sup> Congress reminds me of the Republican-led 80<sup>th</sup> Congress. Mr. Chairman, you remember, that was the Congress that President Truman referred to as the "Do Nothing Congress." Although the American public demanded action on a variety of issues, from health care to labor standards, the 80<sup>th</sup> Do Nothing Congress preferred to rest on its laurels. The 105<sup>th</sup> Congress is quite similar to the 80<sup>th</sup> Congress. Instead of investigating the problem, identifying solutions, and enacting legislation, the 105<sup>th</sup> Congress would prefer to "do nothing" about the issue of campaign finance reform, an issue on which the public demands that Congress take action. Perhaps it comes as no coincidence that the 80<sup>th</sup> Do Nothing Congress and the 105<sup>th</sup> Congress have occurred exactly 50 years apart. **Maybe we should, therefore, start referring to the refusal of the 105<sup>th</sup> Congress to pursue action on campaign finance reform as the sequel to the 80<sup>th</sup> Do Nothing Congress.***

#### WHAT TO EXPECT FROM THE FIRST WITNESSES

Tomorrow this Committee will hear from its first three witnesses in the campaign finance investigation. They will not reveal anything that the public does not already know. Moreover, these witnesses will confirm much of what we have already learned. I suspect that Joseph Landon's testimony on how he served as a source for a conduit payment by Charlie Trie will closely parallel the statements made by several others before the Senate Committee on Governmental Affairs on July 29 and 30. Additionally, although the Republican Majority may want you to believe that Manlin Fong will reveal sensational information because she is the sister of Charlie Trie, I suspect that she will have little knowledge about her brother's business and political activities. Finally, given his limited involvement in any previous political activities, I suspect that David Wang will offer little information about how conduit payments are arranged.

If the truth be known, Landon, Fong, and Wang are just bit actors in an unfolding public drama. Instead of focusing on these minor league conduits, this Committee's time could be more valuably spent investigating and shedding light on the sophisticated strategies and schemes used by some to pump illegal funds into political campaigns. **Just yesterday, for example, the U.S. Department of Justice assessed an \$8 million fine against a company that owns a landfill in Pennsylvania. That fine is the largest ever for federal election law violations according to the U.S. Attorney.** During recent election cycles, the previous owners and managers of Empire Sanitary Landfill used their employees as conduits for corporate contributions to Republican presidential candidates, Republican senatorial candidates, and Republican congressional candidates. The conduit contributors included a secretary, a purchaser, a parts room managers, an account clerk, and a chef. Although the U.S. Department of Justice has settled its case against the present owner of Empire Sanitary Landfill, an innocent company that did not actually violate the law, **criminal** cases remain open

against several individuals involved with the previous company. I suspect that if these individuals were to testify before this Committee that they would help reveal how they arranged for conduit payments to be made and provide the Committee with information on how it could act to prevent such abuses in the future.

#### CONCLUSION

Even though it continues to find no evidence to support its allegations, the Republican Majority continues to accuse the White House and others of orchestrating a widespread campaign to solicit and hide illegal campaign contributions. When Congress conducts oversight of the activities of the White House or any other governmental unit, it should neither reach its conclusions in advance nor make statements unsupported by any evidence. Such careless fact-finding would certainly cause Americans to quickly lose faith in the ability of their elected officials to manage the government.

I also hope that this Committee will take several actions in the near future. First, I hope that the Committee will amend its past practices and scrutinize any evidence of actual campaign finance violations more carefully, especially before making any new allegations against individuals and organizations. I further hope that more Members of Congress will take the time to participate in the depositions and review the evidence collected by the Committee. Additionally, I hope that Committee will adopt new procedures and protocols that will permit it to conduct a more effective investigation.

Finally, I hope this Committee will work to reform the present campaign finance system. The American people deserve a Congress that works together to produce results. The problem of political money is a bipartisan problem, and it requires bipartisan remedies. And if we do not get bipartisan support, then the American people will not get the benefit of the reforms that are so badly needed, and in the long run, we will all be very much the worse off. I can only hope that most Republicans will recognize the sensibility of these goals and support Democratic efforts to improve the campaign finance system.



Mr. BURTON. The gentleman's time has expired.

Mrs. Morella.

Mrs. MORELLA. Thank you. Chairman Burton, I want to indicate my appreciation for your convening today's hearing. Our committee has a responsibility to investigate the political fund-raising practices surrounding the 1996 elections. We have been charged with determining which campaign finance laws have been broken and how domestic and foreign contributions have been parlayed into policy.

Both the Senate Governmental Affairs Committee and the press have raised serious questions about campaign donations and fund-raising practices, both illegal and legal, in the 1996 election cycle.

Many of these troubling questions remain unanswered and the American people deserve answers. Why is the White House stonewalling this investigation by retaining critical documents and tapes? Why did the DNC ignore critical information about donors and fail to do background checks? How did contributors gain access to the White House? Did these contributors influence policy? Why have many of our key witnesses left the country?

Tomorrow, we will hear from witnesses who gave conduit contributions at the request of Charlie Trie and John Huang. The witnesses who will testify before this committee are linked or privy to suspect fund-raising activities, many of which are illegal.

Clearly, the Federal Election Campaign Act prohibits contributions by foreign nationals in connection with any election. But it has become increasingly difficult to distinguish which campaign practices are legal and which are not and, most important, which campaign practices should be illegal.

Soft money began to fill campaign coffers following the Federal Election Campaign Act amendments of 1979, which allowed a greater role for State and local parties by exempting certain grassroots and generic party-building activities from FECA coverage. And although they are legal, soft money contributions have led to questionable fund-raising practices and to the escalating costs of elections.

This is my hope for our committee's hearings; I hope it is shared by all the members of the committee: that we thoroughly investigate the very serious allegations of violations of law, patterns of misconduct and abuses of power by high-ranking Government officials; that we do so in a bipartisan manner; that in the course of our investigation we shed light on what should be illegal and that our investigation leads to an overhaul of our existing campaign finance laws.

There is no doubt that loopholes in existing campaign finance laws invite the kinds of abuses we will examine in the days ahead. So as we look at violations of current campaign finance law, we must also address the law's shortcomings. To ignore this reality is to waste an opportunity to enact real reform.

As I mentioned, our committee has the responsibility to conduct this serious investigation, and with this responsibility comes the duty of each of our Members to seek answers in a professional, fair manner.

I believe Chairman Burton, I take him at his word, that our committee's investigation will follow the evidence wherever it leads, and I will ensure that this is the case.

Campaign finance violations bring all of us down in the eyes of the American people, the very people whom we are here to serve.

In the coming months, it is critical that we take a stand against that which is illegal, no matter which party is guilty, and reform our laws to curb the excess of soft money and other abuses that should be illegal.

Mr. Chairman, I yield back the balance of my time. I thank you for the opportunity.

Mr. BURTON. The gentlelady yields back the balance of her time.

Mr. Condit.

Mr. CONDIT. Thank you, Mr. Chairman. I think to a person we all support congressional oversight and investigation of this issue. Some of us, on both sides of the aisle, think we ought to be taking a serious and hard look at the way we finance our political campaigns, but this committee should be willing to look critically at potential violations of law, regardless of political party, and we ought to be willing to follow the trail wherever it leads us.

We started this process several months ago with the idea of—hope of fixing a broken system. Since then, we have deposed 57 witnesses. The question is: What have these 57 witnesses told us that we didn't already know or that wasn't already available? Seeking the truth and doing it in a cost-efficient manner are not opposing views, and that's the real point I am trying to make to this committee, Mr. Chairman, that they are not mutually exclusive.

We can and we should continue to seek the truth. That ought to be our No. 1 goal. But we should do it in a cost-effective manner for the taxpayers of this country. We can do both and we should do both.

The amount of redundancy and duplication in this investigation, frankly, is ridiculous. Being thorough in our investigation and ensuring that we do not waste money is where our emphasis ought to be. We have a dual responsibility. We must seek the truth but that doesn't mean that we have to waste the taxpayers' money in doing so.

We have spent, as it has been mentioned several times, \$3 million in this body alone, to say nothing of the millions of dollars spent on the other investigation by the other body. On top of that, we have committed hundreds of hours of staff and personnel time to this investigation.

And what about the burden we have placed upon the witnesses? We have asked them to come here, share with us the information that they have. We have deposed them. For the most part, on their own expense they have come and provided that information.

Ultimately, most of them will never even be asked to testify before this committee. What we ought to be doing is setting our sights on ensuring that the money we spend is not being thrown away in a very cavalier way.

If we are sincere in being here today, then we ought to agree on a clear focus of this hearing, Mr. Chairman. I wholly—I support seeking the truth. I once again think that is the point here. But

to go blasting away in some random manner hoping that we hit something or stumble into something is just plain irresponsible.

The main problem with this investigation is that we are not conducting it in a cost-efficient manner, and I hope by the end of this investigation that we can report to the American people that something substantive has transpired.

Now it is time, I believe, for us to find a solution, and we all know that is a very easy thing to say. In reality, it is very hard to do. But it is time for us, I believe, to come up with a solution and find a legislative remedy. And let us use this hearing as a springboard to enact some of those solutions, like campaign finance reform. Let's set a date when this hearing will end, and then move forward with that plan or that solution.

Mr. Chairman, we all support this investigation and the oversight. We need to ensure that we follow the course that is being laid out as quickly and as efficiently and as effectively as possible and waste as little taxpayer money as we possibly can. We owe that to the American people.

With that, Mr. Chairman, I yield back the balance of my time.  
[The prepared statement of Hon. Gary A. Condit follows:]

**Statement of Rep. Gary A. Condit  
before the Committee on Government Reform and Oversight**

Mr. Chairman, I think everyone in this room supports Congressional oversight and investigation. We ought to be taking a serious, hard look at the way we finance our political campaigns. We ought to be willing to look critically at potential violations of the law – regardless of political party – and we ought to be willing to follow the trail wherever it leads us.

We started this process several months ago with the idea of fixing a broken system. Since then we've deposed 57 witnesses. The question is: What have these 57 witnesses told us that we didn't already know or that wasn't already available in media reports?

Seeking the truth and doing it in a cost-effective manner are not opposing points of view. They are not mutually exclusive. We can and should continue to seek the truth, but we should do it in as cost-effective a manner as we can. We can do both and we should do both. The amount of redundancy and duplication in this investigation is ridiculous.

Being thorough in our investigation and ensuring that we do not waste money is where our emphasis ought to be. We have a dual responsibility. We must seek the truth, but that doesn't mean we have to frivolously spend the taxpayers money to do so.

We've spent more than \$2.5 million in this body alone – to say nothing of the millions of dollars spent on this investigation by other bodies. On top of that we have committed hundreds of hours of staff and personal time to this investigation. And what about the burdens we've placed on the witnesses. We ask them to come here for depositions – for the most part at their own expense. Most of them will never even be called to testify before us.

What we ought to be doing is setting our sights on ensuring that the money we spend is not being thrown away flippantly. If we are sincere in being here today, then we ought to agree on a clear focus for these hearings. I wholeheartedly support seeking the truth. But to go into this investigation, blasting away in some random manner hoping that we hit something, stumble onto something, is just plain irresponsible.

Mr. Chairman, the main problem with this investigation is that we are not conducting it in a cost-effective manner. I hope that by the end of this investigation we can report to the American people that something of substance has transpired. Now is the time for us to find solutions. That's easy to say, but if we're really serious, then the time has come to move legislatively.

Let's use these hearings as a springboard to enact serious campaign finance reform. Let's set a date when this hearing will terminate and then move forward with a plan to find solutions.

Mr. Chairman, we all support comprehensive oversight and investigation. WE simply need to ensure that we follow the course that is being laid out as quickly and efficiently – with as little waste of the taxpayer's money – as possible. We owe the American people that.

Mr. BURTON. The gentleman yields back the balance of his time.

Mr. Shays. Oh, excuse me, Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman, and my colleagues. Throughout this session of Congress, our Government Reform and Oversight Committee has performed an arduous task of investigating campaign finance improprieties and any possible violations of law. This task became necessary as press revelations in the weeks prior to the 1996 election period raised questions about the Democratic National Committee's fund-raising practices, ranging from funneled foreign contributions to violations of domestic fund-raising laws.

These revelations include the related activities of John Huang and Yah Lin Charlie Trie both who reportedly contributed funds in the names of other people and both reportedly facilitated the contribution of foreign funds into the Democratic National Committee. John Huang refused to cooperate with our committee's investigators by invoking his privilege against self-incrimination, while Charlie Trie has fled the country and is thought to be somewhere in the People's Republic of China.

Under the Federal Election Campaign Act, contributions in connection with any election are prohibited by foreign governments, by political parties, corporations, associations and partnerships, individuals with foreign citizenship and immigrants not lawfully admitted for permanent residence.

In addition, FECA provides that no person shall make a campaign contribution in the name of another person or knowingly permit his or her name to be permitted to effect such a contribution. Accordingly, the American people are in need of the facts to determine whether or not their political leaders in Washington have been abusing current Federal campaign laws and whether the current campaign finance system has been working effectively.

Furthermore, and more important, the American people need to be able to discern whether foreign contributions and resources are influencing our Nation's campaigns. The committee hearings on which we are about to embark will hopefully assist us in answering these very important questions.

Our committee's investigation has included 55 individual subpoenas, 76 bank subpoenas, 39 depositions, all within the past 7 months. The Department of Justice has yet to appoint an Independent Counsel, even though campaign finance improprieties continue to be revealed and reported on a daily and weekly basis. This, in light of the fact that FBI Director Freeh not long ago called for and stressed the need for an Independent Counsel in this current campaign finance scandal.

Moreover, along with many of my colleagues, I believe that we should adopt meaningful campaign finance reform, something we are all interested in. And I am heartened with the course of action taken to date by our full committee. The allegations we have been investigating follow an election cycle that discussed record amounts of money being spent on Federal campaigns. This trend of escalating campaign spending and abuses raises many concerns that the campaign finance laws enacted in the seventies are no longer adequate and need serious reform.

I believe that our committee is proceeding in the right direction, and I look forward to continue to work with my colleagues in ensuring that our Nation's campaign finance laws are going to be adequate and up to the challenge in meeting the current trend of increased campaign spending.

Accordingly, it is of utmost importance that we put an end to any current abuses and to restore the American people's trust. The hearings on which we are about to proceed are a positive step in that direction.

Thank you, Mr. Chairman.

Mr. BURTON. The gentleman yields back the balance of his time.

Mr. Sanders.

Mr. SANDERS. Thank you, Mr. Chairman. I would just like to make two points and pick up on something that Mr. Kanjorski said a moment ago, and that is in November 1998, Mr. Chairman, there are going to be national elections and what the experts tell us is that about two-thirds of the American people are not going to bother to vote. We had the lowest voter turnout of any industrialized Nation on earth. There will be districts that Members come from where 25 percent of the people will vote.

Now, there are a lot of reasons why the American people are giving up by the tens of millions in the political process, but I would argue that certainly one of the reasons is their belief that our campaign finance system is totally corrupt; that big money dominates what goes on here and that for ordinary people and working people, low-income people who don't have the \$50,000 to contribute at fund-raising dinners or the \$100,000 to contribute to the parties of their choice, that they are not—that their voices and their needs are not going to be heard. I think that is basically a true statement.

There is a reason why this institution gives huge tax breaks to the rich and does not have a national health care system, or we had to fight so hard to raise the minimum wage to all of \$5.15 an hour, and so forth and so on. The American people understand that.

They are not naive and they understand that when somebody contributes several hundred thousand dollars, maybe to both political parties, they are getting something for their dollars.

Now, if these hearings and the work of this committee is nothing more than for the—and I say this as an Independent—for the Republicans to say, gee, we are great. We never have any problems. Those terrible Democrats in the White House, gee, they are just evil, but not us. No one is really going to believe that and they shouldn't believe that. Everybody knows that the system is affecting everybody.

So if this committee is really going to have an impact on what goes on in Congress and what goes to—what I think the American people perceive, we are going to have to fight to expose everything that is going on and then the direction must be to lead us to real campaign finance reform. No one is going to take this seriously if all that we do is say that the White House is terrible, terrible, terrible but, gee, no, I am not going to vote for real campaign finance reform. I am not going to vote or fight to make sure that big money does not continue to control the political process.

So I would hope, Mr. Chairman, and I think Mr. Lantos made this point, Mr. Kanjorski, others have made this point, you have an enormous responsibility. You can play a role in turning the politics of this country around by leading us in the direction of real campaign finance reform and take away the power of big money in controlling the agenda here. That's the first point.

The second point that I want to make, Mr. Chairman, I make as the ranking member of the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs. As you may know, last year Chairman McIntosh of that subcommittee asked the GAO, the Government Accounting Office, to thoroughly investigate the computerized Rolodex at the White House.

This little known investigation into a computer data base has ballooned into a substantial portion of this committee's campaign finance investigation. I am not sure that many of the Members know that. As the ranking minority member of that subcommittee, I am deeply concerned that the subcommittee may be wasting the taxpayers' money in overusing the committee's deposition authority on this obscure inquiry.

Mr. Chairman, this narrow investigation has eaten up hundreds of thousands of committee dollars since its inception over 1 year ago. It has consumed—

Mr. MCINTOSH. Would the gentleman yield?

Mr. SANDERS. Let me finish and then I will yield.

Mr. MCINTOSH. I will be glad to explain what the money is being used for, if the gentleman would yield.

Mr. SANDERS. Pardon me?

Mr. MCINTOSH. If the gentleman will yield, I would be glad to give a summary of what the money was used for.

Mr. SANDERS. Let me finish and then I am happy to yield. OK?

It has consumed 15 of the 57 campaign finance depositions. In other words, over one-fourth of the committee depositions were limited to questions about the data base.

In addition, Mr. Chairman, it has cost the White House hundreds of thousands of dollars during just one 3-month period in which the White House tracked the cost of responding to this investigation; and the related GAO audit, it estimated that the response cost the taxpayers \$155,000, and that's over a 3-month period.

In addition, the witnesses that have been deposed have had to hire counsel at a potential personal cost of thousands of dollars. This can be a significant burden on the witnesses called by the committee, one of whom is an unpaid volunteer, as I understand it, at the White House.

I would conclude by saying, I don't think the American taxpayers approve of us wasting hundreds of thousands of dollars on a political fishing expedition. I don't think they want more than one-quarter of the committee's campaign finance depositions to be on an obscure investigation of a computerized Rolodex. Unless the committee can demonstrate that the White House data base investigation is not a waste of taxpayer dollars, this costly and partisan investigation should be dropped.

And I would be happy to yield to my friend, Mr. McIntosh.

[The prepared statement of Hon. Bernard Sanders follows:]

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BERNARD SANDERS, VERMONT  
INDEPENDENT

Statement of Bernard Sanders (I-VT)  
Ranking Minority Member  
Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs  
Opening Statements on Campaign Finance Investigation  
October 8, 1997

Informing the Committee Membership

Mr. Chairman, I'd like to talk about something that not all the members may be aware of. Last year, Chairman McIntosh of the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs asked the Government Accounting Office - or GAO - to thoroughly investigate the computerized rolodex at the White House. Last year, the Subcommittee held one hearing on the GAO's findings and many of the members here today might have thought that was the end of the investigation.

However, that is far from the truth. This little-known investigation into a computer database has ballooned into a substantial portion of this Committee's campaign finance investigation. Mr. Chairman, the membership may be surprised to learn that over one quarter of the campaign finance depositions were on the White House database and no other issues.

As the ranking minority member of that subcommittee, I am deeply concerned that the Subcommittee may be wasting the taxpayers money and overusing the Committee's deposition



authority on this obscure inquiry.

Since Chairman McIntosh of the Subcommittee is a vocal advocate for cost/benefit analyses, I think it's about time that we put his White House Database investigation to the test.

Cost to the Committee of the White House Database Investigation

**Mr. Chairman, this narrow investigation has eaten up hundreds of thousands of Committee dollars since its inception over one year ago. It has consumed 15 of the 57 campaign finance depositions. In other words, over one fourth of the Committee depositions were limited to questions about the database. And more have been requested.**

Unfortunately, a number of the individuals who were deposed had little or no relevant information to share with the Committee. In fact, three of the database witnesses had no knowledge of the creation or use of the White House database.

Cost to the White House

In addition, Mr. Chairman, it has cost the White House hundreds of thousands of dollars. The White House estimates that it produced 35,000 pages of documents, produced two copies of the database which took 5 days a piece to produce, responded to over 60 letters from the Subcommittee, and spent hundreds of hours collecting information responsive to the Subcommittee's questions. The computer division of the Office of Administration which is charged with running the database has devoted over 5500 hours to answering questions. That's the equivalent of one full time employee devoting two and a half years to nothing but responding

to Subcommittee questions. **During just one 3-month period in which the White House tracked the cost of responding to this investigation and the related GAO audit, it estimated that the response cost the taxpayers \$155,000. That's 155,000 dollars in just three months.**

#### Cost to the Witnesses

**In addition, the witnesses that have been deposed have had to hire counsel at a potential personal cost of thousands of dollars. This can be a significant burden on the witnesses called by the Committee, one of whom is an unpaid volunteer at the White House.**

#### Opportunity Cost

Mr. Chairman, I'd also like to point out that the Subcommittee has spent so much time on this investigation that it has not held hearings on **any** topic since June 16, 1997. Our last hearing was almost 4 months ago. I could suggest a number of issues that I think would be better topics of investigation.

#### Benefits

On the other side of the scale, the benefits of the investigation are much less apparent. Last week we tried to have the deposition transcripts released to the public so it could judge the investigation for itself. Unfortunately, this motion was blocked by the majority and the database depositions are covered by Executive Session. **However, I believe anyone reading the transcripts would agree that none of the 15 database depositions uncovered any evidence that the database was used for campaign fundraising purposes.**

Conclusion

I don't think the American taxpayer approves of us wasting hundreds of thousands of their hard earned dollars on a political fishing expedition. I don't think they want more than one quarter of the Committee's campaign finance depositions to be on an obscure investigation of a computerized rolodex. Unless the Committee can demonstrate that the White House database investigation is not a waste of taxpayer dollars, this costly partisan investigation should be dropped.

Mr. MCINTOSH. Thank you very much, Mr. Sanders.

Let me say very briefly that this investigation is continuing apace. We found out very early on that this White House computer data base was used to keep track of the coffees and the use of the Lincoln bedroom for campaign fund-raising, something which the White House's own lawyers told staff of the President would be an illegal purpose if it were for campaign or political fund-raising.

We are continuing to depose all of those who were involved in creating and using the data base to find out exactly what happened and still have many more depositions to go forward in doing that.

We want to give every opportunity for this White House to justify the purpose for something that clearly appears, on its face, to have been intended to be an illegal theft of Government property for political purposes. We need to find out what happened and report to the American people about this. Thank you.

Mr. WAXMAN. Will the gentleman yield?

Mr. SANDERS. Yes, I would yield to Mr. Waxman.

Mr. WAXMAN. I hope that with the same zeal we look at some of the ways Members of Congress have conducted their affairs, whether they have made phone calls out of their offices, whether they have used their Government allotments for campaign purposes. Maybe we ought to look at their data bases and stuff like that.

I think that it just seems a little bit hypocritical when we see attacks only in one direction and only one partisan direction. I would just point that out.

And I thank the gentleman for yielding.

Mr. BURTON. The gentleman's time has expired.

Mr. Shays.

Mr. SHAYS. Thank you, Mr. Chairman.

Mr. Chairman, I am troubled by this investigation. I am troubled by the serious violations of law. I am troubled by abuse of fund-raising practices that, while perhaps not technically illegal, are obviously wrong. I am troubled by the administration's strategy of lawyerly word games, inadvertent discovery and delay; troubled that so many witnesses have taken the fifth, fled, forgotten or simply have refused to cooperate; and I am troubled when partisanship blocks the path to individual accountability for abuses and to reform of a system so eagerly and thoroughly abused.

Our job is to judge the extent and impact of illegal foreign contributions, money laundering and other campaign finance abuses that have threatened our national security and undermined the integrity of domestic political process.

Our commitment is to follow the evidence wherever it leads, without regard to partisan political calculations. But that job has been made far more difficult because, as has been noted, 39 witnesses have asserted their fifth amendment right against self-incrimination, 39 witnesses; 11 potential witnesses have fled the country, 11 witnesses; 11 foreign nationals have refused to be interviewed; and the number of witnesses with blank memories grows daily.

Do I believe the former chairman of the Democratic National Committee, Mr. Fowler, cannot remember when the National Secu-

rity Council warned him that Roger Tamraz was a national security risk? I am sorry. I cannot believe him.

Do I believe the Vice President of the United States did not know that when he went to the Hsi Lai Temple it was a fund-raising event? I am sorry. I cannot believe him.

The only difference I see so far between the terrible abuses in the Nixon White House and the terrible abuses in the Clinton White House is the Nixon White House abuses happened under Republican watch and were investigated; the Clinton White House abuses happened and are happening under Democratic watch.

The administration is still haphazardly finding materials, obviously within the scope of subpoenas issued by this committee 7 months ago. And from my review of the transcripts, it appears the committee minority staff's only contribution to the examination of witnesses has been to trivialize the investigation and to apologize to the witnesses for the inconvenience of having to give a deposition.

Nevertheless, our charge remains twofold: One, find out who abused the system; and two, recommend systemic statutory and regulatory repairs to fix what is wrong.

In past investigations, it was not enough then to say the system is broken, everybody does it, so let's just pass a law without bothering those responsible. It is not enough now. Just as it is not enough to fix individual culpability without drawing and applying a larger lesson to rehabilitate a system that induces otherwise good people to do undeniably bad things.

For the protection of their fundamental freedoms, the American people must rely on the wisdom of our laws and the integrity of the men and women sworn to uphold those laws. Here we had a failure of both. Porous laws were exploited by unscrupulous people. Our sworn responsibility demands we investigate and remedy both. Until we do both, our work is not complete. Unless we do both, our troubles have just begun.

With that, Mr. Chairman, I yield back the balance of my time.

Mr. BURTON. The gentleman yields back the balance of his time.

Mrs. Maloney.

Mrs. MALONEY. Thank you, Mr. Chairman.

Mr. Chairman, there are a lot of very positive things going on in America. Unemployment and inflation are at a 25-year low. Crime in our major cities is down, with our largest city, New York, leading the way. But Americans don't think Washington is improving their lives. In the last Presidential election, we had the lowest turnout in generations; less than 50 percent. The American people don't associate low mortgage and student loan rates with fiscal discipline in Washington, because all they see coming out of Washington is Republicans and Democrats trying to destroy one another over campaign finance abuses.

Each week, there is a new outrage. We learn about a new violation of the spirit, if not the letter, of the campaign finance laws. Americans are turned off so they are tuning out. They aren't participating in their democracy because they think their democracy is a little out of their price range.

These hearings will clearly demonstrate that soft money, those unlimited contributions made to political parties, is at the root of the campaign finance abuses this committee is investigating.

Whether it is delivered by a well-healed tobacco lobbyist or a nun who has taken a vow of poverty, soft money is a plague on both of our houses, both Democrat and Republican. It creates the impression, true or false, that you have to pay to play and that legislating is just something we try to squeeze in between fund-raisers.

What soft money boils down to is a loophole that circumvents restrictions on hard money. We can and we must close this loophole. Letting it stand, either by doing nothing or cynically undermining reform efforts with deliberate poison pills, is nothing less than a betrayal of American democracy.

Washington is not irrelevant to America. The values on which Washington was built make America possible. Our broken campaign finance system has placed those values in jeopardy. In footing the bill for this hearing, the American people don't want us to protect the system; they want us to clean it up. They doubt we can do it and for good reason.

Let us work together across party lines to rein in soft money and prove once and for all that our democracy is not for sale.

Tomorrow, we will hear from people who allegedly served as conduits to get illegal money into the DNC, people who were apparently used by others to circumvent contribution limits and to break the law. This is not news. Since 1992, the Federal Election Commission has investigated 67 foreign contribution cases. The agency is looking into 27 alleged conduit payments. Their records include discoveries of a man who couldn't pay his bills or pay his child support but managed to funnel \$600,000 in foreign contributions to the Republican party in 1992.

There are plenty of skeletons in closets on both sides of the aisle. This is not a one-party problem. Nor is it a new problem.

My colleagues on the other side of the aisle enjoy pointing fingers at Democratic fund-raising, but when the focus shifts to their own fund-raising and the problems of the entire political system, they abruptly change tactics. That is why the Senate stopped its investigation in midstream. As Senator Collins, Republican of Maine, said last week—and she was quoted in the New York Times, “For the first time, it looked like the focus would be much more on ourselves. It is easier for us to sit in judgment of another branch of government, the executive branch, than to sit in judgment of ourselves. I believe we should go forward to learn the truth about these abuses, but I will be very surprised if we learn anything that is either new or startling.”

We will hear a lot today, we have already heard a lot today, about, “enforcing the laws.” But when it comes to funding the Federal Election Commission, the agency whose job it is to enforce these laws, my colleagues are afraid to put their money where their mouths are.

We should let the Federal Election Commission do its job so that we can do ours. And our job, Mr. Chairman, is not simply to assign blame, but to reform the system.

There are before Congress now 80 different pieces of proposed legislation to reform campaign finance laws. Yet not a single one of them has made it to a hearing.

Mr. Chairman, it is time to stop fixing the blame and to start fixing the problem.

And I yield back the balance of my time.

Mr. BURTON. One second.

I would just like to make one real quick point before we go to the next witness.

It has been mentioned several times that we have not issued subpoenas that were requested by the minority, and while there have been some problems, the minority subpoenas have been withdrawn, according to our counsel, and he has been trying to work things out with the minority counsel to facilitate some of these subpoenas being granted.

Now, we cannot say we are going to grant all of them, but we really can't grant subpoenas that you requested when you have withdrawn that request; and that is one of the concerns that we have.

Mr. WAXMAN. Will the gentleman yield to me?

Mr. BURTON. I will be happy to yield.

Mr. WAXMAN. We withdrew our request for subpoenas after they sat pending for over 3 months without any action. We saw no purpose in having those subpoena requests hanging out there and being further ignored.

Mr. BURTON. Well, let me just respond by saying, our new counsel is willing to sit down and try to facilitate some assistance for you in getting some of these subpoenas granted.

The next person to speak is Ms. Ileana Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman. As a Cuban American and a congressional representative from south Florida, I am especially interested in knowing the relationship between certain alleged illicit contributions made by south Florida residents and their effect upon United States-Cuba relations. Specifically, I would like to know why Jorge Cabrera, a convicted felon and drug dealer, states that he was approached for a \$20,000 contribution to the DNC in exchange for an invitation to a fund-raiser with Vice President Al Gore.

Was his background as a drug dealer not investigated? Even if Cabrera's reputation and past convictions were ignored, did someone not wonder as to the origins of his \$20,000 check, which came from Mr. Cabrera's checking account that supposedly includes funds from Colombian cocaine deals?

Mr. Cabrera has been convicted for trafficking in 6,000 pounds of cocaine and now sits in a Federal penitentiary fulfilling a 19-year sentence. The supposed solicitor of this contribution, who Mr. Cabrera claims was Vivian Mannerud, is a major contributor to the Democratic party, an owner of an airline charter company that flies to Havana, and is also a renowned sympathizer of the repressive agenda of the Castro dictatorship.

Mr. Cabrera claims that he met with Ms. Mannerud at the Copacabana Hotel, a posh hotel in one of Havana's most exclusive areas, and I would like to play a little song here.

[Song played.]

[The lyrics follow:]



***Jorge at the "Copa" by Paul Shanklin***

His name was Jorge. Jorge Cabrera.  
 They say he ran a little coke and had good cigars to smoke.  
 He was so public with lots of money.  
 But he had trouble in his past and his luck just couldn't last.  
 So he went to see friends at the DNC.  
 He met with the finest people who put on the street.  
 At the Copa. Copacabana.  
 The DNC Spot in Havana.  
 At the Copa. Copacabana.  
 Big checks and favors were always the flavors at the Copa. Adadedum.  
 He met with Vivian in from Miami.  
 She had connections in D.C. but they didn't come for free.  
 So she told Jorge to meet with Al Gore.  
 Who said unless we win again there's no help that we can lend.  
 So Jorge grabbed his pen and wrote a check again.  
 20 grand bought an inside chatter and a White House friend.  
 At the Copa. Copacabana.  
 The DNC Spot in Havana.  
 At the Copa. Copacabana.  
 Big checks and favors were always the flavors at the Copa.  
 He cost it all.  
 Then 10 days later. There was a party.  
 On Pennsylvania Avenue at the house of you know who.  
 Where the First Lady who took some pictures with a smiling Jorge and Al Gore.  
 But the freak went out the door.  
 And now there in the press and Clinton's in a mess.  
 And Jorge's spending time in jail. Where are all the rest?  
 At the Copa. Copacabana.  
 The DNC Spot in Havana.  
 At the Copa. Copacabana.  
 Big checks and favors were always the flavors at the Copa.

Ms. ROS-LEHTINEN. We will hand out the words to the Members. And it says that at the Copa, Copacabana, the DNC spot in Havana; and we want to know what the connection is. And the location where this petition took place, Havana, Cuba, home of the tyrannical Castro regime, certainly brings a lot of questions to mind. Considering United States-Cuba relations in the past, does not Mr. Cabrera's claims, that the petition for a donation took place in Havana, Cuba, conflict with United States foreign policy?

If Mr. Cabrera's claims are true, is the DNC condoning the practice of United States residents visiting Cuba, a country controlled by a totalitarian regime, in order to solicit funds in the Cuban capital for the United States Presidential campaign?

Another concern of mine is the recent testimony given by a plantation Florida businessman, R. Warren Medoff before the Senate Governmental Affairs Committee. On October 22d of last year, Mr. Medoff attended a \$1,500 a plate Coral Gables fund-raiser intending, he said, to urge the President to renew flights to Cuba. These flights had been banned since March, when Castro's fighters killed four innocent men and shot down their planes, which were on a humanitarian mission, flying over international waters.

Mr. Medoff said that he indicated to the President that he could offer the Democratic party a \$5 million gift. The President, states Medoff, responded by saying, you can tell the people that they will be able to fly.

The flights were resumed the same day.

Based on Mr. Medoff's claims, one wonders, is the White House, in consideration for a substantial contribution, \$5 million, willing to forgo the loss of American lives who were flying over international waters and who were shot down by Castro in order just to fill up its treasure chest?

And I would like to bring up the ties of one south Florida resident, John Henry Cabanas, a Key West businessman, who has publicly expressed admiration for Castro, saying, "Fidel is like my father and I believe that he loves me like his son." Federal records show that Mr. Cabanas appears to have contributed or helped in steering over \$62,000 to the Democratic party and its candidates.

A lawyer at the Treasury Department states that United States law prohibits a person from knowingly and willfully engaging in a transaction with Cuba or a Cuban national. According to sources, Cabanas flouted that law for decades by spending money and receiving payment for his work in Cuba before he left in 1988.

There is also the issue of Mr. Cabanas' alleged counterintelligence work. According to two former Cuban intelligence officials, Cabanas was a full-time agent of the Interior Ministry State Security Department. A defector and a one-time 20-year Interior Ministry intelligence officer also said that Cabanas' specific job was to spot spies among foreigners in Cuba, including diplomats, journalists and tourists. Mr. Cabanas' counterintelligence work for the Cuban regime is also very alarming.

Did the Democratic party, in its frenzy to obtain sufficient funds to re-elect the President and oust the Republican Congress, allow for contributions to be made by ex-spies of a totalitarian and repressive dictatorship? And has this spy been able to influence United States policy toward Cuba?

It is necessary to investigate whether any of these contributions have resulted in the softening of United States policy toward the Castro regime, and I hope that this committee examines to the fullest any intent by the Castro regime and its sympathizers here in the United States of influencing United States policy toward the Cuban dictator.

And I thank the chairman for the time.

Mr. BURTON. The gentlelady yields back the balance of her time.

Mr. Barrett.

Mr. BARRETT. Thank you, Mr. Chairman.

Today, as we begin what will no doubt be a long and extensive probe into Democratic party's fund-raising activities, we start down a path clearly defined by the lines of partisanship. We will focus on the alleged misuse of funds and the skirting of campaign laws by one party and one party only.

I acknowledge that some wrongdoings may have occurred as a part of the fund-raising efforts by the Democratic party during last year's elections. Some of these improprieties have been brought to light by Senator Thompson's investigation.

I believe that those who have committed illegal acts in the effort to finance Federal campaigns should be dealt with accordingly. Breaking the laws that regulate our elections cannot be tolerated. I also believe, however, that any committee of Congress investigating wrongdoing should not focus all its energies and resources on the persecution of one political party, be that party in the majority or the minority.

Let's face it, candidates raise money. And last year the GOP set new records for raising it, and they didn't raise it all from widows and choir boys.

In order to fully understand the depth of the problem, we should be looking at all methods that are used to abide by or skirt the campaign laws. That includes methods used by both parties.

Now, from the get-go, this committee has brandished a partisan flag and the chairman has refused to even go through the motions of a fair investigation. Instead, the committee has bungled, blundered and botched this investigation and, as a result, has drawn upon this committee serious questions about its integrity.

Mr. Chairman, we will see a constant theme develop during these hearings. We will be told that the laws are murky, compliance is difficult, and the loopholes are too big to withstand the rush of money in our elections. All the evidence will lead to one thing that this committee will not consider in the course of this investigation, that campaign finance reform is needed now. And without it, the integrity of public elections will continue its slide down the slippery slope of public opinion.

This committee is not limited by time and the Republican leadership has indicated that it will not be lacking funding. In fact, the committee has a \$3.8 million budget with access to an additional \$7 million. All indications are that the committee will meander on into the next legislative year and into the campaign season in 1998.

To date, a clear mission for this investigation has not been communicated. We have witnessed several embarrassing episodes, in-

cluding the resignation of the chairman's legal team and the delays in the start of this investigation.

Mr. Chairman, it is my hope we can work to expose the deficiencies in the campaign finance laws and that we can work together toward identifying and acting on a solution to them. Without a clear objective like that, the investigation is destined to be dragged down by partisan bickering and finger-pointing. It is time that we rise above the partisanship that has plagued this investigation.

I would like to applaud the gentleman from Connecticut, Mr. Shays, for his efforts to bring campaign finance reform to the floor of this House. He has shown an uncommon courage and dedication to restoring integrity to our electoral process. The Republican leadership, unfortunately, has vowed to keep the bill from being considered, but they may not be able to do so much longer. Hopefully, these hearings will prompt Mr. Gingrich and Mr. Armey to reconsider their positions and yield to the will of a good number of members to consider some sort of reform before the end of the 105th Congress.

Thank you, and I yield back the balance of my time.

[The prepared statement of Hon. Thomas M. Barrett follows:]

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## Congress of the United States

House of Representatives

Washington, DC 20515-4905

Statement of  
U.S. Representative Tom Barrett  
As Delivered

House Committee on Government Reform and Oversight  
October 8, 1997

Thank you, Mr Chairman. Today, as we begin what will no doubt be a long and extensive probe into Democratic Party fundraising activities, we start down a path clearly defined by the lines of partisanship. We will focus on the alleged misuse of funds and the skirting of campaign laws by one party. I acknowledge that some wrongdoing may have occurred as part of the fundraising efforts by the Democratic Party during last year's elections. Some of these improprieties have been brought to light by Senator Thompson's investigation.

I believe that those who have committed illegal acts in the effort to finance federal campaigns should be dealt with accordingly. Breaking the laws that regulate our elections cannot be tolerated.

I also believe that any committee of the Congress investigating wrongdoing should not focus all its energies and resources on the persecution of one political party - be that party in the majority or the minority. Let's face it, candidates raise money. And last year, the GOP set new records for raising it -- and they didn't raise it all from widows and choir boys.

In order to fully understand the depth of the problem, we should be looking at all methods that are used to abide by or skirt the campaign laws. That includes methods used by both parties. Now, from the get-go, this committee has brandished a partisan flag and the Chairman has refused to even go through the motions of a fair investigation. Instead, the committee has bungled, blundered and botched this investigation and, as a result, has drawn upon this committee serious questions about its integrity.

Mr. Chairman, we will see a constant theme develop during these hearings. We will be told that the laws are murky, compliance is difficult, and the loopholes are too big to withstand the rush of money in our elections.

All the evidence will lead to the one thing that this committee will not consider in the course of the investigation - that Campaign Finance Reform is needed now, and without it, the integrity of public elections will continue its slide down the slippery slope of public opinion.

This committee is not limited by time and the Republican leadership has indicated that it will not be lacking funding. In fact, the committee has a \$3.8 million budget with access to an additional \$7 million. All indications are that the committee will meander on into the next legislative year and into the campaign season in 1998.

To date, a clear mission for this investigation has not been communicated. We have witnessed several embarrassing episodes including the resignation of the Chairman's legal team and the delays in the start of this investigation.

Mr. Chairman, it is my hope we can work together to expose the deficiencies in the campaign finance laws and that we can work toward identifying and acting on a solution to them. Without a clear objective like that, the investigation is destined to be dragged down by partisan bickering and finger pointing. It is time that we rise above the partisanship that has plagued this investigation.

I would like to applaud the gentleman from Connecticut, Mr. Shays for his efforts to bring his campaign finance reform bill to the floor of the House. Mr. Shays has shown an uncommon courage and dedication to restoring integrity to our electoral process. The Republican leadership unfortunately has vowed to keep the bill from being considered but they may not be able to do so for much longer. Hopefully, these hearings will prompt Mr. Gingrich and Mr. Armey to reconsider their positions and yield to the will of a good number of members to consider some sort of reform before the end of the 105th Congress.

Thank you.

Mr. BURTON. The gentleman yields back the balance of his time.  
Mr. McHugh.

Mr. MCHUGH. Thank you, Mr. Chairman. Today, at long last, with the start of this hearing, the House, through this committee, joins with the Senate in seeking to answer a long and very troubling list of questions involving the possible violation of various laws, regulations and, I might add, generally accepted standards of proper behavior amongst public officials.

Over the past year, each day has seemed to bring new revelations about alleged improprieties, indiscretions and violations of the public trust, and with each disclosure, the faith and the confidence of the American public in their Government and in their elected representatives have sunk to lower and lower levels.

On this, our first full day of inquiry, Mr. Chairman, it is my hope that, above all else, we will pursue and ultimately uncover and reveal the truth.

The people of this Nation deserve to know what, if any, laws were broken and who amongst their elected representatives and public officials might have broken them. The people of this Nation need to understand that these allegations, if in any way true, will not be tolerated. They need to believe that the authority of public office does not provide a shield of immunity from the law but, rather, creates a higher standard of adherence to it.

There are those—and we have heard them today, Mr. Chairman—who would have the people of this country believe that these hearings should be designed solely to develop a new set of laws to administer the financing of campaigns. They would have the people of this country focus blame somewhere other than on those who chose to defy the public trust and operate outside the existing legal standards.

True, few thinking people today fail to realize the need to update and, where necessary, recraft the current campaign finance structure; and, to the extent that these sessions serve to clarify the best path toward that goal, so much the better. But the primary objective of these hearings is no more to identify the need for new laws or that the investigation of the crimes of Jeffrey Dahmer was somehow a search for new proscriptions against cannibalism.

We are not looking at a failure of the law. We are searching for the lawless. To those who would absolve the guilty and indict the process, I would simply ask, what in the current law has failed to earn your respect?

What phrase, which word or mark of punctuation has led you to hold these laws in such contempt, has caused you to conclude that the alleged perpetrators are innocent, somehow victimized by a law that in your judgment is unworthy of observation?

I would imagine that at some time in all of our childhood, Mr. Chairman, we have used that kind of excuse. We have told our parents, "But everybody does it," even if everybody wasn't doing it.

My colleagues, we are not children. Allegations of corruption, influence peddling, improper use of Federal offices and buildings and illegal interference of foreign governments on American electoral politics are not child's play. Let's not treat it as such.

Mr. Chairman, in my part of the country, we have a saying, "You can't fix tomorrow if today is broken." In America today, I fear that

the political system may indeed have been broken, broken by a few who apparently were in search of much.

It is the duty of this committee, through these hearings, to find out who, how, and why, if at all, they were indeed broken; and only then can we work together to bring about a better tomorrow, a better tomorrow by fixing today. If the American people can't ask this much of us, then we in no way deserve the high honor that they have bestowed upon all of us.

This is their House. This is their Government. We need to vigorously and solely pursue their interests by rooting out the wrong that may have been done and holding those who might have acted without faith and beyond the public trust fully responsible for the actions they chose of their own volition, in pursuit of their own self-interest.

Thank you, Mr. Chairman. I yield back the balance of my time.

Mr. BURTON. The gentleman yields back the balance of his time.

Mr. Fattah.

Mr. FATTAH. Thank you, Mr. Chairman. As we begin anew, I have been sitting here reminding myself that I have sat on this committee for a number of years now and that, in some sense, this is not new; that we have been investigating the Clinton administration since I got to Congress.

First it was Whitewater or Travelgate, Filegate. We had the data base discussed earlier. And now we have the campaign finance circumstance.

Now, I have looked at a lot of this information. I have participated with many others on the committee in various briefings. All of the information that has been shared up to this moment indicates that to the degree that a foreign government had intentions of influencing an election, that intention was focused at influencing congressional elections and State legislative elections. And I do note that through everything that has been said, we always hear these—these cute phrases that separate the allegation of the Chinese Government's influence and the abuses that we allege took place in the Clinton-Gore campaign. And I think it is important to note that if we are looking for information about the Chinese Government's influence on elections, we should start with the evidence that we have, and the first level of that is that they were interested in influencing the Congress.

Now, what made them think that they could influence the Congress through financial contributions? I am not sure. But it is, I think, of import that we, you know, we not try to cover up this very significant allegation by focusing in on our favorite target, which is President Clinton; and that we look truthfully for the answers as to what influence was trying to be purchased and with whom, and not miss this maybe very important national security issue by our obsession with going after President Clinton.

The other thing that is of note is that I saw the other day that the Governor of California, who ran for President and now is thinking about running again, suggested that the Republican party should stop trying to win the next election based on this scandal mode, chasing Bill Clinton, but perhaps there may be some other issues of national importance. And I am reminded that some of my service on this committee has been productive, and that is, under



the leadership of a subcommittee chairman, Chris Shays, we investigated the whole issue of the chemical exposure of our troops in the Persian Gulf. That was important. That was important work that I thought brought appropriate respect to the work of this committee.

As we go forward now into this investigation, I would hope that we would look at, to the degree that we are looking for and searching for those who have broken the law, that we would remind ourselves—for instance, on the front page of today's Hill Newspaper, there is a significant article about an organization of funneling money into Presidential campaigns to help people avoid contribution limits.

Now, these contributions are focused at Republican candidates for Congress. So if we are looking for lawlessness, perhaps we might look at the front page of the Hill Newspaper.

Or we might look now at what Chairman Haley Barbour has said. He said he went to Hong Kong. He was on a boat in a foreign land asking for millions of dollars to help elect Republicans to the Congress in 1994. That is now a subject of a grand jury investigation. If we were looking for illegal activities, if we were concerned about foreign influences in our elections, perhaps we might look at this matter.

But seemingly the only thing that this committee is interested in doing is to somehow bring down this President, and if we can't get him on Travelgate or Filegate or the data base or campaign scandals, maybe we will get him on driving without a license.

I did note the other day in the papers that he was driving a car at a Secret Service facility, and I am not sure whether he is a licensed driver. So maybe the committee soon, after we finish with this, can investigate that.

But in the meantime, there are a number of issues related to campaign finances that should draw our attention and they don't all relate just to the Democratic party.

Thank you.

Mr. BURTON. The gentleman yields back the balance of his time?

Mr. FATTAH. Yes, I do, Mr. Chairman.

Mr. BURTON. Does the President have a valid driver's license?

Mr. FATTAH. I know you will look into it.

Mr. BURTON. Mr. Horn.

I am sorry. I guess Mr.——

Mr. HORN. I am waiting until the announcement is done to start.

Mr. BURTON. Mr. Horn.

Mr. HORN. Yes.

Mr. BURTON. Before we start, reset the clock, please.

We are going to have, as I understand it, on the floor, a vote and a series of three or four votes following that. So we will, of necessity, have to recess the committee. But in the future, if we have one vote, what I will try to do is to try to keep the committee moving so we can get through all the opening statements.

Mr. Horn.

Mr. HORN. Mr. Chairman, some have gone to really great lengths to downplay and denigrate this committee's effort to investigate the campaign fund-raising abuses and scandals, the illegalities that occurred in the 1996 Presidential election.

What our colleagues refuse to come to grips with are some straightforward facts.

Fact one: This committee has identified 61 witnesses we want to interview regarding specific questions on their involvement in or knowledge of the fund-raising practices and activities that raise real questions of illegal conduct that have violated all the laws of the United States that relate to fund-raising.

Fact two: None of these 61 witnesses will agree to be interviewed or to appear before the committee, except the few to whom we have granted immunity. Of that total of 61, 39 witnesses have taken the fifth amendment. This group includes key figures such as John Huang, Nora and Gene Lum, Mark Middleton, Webster Hubbell, and many others.

Eleven witnesses have left the country to avoid testifying. Among these are Charlie Trie, Pauline Kanchanalak and others. Eleven more witnesses are foreign citizens who have refused to be interviewed by this committee, the Senate committee or any other investigative arm of the executive branch that are looking into the scandal. Among these are Stephen Riady, James Riady, and Stanley Ho.

What this suggests is that there has been a broad and remarkably consistent effort to delay, obstruct, confuse, divert and derail everything we have planned as an investigating committee. Every serious attempt to secure firsthand testimony on illegal fund-raising activities has been blocked, at least temporarily, sometimes for months.

That brings me to fact three. We all know that illegal fund-raising occurred in the past Presidential campaign. We know foreign money was accepted. We know contribution limits were consciously evaded. We know that our current laws were either ignored or deliberately violated.

The one question this committee is seeking to answer is whether or not these illegal activities were the result of sloppy, undisciplined, frankly unconcerned officials at the Democratic National Committee. I doubt it. That seems to be the White House defense, however.

The second question is obvious. Was there something more? Was it a deliberate, orchestrated effort to evade the laws in a cynical belief that the money would all be spent and the election long in their past before anyone got around to worrying about it?

The responses we get from the President, the Vice President and their staffs and their mouthpieces are not very reassuring. The White House seems intent on preventing the committee from obtaining witnesses, documents, videotapes and a host of other evidence that we have subpoenaed as much as a year ago.

High-paid officials who work in the White House insist that the delays in promoting and producing documents and videotapes have been inadvertent. But the pattern over the past year is deeply troubling, and we saw the same behavior in Travelgate, in Filegate, all of which was investigated by this committee, and all the rest of the efforts of any other committee in the House.

On nearly every front, we have witnesses in all of these scandals, and we have had massive outbreaks of these witnesses of something known as amnesia, sudden urges for extended travel abroad,

temporary blindness whenever file drawers are opened; and a deep aversion to prompt and full compliance with legitimate, lawful requests for information.

Mr. Chairman, I believe every member of this committee, regardless of party, should be troubled by the foot-dragging and the game-playing that has met this effort at every single turn. I think every Member of Congress, regardless of party, should be troubled.

I know for a fact that millions of Americans are troubled about this. I do not know if it is possible to get at the truth in this matter, but at least we are trying to get at the truth.

Our democracy rests on the strong foundation of the law. If the law is broken or even bent, then our democracy is undermined. The American people deserve to know, when this happens, what is being done to restore confidence in the laws that protect us all.

That is the job we begin today. And I thank you, Mr. Chairman, for your leadership in this matter.

Mr. BURTON. Does the gentleman yield back the balance of his time?

Mr. HORN. Yes.

Mr. BURTON. We have about 9 minutes before this vote is concluded. Is there anyone who wants—Mr. Kucinich would you like to go ahead—excuse me, Ms. Norton, would you like to go ahead and make your statement?

Ms. NORTON. Yes, Mr. Chairman. I have what I think will be a short statement.

This hearing, for me, has an inevitable context, and that context is yesterday's vote in the Senate. And the reason it has that context for me is that I am remedy-oriented and not hearing-oriented.

All 45 Democrats voted for cloture, only 8 Republicans did, on the McCain-Feingold bill. And we know that that bill has a number of controversial aspects, and yet there was a majority view in the Senate that we simply had to move forward and it didn't happen as the bill was pulled.

Senator Thompson, who voted for the bill, indicated that he thought nothing would ever happen there because of the rules and procedures of the Senate.

In effect, that says to me it is up to us. It will take the leadership of the House and, therefore, of this committee, to make anything happen on campaign finance reform.

This is not a sideshow or entertainment for the television cameras who have come. It is a legislative hearing. There is much about our investigation, thus far, that has bothered me. I am bothered by the redundancy of much of the investigation. I am bothered by the partisanship of our proceedings. I am bothered by the new practices that involve unilateral dealings in subpoenas and the like.

At the same time, I cannot become an apologist even for the White House or for a President, who I think has done more for the economy of this country than any administration in memory; and I think the committee has a right to inquire about witnesses who flee or money that is returned and the like.

I even think that if I were Attorney General of the United States, I would want to come either before this committee or before the Senate to explain why matters like illegal contributions or late-dis-

covered tapes are not cause for a Special Prosecutor. In fact, I believe there is vast confusion, especially among Members of our two bodies, as to what the law actually requires, why it is tightly circumscribed; and I think you always do best by coming forward and explaining yourself.

The saddest comment on hearings that have gone on here and in the Senate for almost a year is the public apathy. And I think you have to face why there is apathy when otherwise hair-raising notions are brought forward, albeit without evidence; and I think the reason for the apathy is the partnership that is—is that partisanship encourages cynicism in the republic—in the public, cynicism that for the polity and for politics is a danger to both sides.

I think that our mission and our test is to see if we can, in fact, dispose of this apathy.

For me, there is one question and only one question to be solved by these hearings. As much as I am intrigued by whodunits, that is not the question for me. I do want to know the answer, but I do not believe that that is how we will be judged.

The question, for me, that these hearings must answer is, did we, at the end of the day, contribute to remedies for these practices, whether they were illegal or not?

The question, for me, at the end of the day is, what concrete happened as a result of these hearings? I want to make sure that this committee and this House makes something happen, since I believe that Mr. Thompson has spoken for the Senate when he says that nothing will happen as a result of what that body does.

The burden is on us, Mr. Chairman, and I yield back the balance of my time.

Mr. BURTON. The gentlelady yields back the balance of her time.

We will recess until 2:30 p.m., so everyone can get lunch. We will stand in recess.

[Recess.]

Mr. BURTON. The committee will come to order. I think the last speaker was on the Republican side, so we will go to Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. Let me just say at the onset that I welcome these hearings, and I believe that they are long overdue. I welcome the start of these hearings not only for the fact that I believe some legitimate campaign fund-raising violations may have occurred, but also for the fact that this committee has wasted millions of dollars during unprecedented delays and disorganization.

Also I want to state that this committee should have conducted bicameral hearings with the Senate. I commend my colleagues on this side of the aisle, Mr. Condit and Mr. Towns, for calling for a joint House-Senate hearing, because it is the American taxpayer who suffers in wasted money and energy.

My constituents sent me to Washington to allocate their dollars in a prudent manner. We must be cost-efficient and effective. It is my hope this committee will conduct balanced and fair investigations that will produce answers rather than more controversy. While that is my hope, when I consider the fact that the lead counsel for the Republicans has already quit, the former lead counsel, and said that he does not believe that we are proceeding in a fair

way, it does concern me. By the way, that was not from the Washington Post, it was not from some newspaper, that is from a Republican who was on the inside conducting the investigation.

The investigation should help us reform our troubled campaign finance system. Instead, the investigation is proving to be a partisan waste of taxpayer money. I do become rather offended when allegations are made on the other side that we on the Democratic side are not about the business or not concerned about the business of finding the truth. Nothing could be further from the truth. The fact is that we are very concerned, but our concern goes to trying to make sure that we do not, first of all, waste taxpayers' money; second of all, that we do everything in our power to be efficient, to resolve this matter, and for it to have some kind of results that make sense. At the rate we are going, it does not appear that that will happen.

Over the last 8 months, the majority staff members have hauled in numerous individuals and engaged in a fishing expedition in a frantic attempt to find anything that tends to embarrass President Clinton. I have personally attended some of these inquisitions and seen these abuses.

One of the depositions that I attended was that of Vernon Jordan, one of this country's most outstanding and honorable people. Mr. Jordan was interrogated for hours, even though he had not the slightest involvement in campaign finance.

Not only have my Republican colleagues not attended a single deposition, they have continued to deny the American public access to these depositions. The American public should know that the majority has devoted millions of dollars of their hard-earned money, and I emphasize that, their hard-earned money, and they do not have much to show for it.

The hearing that we will hold tomorrow is a sad attempt to portray a foreign government or foreign citizens to influence our last Presidential election. From what I understand, we will hear nothing of the kind from these witnesses. Yet, this is the best we can do after 8 months and millions of dollars spent.

Mr. Chairman, the House is supposed to be equal to the Senate, yet this fiasco makes us look like amateurs compared to the Senate, which has put on many weeks of substantive hearings and now is winding down.

Mr. Chairman, I know the American people expect more. We can do better.

Thank you very much. I yield back the balance of my time.

[The prepared statement of Hon. Elijah E. Cummings follows:]

Opening Statement by Rep. Elijah E. Cummings  
October 8, 1997  
House Committee on Government Reform and Oversight

- Let me just say at the onset, that I welcome these hearings and I believe that they are long overdue.
- I welcome the start of these hearings not only for the fact that I believe some legitimate campaign fundraising violations may have occurred, but also for the fact that this Committee has wasted millions of dollars during unprecedented delays and disorganization.
- I also want to state that this committee should have conducted bicameral hearings with the Senate. I commend my colleagues on this side of the aisle, Mr. Condit and Mr. Towns for calling for joint House/Senate hearings, because it is the American taxpayer who suffers in wasted money and energy. My constituents sent me to Washington to allocate their dollars in a prudent manner. **We must be cost efficient and effective!**
- It is my hope this committee will conduct balanced and fair investigations that will produce answers rather than more controversy.
- The investigation should help us reform our troubled campaign finance system. Instead, the investigation is proving to be a partisan waste of taxpayers' money.
- Over the last eight months, Majority staff members have hauled in almost thirty individuals and engaged in a fishing expedition in a frantic attempt to find anything they can to embarrass President Clinton.

- I have attended some of these inquisitions and seen these abuses. Vernon Jordan, one of this country's most outstanding and honorable people, was interrogated for two hours even though he has not the slightest involvement in campaign finance.
- Not only have my Republican colleagues not attended a single deposition, they have continued to deny the American public access to these depositions.
- The American public should know that the Majority has devoted millions of dollars of their money and they do not have much to show for it. The hearing that we will hold tomorrow is a sad attempt to portray a foreign government or foreign citizens to influence our last presidential election. From what I understand, we will hear nothing of the kind from these witnesses.
- Yet, this is the best we can do after eight months and millions of dollars. Mr. Chairman, the House is supposed to be an equal to the Senate, yet this fiasco makes us look like amateurs to the Senate, which has put on many weeks of substantive hearings.
- Mr. Chairman, I know the American people expect more from us. Thank you.

Mr. BURTON. The gentleman yields back the balance of his time.  
Mr. Mica.

Mr. MICA. Thank you, Mr. Chairman. The Government Reform and Oversight Committee is charged with the responsibility of conducting investigations, oversight, and the auditing of the performance of the executive and judicial branches of our Federal Government. This additional check, over and above actions taken by legislative and appropriations committees, was established by our Government's founders nearly 2 centuries ago, and is truly unique among all democratic institutions.

I believe that this separate investigative committee oversight, which constantly reviews and scrutinizes all our Federal Government activities, is what keeps us from being a banana republic. It is fundamental to keeping our institutions honest, efficiently operated, and responsive to law. I believe that in the long term, it keeps our system and operation of Government from becoming corrupt, inept, and self-destructive.

To those who question the need to conduct these investigative hearings, I ask them only to review the purpose, history, and achievements of this committee in helping to keep our Government honest and always subject to improvement. Yes, there are costs involved in this process, but I also submit that under this new majority, this committee is operating with fewer staff and far less cost than expended by the previous majority.

I would like to offer exhibits for the record since cost has become an issue here. Just for the record, and this information is from the Clerk, during the 105th Congress we have appropriated \$11,702,000. During the 103d Congress, when they were in charge, for a 2-year period they spent \$24,823,000. Last Congress for both years, we spent \$11,581,000. So the cost is a bogus argument, and the record and the facts speak for themselves.

Also the number of staff that are used—I would like to ask unanimous consent that exhibit 1, the costs, and exhibit 2, be inserted in the record.

[The information referred to follows:]



**GOVERNMENT REFORM AND OVERSIGHT COMMITTEE****COMMITTEE FUNDING**

**105th Congress (1997)    \$11,702,573**  
Includes \$3.8 million for investigation

**104th Congress (1996)    \$ 6,065,716**

**104th Congress (1995)    \$ 5,516,151**

**103rd Congress (1994)    \$12,803,507**

**103rd Congress (1993)    \$12,020,293**

## GOVERNMENT REFORM AND OVERSIGHT COMMITTEE

STAFF LEVELS

	<u>Combined Total</u>	<u>Majority</u>	<u>Minority</u>
1997	109 + 29 Investigators	82 +22 Investigators	27 + 7 Investigators
1996	105	79	26
1995	105	79	26
1994	201	153	48
1993	194	152	42

Mr. MICA. They had far greater staff and resources than we have used to conduct these responsibilities and investigations.

To those who question the further need to investigate this growing campaign scandal, I must submit that nearly every week the media discloses another sordid chapter for our committee to consider.

Now to the fundamental question of why we are conducting this investigation. Many existing laws have been broken, the application of certain laws has been questioned, and this scandal may, in fact, be unprecedented in scale, not to mention the shadow it has cast over our electoral process and over this administration.

Some of my colleagues on the other side of the aisle contend that this committee's investigation into the 1996 election campaign finance violations should not take place. I submit that the very foundations of our electoral process and integrity of our representative form of government may have been compromised.

What laws have been broken? Let me cite a few examples, and I have here copies of our Federal statutes. First we know that there were violations under Title 2 United States Code 441. This statute prohibits contributions in the name of another person. We have obtained documented evidence that donors were reimbursed for contributions in both the Buddhist Temple case and in the Michael Brown pleadings.

Witnesses tomorrow will testify under a grant of immunity that they made conduit payments. These payments, too, are prohibited under this statute.

Does this statute work? Does this statute need revision? What went wrong? In May, Democratic fund-raisers Nora and Gene Lum pled guilty to a felony charge that they conspired to defraud the United States and to cause the submission of false statements to the Federal Elections Commission. These are criminal acts in violation of Title 18 United States Code, sections 371 and 1001. The Lums were recently sentenced, and the Lums have tentatively agreed to cooperate with this committee.

Michael Brown recently pled guilty to violating section 441 and section 437 of the Federal Elections Campaign Act, another violation of law. These provisions of law limit the amount of money a person can contribute to a Federal candidate in an election. The funds for these illegal activities were provided to Brown by Nora and Gene Lum. We will hear more about that. Brown will be sentenced for these unlawful contributions in November.

The committee also has evidence that suggests during the 1996 election, John Huang may have illegally solicited campaign contributions at the Democratic National Committee while still a Federal employee at the Department of Commerce. This would be a violation of the Hatch Act.

Violations and interpretation of the 114-year old Pendleton Act, which prohibits soliciting campaign contributions on Federal property, also raise significant questions for this committee.

Violations of current law are already well-known and documented. I have only cited a few here, and we have run out of space, but these are just a few of the laws that we know have been broken.

The circumstances of the White House coffees, the Lincoln bedroom sleepovers, and possible campaign fund-raising calls from the White House may have violated Title 18 United States Code, sections 600, 607, and 641 by compromising Government access in return for campaign contributions, by soliciting campaign contributions in a Federal building, and converting Federal property, the White House, to private use.

The bribery statute, Title 18 of the United States Code, Section 201, which prohibits Federal officials, including the President, from receiving any benefit in return for any official action, may have also been violated. In fact, we have numerous laws on the books that may have been violated.

Our questions in these hearings must be: Do these laws work? What went wrong? And, how do we improve them? Those are the questions, and determining the facts and truth must be the responsibility of this committee.

Finally, what is particularly troubling to me is the failure to cooperate, the stonewalling, the attempted blurring and obstructions that have been created to stop this legitimate oversight function, not to mention that 11 witnesses with information relative to the 1996 campaign scandal have fled the country, another 11 witnesses have refused to be interviewed by investigative bodies, and 36 Senate and House witnesses have asserted the fifth amendment. What has happened; what is being covered up; and why haven't the President and this administration, the Departments of Justice and State, helped us locate these folks?

In closing, Mr. Chairman, the committee has evidence that strongly suggests that laws were broken in 1996. We are now learning that the whole electoral process may have been purposefully subverted. We need to conduct these hearings to learn what laws were broken, if these laws are adequate, if the system is broken, and to ensure that corrective measures are taken and responsibility and accountability prevail.

Thank you, Mr. Chairman.

Mr. BURTON. The gentleman's time has expired.

Mr. MICA. I yield back the balance of my time.

Mr. BURTON. You yielded your time a long time ago.

Mr. Towns.

Mr. TOWNS. Thank you very much, Mr. Chairman. I would like to use the same clock that Mr. Mica used.

Mr. BURTON. Let me just say—reset the clock, Mr. Towns. Let me just say I really would appreciate it if we could stick as close to the 5-minute rule as possible. I have been as lenient as I can be, but since we have 44 Members on the committee, 43 that are here, we really do have some time problems. Let's stick as close to the 5-minute rule as we can. I will try to be as lenient as I can.

Mr. TOWNS. Thank you, Mr. Chairman. I will try and cooperate.

I unequivocally support a thorough and comprehensive investigation into alleged campaign finance abuses of all individuals, and I want to make that very clear.

When I took that sacred oath 10 months ago, I pledged, as I have for eight successive terms, to uphold the law and to advocate on behalf of our fellow Americans.

Well, since that time, I have spoken to and I have listened to our constituents, and I can say without any reservations whatsoever that they are tired of partisan bickering. As hard-working Americans confront and resolve the problems of their lives, I believe they would like to see us similarly dedicate ourselves to problem-solving instead of personality slandering.

So, I come to you today as someone with institutional history. I have witnessed the outcomes of numerous investigations, and I urge my colleagues on both sides of the aisle to pause just for a moment, just one moment, from the haste to bring skeletons out of the closet and to beat the other guy to the punch and ask yourself what is our obligation to the American people, the folks that sent us here? What is our mission? Is our purpose to bring about true campaign reform, or are we simply concerned with focusing on certain individuals?

If the answer is, as I truly hope, that our obligation is true reform, then we must be fair, and we must be honest and work in the interests of our constituents. We must look beyond partisan differences.

We are approximately 1 month away from a recess. As the lenses of the American public are upon us, the committee is clearly out of focus. There has been request upon request and request for request. For instance, there has been 554 requests for information, 298 subpoenas, 134 document requests. 685,000 pieces of paper have already been generated, and at least \$2 million has been spent at the Department of Commerce alone, not thinking about the other agencies that are involved in it.

Has any of this brought us any closer to accomplishing campaign finance reform? The answer to that is no. We now find ourselves in this precarious position of beginning hearings when most of us are still trying to determine the real issues. It is not fair to these subpoenaed witnesses, Manlin Fount, Joseph Landon, and David Wang. It is not fair to the public. In a democracy, it is usually the will of the people that determines determinant is a course of action. That has not happened during this investigation.

Please do not misunderstand me. Let me be clear. I, like most of my Democratic colleagues, am ready to roll up my sleeves and get to work on one of the most challenging issues facing this body. But this cannot and will not happen until there is real dialog between both sides of the aisle, not this upmanship thing that is going on.

At the end of the day, we must ask ourselves how we want to be remembered. I hope that we can say unequivocally that we were fair, that we were honest, and we were equitable in our treatment of all individuals involved.

Let me close, Mr. Chairman, by saying, I still feel that we are wasting taxpayer dollars by not having a joint hearing with the Senate. It is a shame, and it is a disgrace. When I look at people that are going hungry in this country, people that have no shelter in this country, and that people cannot get medical care in this country, and many of our rural areas and urban areas in this Nation, and we are sitting here wasting taxpayer dollars, I think it

is something we should think very seriously about.

At this time, Mr. Chairman, I yield back my time.

Mr. BURTON. I thank the gentleman for sticking close to his 5 minutes.

[The prepared statement of Hon. Edolphus Towns follows:]

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**OPENING STATEMENT**

**REP. EDOLPHUS TOWNS**

**BEFORE THE  
COMMITTEE ON GOVERNMENT REFORM & OVERSIGHT**

**OCTOBER 8, 1997**

I UNEQUIVOCALLY SUPPORT A THOROUGH AND COMPREHENSIVE INVESTIGATION INTO ALLEGED CAMPAIGN FINANCE ABUSES OF ALL INDIVIDUALS. WHEN I TOOK OUR SACRED OATH TEN MONTHS AGO, I PLEDGED, AS I HAVE FOR EIGHT SUCCESSIVE TERMS, TO UPHOLD THE LAW AND TO ADVOCATE ON BEHALF OF OUR FELLOW AMERICANS.

WELL, SINCE THAT TIME I HAVE SPOKEN TO AND LISTENED TO OUR CONSTITUENTS, AND I CAN SAY, WITHOUT RESERVATION, THAT THEY ARE TIRED OF PARTISAN BICKERING. AS HARDWORKING, AMERICANS WHO CONFRONT AND RESOLVE THE PROBLEMS OF THEIR LIVES, I BELIEVE THEY WOULD LIKE TO SEE US SIMILARLY DEDICATE OURSELVES TO PROBLEMSOLVING INSTEAD OF PERSONALITY SLANDERING.

SO I COME TO YOU TODAY AS SOMEONE WITH INSTITUTIONAL HISTORY. I HAVE WITNESSED THE OUTCOMES OF NUMEROUS INVESTIGATIONS. AND I URGE MY COLLEAGUES ON BOTH SIDES OF THE AISLE TO PAUSE FOR A MOMENT. JUST ONE MOMENT -- FROM THE HASTE TO BRING SKELETONS OUT OF THE CLOSET, AND TO BEAT THE OTHER GUY TO THE PUNCH--TO ASK YOURSELF WHAT IS OUR OBLIGATION TO THE AMERICAN PEOPLE? WHAT IS OUR MISSION? IS OUR PURPOSE TO BRING ABOUT TRUE CAMPAIGN FINANCE REFORM, OR ARE WE SIMPLY CONSUMED WITH FOCUSING ON CERTAIN INDIVIDUALS?

IF THE ANSWER IS, AS I TRULY HOPE, THAT OUR OBLIGATION IS TRUE REFORM, THEN WE MUST BE FAIR, AND HONEST, AND WORK IN THE INTERESTS OF OUR CONSTITUENTS. WE MUST LOOK BEYOND PARTISAN DIFFERENCES. AS MY ESTEEMED COLLEAGUE, ELEANOR HOLMES NORTON (DEL-DC), HAS SAID SO MANY TIMES DURING HER TENURE, "IN ORDER TO SUCCESSFULLY RESOLVE A PROBLEM OR ISSUE, WE MUST FIND AND FOCUS." FIND AND FOCUS ARE THE OPERATIVE WORDS HERE TODAY!

NOW, JUST ONE MONTH AWAY FROM RECESS, AS THE LENSES OF AMERICAN PUBLIC ARE UPON US, THIS COMMITTEE IS CLEARLY OUT OF FOCUS. THERE HAVE BEEN MORE REQUESTS FOR INFORMATION - 554; MORE SUBPOENAS - 298; MORE DOCUMENT REQUESTS - 134; MORE PAPER GENERATED - AT LEAST 685,000 PAGES; MORE FEDERAL AGENCY COSTS - AT LEAST \$2 MILLION AT THE DEPARTMENT OF COMMERCE ALONE, THAN ANSWERS OR RESULTS.

HAS ANY OF THIS BROUGHT US ANY CLOSER TO ACCOMPLISHING CAMPAIGN FINANCE REFORM? I WOULD ANSWER NO. WE NOW FIND OURSELVES IN THE PRECARIOUS POSITION OF BEGINNING HEARINGS WHEN MOST OF US ARE STILL TRYING TO DETERMINE THE ISSUES. IT IS NOT FAIR TO THE SUBPOENAED WITNESSES - MANLIN FOUNG, JOSEPH LANDON, AND DAVID WONG; IT IS NOT FAIR TO THE PUBLIC. IN A DEMOCRACY, IT IS USUALLY THE WILL OF THE PEOPLE THAT DETERMINES THE COURSE OF ACTION. THAT HAS NOT HAPPENED DURING THIS INVESTIGATION.

DO NOT MISUNDERSTAND ME. I, LIKE THE REST OF MY DEMOCRATIC COLLEAGUES, AM READY TO ROLL UP MY SLEEVES AND GET TO WORK ON WHAT MAY BE ONE OF THE MOST CHALLENGING ISSUES TO FACE THIS BODY. BUT THIS CANNOT HAPPEN UNTIL THERE IS REAL DIALOGUE BETWEEN BOTH SIDES OF THE AISLES.

AT THE END OF THE END OF THE DAY, WE MUST ASK OURSELVES HOW WE WANT TO BE REMEMBERED? I HOPE THAT WE CAN SAY, UNEQUIVOCALLY, THAT WE WERE FAIR, WE WERE HONEST, AND WE WERE EQUITABLE IN OUR TREATMENT OF ALL INDIVIDUALS INVOLVED AND THE ISSUES RAISED. IN THE FINAL ANALYSIS, WE WERE FOCUSED.



Mr. BURTON. The gentleman yields back the balance of his time.  
Mr. Davis.

Mr. DAVIS OF VIRGINIA. Mr. Chairman, I would like to commend you for holding these important hearings on the investigation into campaign finance improprieties and possible violations of law. It would be nice if we could hold joint hearings with the Senate, but as you know, under Senate rules, that committee disappears in a month, and with us just receiving information on videotapes and the stonewalling of releasing other information, that, unfortunately, makes it impossible.

Also if the Attorney General had appointed a Special Prosecutor and were looking into these investigations, our oversight responsibilities would be different. Unfortunately, that is not the case.

This committee is charged by the House of Representatives with general oversight responsibilities, which include the duty to conduct investigations of this nature, and there is a long history of doing that. The revelations of campaign fund-raising abuse, which began to trickle out just prior to the 1996 elections, have raised serious questions as to the practices employed during the 1996 election cycle, especially by the Democratic National Committee and the President's re-election campaign.

We are all familiar with the reports of White House coffees, overnights in the Lincoln bedroom, and the campaign events held by nonprofit organizations. Having begun as an investigation propelled by the press, the campaign fund-raising controversy and investigation has now been elevated to the Congress, both House and Senate, as well as to the Justice Department.

The ultimate goal of these hearings is to get at the truth behind what happened during the 1996 election cycle, no matter where the truth may lead. I believe it is important for the American people to know how their political leaders financed their campaign and whether or not any campaign finance laws were broken. This committee, in conjunction with the Senate committee and the Department of Justice, can serve to shed the light of truth on questionable fund-raising practices.

It is extremely disturbing to consider the possibility of foreign dollars being purposely used in an attempt to influence the policies of the U.S. Government. Along that vein, however, I feel compelled to caution against the broad allegations of linking Americans of Asian descent to this controversy. This is not a controversy limited to Asian Americans. The Asian American community is in reality a shining example of the American dream. We must not allow this controversy surrounding its 1996 elections to discourage Americans of any ethnic origin from participating in the political discourse of this Nation fully.

Having said that, I encourage any party interested in the truth to focus on what others have said about the validity of this investigation. In stark contrast to the President's own statements offering full cooperation with any investigation, the administration has instead been stonewalling this committee's attempts to review the elections of 1996. Again, this is not the committee's perspective or my perspective, but the assertions of numerous editorials in the Washington Post and the New York Times.

The Washington Post had this to say about the administration's handling of the inconvenient facts surrounding the investigation: It puts up a false front, offers a misleading version of events. If and when that fails, as often occurs, it puts up another and another, as many as it takes. Then administration officials bemoan the cynicism with which they are often greeted with and wonder aloud, or pretend to wonder, why they are not believed. The dispensing of truth in reluctant dribs and drabs does indeed have the corrosive effect the White House itself periodically deplores.

That is the Washington Post in January.

A few days later, the White House itself would play dumb, claim not to have known anything about the episode, whatever it was, and then, confronted with evidence to the contrary, would dole out the truth a grudging grain at a time, when it spoke the truth at all.

April 3d, the Washington Post. They, the White House, put out a story that may or may not be technically true, but creates a false impression. They benefit from that impression, which is allowed to stand for as long as it serves, meaning until it is shot down or about to be shot down.

The New York Times also questions the integrity of this administration's willingness to cooperate with a review of fund-raising practices. One editorial, entitled, "An Instinct to Deceive: What will it take to persuade the White House to tell the truth simply and promptly once a scandal is brewing?" Apparently not even the advice of two lawyers of uncontested loyalty to President Clinton can overcome the cover-up instinct that has made a quagmire of Whitewater and is turning the Indonesian fund-raising affair into a matter that neither Congress nor the attorney can ignore.

That is November 20. On July 3d of this year, the New York Times says, the pattern here is familiar. New information keeps dripping out while the White House argues that the investigations into the Clinton finances have gone on too long.

This investigation is not just a case of the Congress being interested in the fund-raising practices employed during the 1996 election cycle for partisan gain. This is an investigation that is being driven by careless disrespect for our Nation's current fund-raising laws and by the inability of the parties involved to simply comply with the judicious review of the events surrounding the 1996 elections.

The New York Times has even gone so far as to call the Clinton-Gore re-election campaign the most reckless Presidential fund-raising operation in recent history, July 17, 1997.

I personally hope this is not true. So far, however, the White House and the DNC have acted in a manner that would lead us to agree with the New York Times. If the White House would have us believe that improprieties were confined to a limited number of individuals, the administration must be more forthcoming.

The first hearings will focus on legitimate issues surrounding the apparent laundering of campaign funds through third parties. The use of conduits for illegal contributions may, however, just be a small part of a larger picture surrounding the 1996 elections.

This committee, in the absence of an Independent Counsel on this matter, must continue to ask the question, who knew what, and when did they know it?

Again, this is not just the view of this committee. Look at what others have said about this controversy. The New York Times, July 24: The documents also show the DNC's clear disdain for laws limiting contributions to candidates as opposed to political parties.

They also said it was, in short, laundered money. More troubling still is the possibility that the White House did know. That was July 31st New York Times.

It is my belief that the statutory requirements needed to activate the Independent Counsel statute have been triggered. It is incumbent upon the Attorney General to avoid any appearance of impropriety and to recognize the professional duty to call for independent review of fund-raising practices and the subsequent actions of involved parties, wherever they may be. The recent revelations surrounding the Vice President have only added fuel to the fire calling for an Independent Counsel.

The New York Times has also recognized the growing concerns in regards to a potential conflict of interest on the part of the Justice Department.

The Senate hearings, the New York said August 3d, have also yielded fresh evidence that the White House and the Democratic National Committee chose to look the other way as funds flowed illegally from foreign sources into the Clinton re-election campaign, greatly strengthening the case for an Independent Counsel to get to the bottom of the entire mess.

On September 14th, the New York Times says, recent weeks have brought fresh evidence that the Democrats' Justice investigators are either lethargic or over their heads. Even worse, Attorney General Janet Reno's failure to seek an Independent Counsel to oversee the probe no longer looks like a principled assertion of faith in Justice's career staff. It looks like a political blocking operation to protect President Clinton and Mr. Gore from the vigorous investigation that would be aimed at any other officeholder who has received so much suspicious money.

The Washington Post, October 8th, and now the White House has found and turned over to congressional investigators videotapes of some of the coffees the President gave for campaign contributors last year. There may be tapes of as many as 150 such events. The investigators asked for them months ago. Only now are they being disinterred. It is enough to give good faith a bad name. The attitude of this White House toward the truth whenever it is in trouble is the same: Don't tell it, or tell only as much as you absolutely must or as helps. They keep asking indignantly, even a little petulantly over there, why they are not believed as they keep putting out their successive versions of the story. Can anyone really believe that they don't have the answer to that? Can anyone believe this is on the up and up?

I remain hopeful the Attorney General will trigger the Independent Counsel statute and that this controversy can be completely taken out of the political realm. But until such time as the administration's stonewalling should stop, and as the editorial I have quoted from the New York Times and Washington Post that

I quoted earlier make clear, the White House has come perilously close to obstruction of justice, and this should stop. The sooner we get the facts out, the sooner we can resolve this matter, and the sooner we can put it behind us.

Thank you, Mr. Chairman. I yield back.

Mr. BURTON. Mr. Kucinich.

Mr. KUCINICH. Thank you very much, Mr. Chairman and Members. I join with my fellows on this side of the aisle, as well as those on the other side of the aisle, in saying that law-breaking ought to be exposed and brought to justice. It is our duty. The Bible says, you shall know the truth, and the truth shall set you free.

From the beginning of this investigation, I have wished that this committee could work in a relatively bipartisan manner that our counterparts with the Thompson committee in the Senate have done, and that we not duplicate efforts undertaken by the Senate, and that we be respectful of taxpayers' dollars in the process. Unfortunately, none of my wishes have yet come true. After more than \$2.5 million of taxpayer money has been spent, mostly by the majority of this committee, after numerous depositions were taken at the initiative of the majority, without, I might say, a significant yield, after numerous hearings have been scheduled and then postponed, after almost all the committee action has been decided unilaterally and solely on the basis of the majority's wishes, and after the document protocols negotiated by Mr. Chairman and agreed to by the minority were scuttled, I arrive at this moment with some degree of skepticism.

I have read the New York Times and Washington Post editorials that have been cited. I have also read the New York Times and Washington Post editorials which cite the problems I have just articulated with the committee process itself.

This committee's investigation is challenged to prove that it is more than partisan with respect to the investigation subject and in comparison with past investigations. The Watergate investigation was a bipartisan investigation. That is why it was successful. That is why it achieved a cleansing of the American political process.

This is not in any way to dismiss the committee's right to investigate. As a member of this committee, I claim that right, and I share the claiming of that right by every other Member. But when we claim that right, we ought to be right in the way in which we proceed.

Mr. Chairman and members of this committee, I come to the Congress with a background in speech and communications. I taught communications at Cleveland State University and Case-Western Reserve University, and therefore I am very sensitive to all manners of communication and the way in which communication is presented. I say that in this context: I watched the beginning of this committee's work earlier in the day, and I saw a presentation which disturbs me greatly, because it raises questions as to matters of fairness.

I want to say I believe that Mr. Chairman is a fair person, I sincerely believe that. But there was a presentation put together here which I don't believe was fair. The presentation where we saw the image of Mr. Huang appeared as a mug shot. It was grainy, it was

somewhat smeared. I am sure that the gentleman who has been the subject of so much publicity, there would have been pictures available which could have presented him in a more dignified way, notwithstanding his actions. I ask whether that is fair?

Is it fair to have pictures of Mr. Hubbell and President Clinton "high-fiving" each other flashed on that screen while at the same time discussing possible criminal violations?

Now, think about that. What that does is it sends out a message, certainly undignified and unfair, but it discolours the investigation by giving a false impression of complicity. The President of the United States "high-fiving" someone who is under investigation.

We should not proceed with this investigation in a manner which smears people, which causes conclusions to be drawn by images that we put forward to the public. We can proceed in a manner which goes with the facts, to the facts. Otherwise we have discoloured the investigation and created an Alice in Wonderland environment of first rendering a verdict and then asking for the evidence.

Is it fair that another Asian businessman, Mr. Trie, when his picture was flashed on that screen, in violation of certain rules as Mr. Kanjorski said, but his picture was distorted and blurred in this TV presentation? The two Asian Americans were presented on the screen, and their pictures were blurred and distorted.

Computer technology today is a wonderful thing. You can clear up a picture, you can distort a picture. You can switch heads with people. You can put a person in a picture who wasn't in that picture. We certainly could have a presentation, a picture that does not distort.

Abraham Lincoln was quoted earlier with respect to finding the facts. I, too, would like to quote Abraham Lincoln when he looked at a moment of conflict in this Nation. He said, "With malice toward none." We can proceed with this investigation without being malicious. We can get at the truth without trying to rip people to pieces. We need to keep in mind that there has to be a higher calling to our presence here, and that is to not just find out what was wrong, but to set what was wrong right through addressing a system that is inherently flawed. And until we are willing to do that, until we are willing to make that connection between the problems which are brought before us, yes, the breaking of the law which is brought before us, and a resolution of that through cleaning up the system, this whole matter would be an exercise in vain.

I thank the Chair.

Mr. BURTON. The gentleman's time has expired. The gentleman from Indiana.

Mr. SOUDER. Mr. Chairman, I have a parliamentary inquiry.

Mr. BURTON. The gentleman will state his parliamentary inquiry.

Mr. SOUDER. There was a discussion about the grainy pictures. My understanding from having done some of this on the floor and talked with the committee and others is it has been very difficult to get pictures of the President with the individuals or the Vice President with the individuals, or, for that matter, a picture of Mr. Huang, and all we have are newspaper photos, which come out grainy when we reprint them. Is that the case and is that why we used grainy photos?

Mr. BURTON. The photos we used were from public sources. It was not intentional, that we strive to put them in a grainy mode.

Mr. SOUDER. I thank the chairman.

Mr. KUCINICH. Inquiry to the Chair.

Mr. BURTON. The gentleman will state his inquiry.

Mr. KUCINICH. I understand the Chair has a wonderful background in public service, but I would suggest, Mr. Chairman, and to my dear colleague, that as we proceed, that care be taken in these matters so as not to leave a mistaken impression that we are trying to achieve something one way through images that we would not dare to try to achieve through our rhetoric.

Mr. BURTON. The gentleman's point is well taken. We will do our best to make sure we show fairness whenever we show a photo of anybody under investigation.

The gentleman from Indiana.

Mr. SOUDER. Mr. Chairman, I look forward to this much anticipated inauguration of this important committee investigation and to hearing from our first witnesses tomorrow. The White House has hoped to deceive the public into believing that everyone breaks the law. The President waxes piously about the need for an overall overhaul of campaign finance laws, the moral equivalent of a bank robber who, once apprehended, touts himself as an expert on banking reform.

Rule No. 1 is follow the current law. Our oversight function in this committee is not campaign finance reform. It is to find if current laws were broken by this administration and why. We have oversight over this administration and its agencies.

Then, if we find that these are requiring new laws, then new laws arise out of that. But first you have to do the investigation.

I didn't see a lot of Members from the other party during Watergate suggesting they investigate past administrations; for example, President Johnson's bugging of Barry Goldwater and the cover-up after that.

The goal of the oversight committee is to look into the oversight of the current administration, and what we see on the surface is an abuse that looks overwhelming: Overnights at the Lincoln bedroom, coffee klatches, hard money, soft money, Citizenship USA, the Pendleton Act, the Hatch Act, Buddhist Temples, photo ops with felons, Roger Tamraz and Interpol, Nora and Gene Lum, the Teamsters and DNC, conduit payments, money laundering and videotapes.

It is hard to keep track of all the Byzantine dimensions of this problem.

As we look at the recent things and problems, such as the memory recall problem of the DNC chairman and the missing videotapes of the coffee klatches, allegedly misfiled under Democratic fund-raising, they raise the questions of obstruction of justice and conspiracy to mislead congressional investigators. And for those who would try to compare this to the conduct of any previous administration, Republican or Democrat, please, don't even try. This is much more comprehensive.

We should be, unlike the Attorney General, who now appears to be relegated to serving as the President's defense counsel, and has declined repeatedly to appoint an Independent Counsel as the law

requires, investigating the burgeoning fund-raising scandals, regardless of what she does, because she has now put the task to us, unless she will appoint the independent counsel.

We have some very critical questions. Did a foreign government or governments, through agents of influence, succeed in buying access to the Oval Office, and did this penetration compromise U.S. security?

Never before in the history of this country has Congress been presented with a scandal of such breathtaking magnitude, complexity and pervasiveness. Nearly every agency of Government appears to have been debased to some degree by the stench of political corruption.

This committee's work has been nearly crippled by the remarkable disappearance of or lack of cooperation from 60 witnesses with firsthand knowledge of the fund-raising scandal. Like Colombian drug cartel leaders who boastfully call themselves unextraditables, many of Mr. Clinton's most generous donors and most energetic fund-raisers have spirited themselves away from American territory, to China, to Thailand, or back to Indonesia, beyond the reach of committee lawyers, subpoenas and depositions. And people want to know why it has taken us so long? They are fleeing our Nation, and they are obstructing our ability to do justice in the United States.

Among those, John Huang, formerly of the Commerce Department and the Lippo Group. Mr. Huang has taken the fifth amendment. A memo by Mr. Huang, a prodigious fund-raiser for the President's re-election, showed his asking for over \$153,000 in foreign money from Lippo Indonesia to be wired to his accounts at LippoBank, specifically earmarked for the DNC. The DNC pledged to return a \$250,000 contribution from a South Korean businessman, which originated at Mr. Huang's suggestion.

Another key figure is Charlie Trie, a restaurant owner from Little Rock, AR, a friend of Bill's. Mr. Trie absconded from the country and is said to be in China. Mr. Trie made hundreds of thousands of dollars of illegal donations to the Democratic National Committee and delivered bags and envelopes full of small checks and money orders totaling nearly \$800,000 to Clinton's legal defense fund. Some money orders were numbered sequentially, although they ostensibly came from individuals in different States who shared the same surname. Trie was awarded with appointment to the President's Commission on U.S. Pacific Trade and Investment Policy, which further gave him credibility and clout.

We already know the Trie donations coincided with a letter faxed to the President urging restraint in responding to China's military exercises off the Taiwanese coast prior to its first democratic elections.

Finally, there is Johnny Chung, a political operative known best for his apt quotation comparing the White House to a subway station. "You have to put coins in to open the gate." Mr. Chung vows his contributions were solicited by the DNC finance director Richard Sullivan, despite the fact that a National Security Council aide described him in a memorandum as a hustler trying to exploit his White House contacts. After the hustler memo, after the hustler

memo, Chung was received 20 more times at the White House, for a total of 49 visits.

The responsibility of this investigatory body is to find out what laws were broken; what, if any, breaches of national security occurred; and whether important policy compromises were made as a repayment for illicit campaign donations.

I hope we can have a bipartisan effort. The Attorney General, the Nation's top enforcement officer, has shirked her constitutional responsibility. We cannot afford to shirk ours. Bipartisan cooperation requires both sides, not just one side, and I hope some Members on the other side have the courage, like Republicans did under Watergate as it unfolded, to step forward to help us in this investigation and getting the truth out, even if that means extradition and help from the State Department at some point.

Mr. BURTON. The gentleman yields back his time.

Mr. Owens.

Mr. OWENS. Mr. Chairman, I would like not to be redundant. I think that these hearings could be of great importance if we deal with the underlying issue and not allow them to become trivial. This is a vital life-and-death issue with respect to the survival of our democracy, the issue of how elections take place and who pays for what. The issue is, what is the influence of big money in our democracy?

The issue is, how does laissez-faire work the other way? We have all been schooled in the doctrine of laissez-faire in terms of Government leaving the marketplace and the private sector alone, but we have never talked very much and there has not been very much discussion in colleges and universities about how you avoid having the marketplace and the private sector take over Government.

Laissez-faire should work both ways, and the real underlying problem behind all the other details that we have been discussing in this hearing is the problem of our Government being for sale. Is our Government for sale and to what degree is it for sale?

We have a Democrat in the White House who was determined that if he lost the election it wasn't going to be because he was outspent or it wasn't going to be for lack of money. Not only the Democrats in the White House, the President and the Vice President were preoccupied with money, but every Member of Congress.

We had numerous discussions about Democrats taking back the Congress and we had most of—a large part, portion of those discussions, related to money. No matter what the merits were, no matter what our positions were, you still had—had to have the money to get on television and buy the ads.

Money begins to dominate the political process in America. That is the real issue. That is what the American people ought to take a close look at. The details can take us into trivialities sometimes that are quite laughable. I agree with Harold Ickes and Jay Leno, or whoever started it, who said that, you know, where did you expect the President and the Vice President to make their calls from? You know, they live in the White House. They live on Government property. That is their home.

Every Member of Congress knows they can't avoid some discussion of fund-raising on Federal property. Even if you are so careful never to discuss it yourself on the phone, you are going to get



phone calls from other people who are going to discuss it. Are you going to hang up on somebody because they call you to say something about a fund-raiser or a fund-raising process? No, you are not.

We go off the Hill to make calls at the various headquarters for the parties. We also go home to make calls. We probably make a large number of calls at home. The home of the President, the home of the Vice President, is the White House and the other facilities that are provided for the Vice President. So it is a little ridiculous to single that out as being so important that it diverts us from the real issue of there is too much money required in American elections.

Campaign spending has increased exponentially, according to the Federal Election Commission. Spending in Federal elections has increased from \$309.6 million in 1975–1976 to \$2.738 billion in 1995–1996. At the same time the voter turnout is going down, the amount of money being spent is going up.

Independent expenditures have greatly increased. Soft money, Republicans outraised Democrats in soft money in the 1996 election; \$138.2 million to the Democrats, \$123.9 million in soft money. That is double what the parties raised in 1991–1992. You know, tremendous amounts of money being raised; nobody is giving it away just because they are good Boy Scouts. There is a process which any sophomore in high school or college can tell you, a process of expecting something back in return for the money.

The Presidents, throughout history, have always had various kinds of social activities in the White House. If we turn the microscope on any past Presidents recently, we are going to find the same kinds of things were done at the White House that we are blown up out of proportion here in terms of people being invited into the White House who have influence and who have various other kinds of things that the White House wants to get, whether it is the money or their influence in some respect.

In terms of hard money, money spent by Republicans and Democrats, Republicans raised \$416.5 million in 1996—for 1996 committee elections, while the Democrats raised \$221.6 million. You know, tremendous amounts of money are going into these elections, and the question that should be on everybody's mind as we take them through the steps of these hearings and we talk to the witnesses and we reproduce and duplicate, replicate what the Senate has already done, the question should always be, you know, is this the kind of America we want, which is clearly an America where the political process is up for sale?

If nothing else comes out of this, it ought to be the—the searing on the imaginations and the minds of Americans of the fact that we are drifting into a situation where our democracy will inevitably be greatly distorted by the fact that you have these tremendous amounts of money that have to be raised.

We must have campaign finance reform. Eighty-three percent of—85 percent of Americans think that special interest groups have more influence than the voters; 92 percent think too much money is spent on campaigns; almost 9 out of 10 Americans want fundamental change or a complete overhaul of the campaign finance system.

Are we going to engage these questions in this hearing? Are we going to ask questions and do things with respect to the witnesses and the processes, as we go through this in this committee, which do in some way address this profound question? Is our Government for sale? Is our democracy in danger because it is being taken over by the private sector with large sums of money?

The laissez-faire that we are so proud of with respect to Government not interfering with business is not going the other way. Business money is trying to dominate our Government, and that is the issue.

I yield back the balance of my time.

Mr. BURTON. Thank you, Mr. Owens.

Mr. Scarborough.

Mr. SCARBOROUGH. Thank you, Mr. Chairman.

I have found the speeches on the Democratic side to be entertaining at the very least, unfortunate in many.

A gentleman a couple of speakers ago talked about how he longed for bipartisanship. Well, I long for the type of bipartisan also that was evident during the Watergate hearings when we actually had a Senator in the minority there to stand up and ask tough questions of the President: What did the President know and when did he know it?

Regrettably, all we hear are the most frantic charges of—I have heard “partisanship”; I have heard the word “evil” thrown around; I have heard “a witch-hunt”; and I have also heard “fishing expedition.” We were told a few minutes ago that children were starving across America because of these hearings. We were told that people were freezing and homeless because of these hearings. It is demagoguery at its worst.

It also amounts to a political obstruction of justice, and regrettably, we have seen this on this committee for some time.

I remember when Chairman Clinger, a few years ago, tried to get some documents pertaining to Craig Livingstone. We were—the same terms were used, that it was a “fishing expedition,” that it was a “witch-hunt.” Later we found out, after this “fishing expedition,” after this so-called “witch-hunt,” that the White House had illegally and improperly seized 900 FBI files against their political enemies. And yet this continues. It is déjà vu all over again.

One Democrat has said we can do better. Well, I say the Democrats can do better, and I am going to make a plaque. It is going to be the Senator Joe Lieberman plaque for the first House Member that actually stands up and shows the courage that Senator Lieberman showed on the Democratic side and that Howard Baker showed so many years ago.

This is what Senator Lieberman said on the Senate side, “The pattern of behavior by the White House, as exemplified most recently in the question of these tapes, is unacceptable also. One can hear the explanation given that it is a foul-up and not a cover-up, but the accumulation of foul-ups begin to raise an understandable question in the minds of this committee, which is, ‘What is going on over there and why does it happen?’”

That is Joe Lieberman, the one Democrat that has shown a little bit of courage over the past few months.

This shouldn't be about partisanship, and I agree with the gentleman, if a Republican did this, I would hold the Republican to the same high standard that I would want to hold this President to. And if anybody doubts this, all they need to do is ask Newt Gingrich, Dick Armey or other Members of my leadership that I have given problems to over the past few months.

You can also, if you think that this is about partisanship, that you think this is a Republican attack, all you have to do is read the newspapers to see what they are saying. Read what the Washington Post said yesterday when, in so many words, they accused the White House of lying. They said, "The attitude of this White House toward the truth, whenever it is in trouble, is the same: Don't tell it, or tell only as much of it as you absolutely must." And then we, of course, had the New York Times last week, who editorialized on their editorial page that Bill Clinton and Janet Reno could no longer be trusted to look into the fund-raising abuses that have occurred.

We have had Newsweek going into it for a year now. They reported last year about possible espionage between a White House and DNC official and Communist China, explaining how this official would get briefings from the Commerce Department and then was stupid enough to step into a cab, take a cab to the Chinese Embassy and then turn in a receipt to get some money back. And this happened over and over again, according to Newsweek.

We have had press reports that the CIA, that the FBI, that the INS, that the NSC, that possibly the IRS and obviously the office of the President, the office of the Vice President, have been involved to assist the White House, possibly illegally, to elect the President and Democrats to Congress. And it expands and it continues to expand, and all we hear is the same thing, "witch-hunt," or that it is evil or that it is partisanship.

There is nothing partisan about the New York Times. There is nothing partisan about the editorial page of the Washington Post. Of course, some of us would suggest that if there was any partisanship, it certainly would tilt heavily against the Republican party. But to those editorial pages' credit, they have had the moral courage to speak out against an administration that is perhaps had the most corrupt fund-raising machine in the history of this Republic.

Why can't one Democrat—and I see we only have one Democrat, so I throw this offer over to you. I will get the Lieberman memorial plaque, give it to you after this hearing. Why can't we have one Democrat say, something stinks at the White House, something is very, very wrong; let's get to the bottom of it, and let's stop trying to change the subject?

I mean, if I hear one more Democrat say, well, this is a wonderful opportunity to re-examine campaign finance laws, that is like Marv Albert stepping out of the courthouse and saying, this is—I have provided us a wonderful opportunity to examine sexual harassment in America.

I mean, let's stop trying to change the subject and instead get to the bottom of this issue, which is that this White House has continued illegally using its influence to get re-elected, to get Democrats re-elected. And after the end of that process then maybe we can look at campaign finance reform; then we can look at putting even

more new laws on the books. But before we do that, I say, let's get a—let's get a White House and let's get Democrats that are willing to abide by the laws that we now have on the books.

I yield back the balance of my time.

Mr. BURTON. Thank you for that entertaining speech.

Mr.—I want to get this right—Blagojevich, is that pretty close?

Mr. BLAGOJEVICH. That is exactly on the mark, Mr. Chairman. Thank you.

First of all, evidently, I am all alone here. I think my colleagues on this side knew I was going to speak and they left.

Let me also say it was Mo Udall, I believe, who said that everything has been said, but not everybody has said it. I will probably do less than 5 minutes since so many Members on both sides have said a lot of the kinds of points I want to make.

And let me just briefly comment on my illustrious colleague from Florida, who I have again—and we hear this all the time—I genuinely have high regard for Mr. Scarborough from Florida. He made a statement that if a Republican did this, he would be—I think I am paraphrasing now—outraged or something to that extent.

The fact of the matter is, this committee probably isn't going to find out whether or not Republicans did it or not because we are going after Democrats in this committee. Probably 9 out of 10 subpoenas that have been issued from this committee are earmarked toward Democrats and not Republicans. So I don't think my illustrious colleague from Florida will have the opportunity to be as outraged about a Republican.

And I think when I quoted Mo Udall about saying the same things that others have said, I am going to repeat what virtually everybody on this committee in both parties has said. It is that we think that we ought to have an investigation, that many of these allegations are not only troubling, but potentially criminal in nature and that this investigation is important; that we have to find out what actually happened, particularly with regard to fund-raising in the White House.

There are, however, differences. Those of us here happen to think that we ought to not only investigate the White House, we ought to investigate the House, we ought to investigate Democrats and Republicans, because when I go back home to my district—and I have been back every weekend since I have been elected with the exception of one—and when I appear at town hall meetings or community forums, I don't hear a single question, not a single question about campaign misdeeds in the White House or in Congress.

And when I sometimes ask questions, because I want to have a sense of what people are concerned about, I get—I get a sense from the people back home that they just view this whole process as corrupt or corrupting. They view this whole process as ugly and dirty, and they think that we are all politicians just trying to raise money and that any excesses and transgressions that may have come out of the White House are just business as usual in Washington, DC, and in politics in general.

I must say that I don't necessarily disagree with them. In fact, these allegations about whether or not big money is in the system, allegations about whether or not fund-raising and contributors buy access to Government is kind of reminiscent of the movie Casa-

blanca, the scene where the Paul Henreid character, they are in Rick's Cafe, if you remember the movie, and they all start playing the Marseillaise; and it is a very moving scene, one of the great scenes in movie history. And then when it is all over, the German officer is there and he tells the Vichy representative, who was played by Claude Rains, the Captain Renaud character, shut it down, shut down Rick's Cafe. So he goes up to the Humphrey Bogart character and he says, "Rick, you know, we are closing this place down." And Humphrey Bogart says to him, "what are you closing me down for, what are the grounds?" And the Claude Rains character in the classic line says, "Rick, I am shocked, I am shocked. There is gambling here."

He had just placed a bet earlier in the movie.

The fact is that a lot of these allegations are not shocking at all. They are, in fact, a problem with the system, endemic to a system that needs reform.

I hate to disappoint my colleague from Florida, but if these investigations are going to have any merit at all, if we are going to learn anything from what we hopefully are going to discover from these investigations, I think it is only good to underscore what we already know, which is the system doesn't work. It is a system that is corrupting or corruptible, and it is a system that needs fundamental reform.

And I am joined by many other Members who are willing to stay in this session beyond adjournment unless—for as long as it takes to pass some kind of campaign finance reform in this Congress.

And let me also say that there is a bipartisan effort, Republicans and Democrats alike, whether it is McCain-Feingold or the freshman version of—Republican freshmen and Democratic freshmen offering some kind of meaningful campaign finance reform.

In the post-Watergate era, Congress changed the rules and they did it because the American people clamored for it. And I believe that unless and until the American people feel that we are going to do something about cleaning up a system that has gone wrong, they are not going to tune us in and they are not going to be as willing to respond to some of the allegations that arguably are very, very serious.

So I hope we can have campaign finance reform, Mr. Chairman, as we continue this investigation. And I yield back the balance of my time.

Mr. BURTON. Your statements on Casablanca were very accurate.

Mr. BLAGOJEVICH. Thank you.

Mr. BURTON. Mr. Shadegg.

Mr. SHADEGG. Thank you, Mr. Chairman.

Before I begin, let me note for my colleague on the other side, eight out of the nine subpoenas issued by this committee may be directed to Democrats largely because eight out of nine of the articles that appear in the Washington Post, the New York Times, the L.A. Times and virtually every other newspaper in this country, where there are investigative reporters at work, focus on abuses and violations of law by Democrats. So I think it is quite logical.

Mr. Chairman, make no mistake about it, this investigation and these hearings go to the very heart of the survival of this Nation. While I do not wish to raise expectations about the nature of the

information that will come out of these hearings, the essence of the hearings addresses the integrity of our system of Government, and the faith, confidence and respect it commands from the people of this Nation.

If the people do not believe that our Government is honest, their motivation to abide by its laws will be destroyed. In our system of Government, order is maintained by voluntary compliance with law. If that compliance is abandoned, anarchy will prevail. If the people believe our Government is corrupt, liberty will not survive.

Again, let me make it absolutely clear. Whether we produce shocking evidence, proving violations of the law occurred or not, the issue is maintaining credibility within our system of Government. The evidence which is already in the public domain suggests that our campaign finance laws were abused and corrupted to an unprecedented degree in the 1996 election.

Sadly, this process has become hopelessly partisan. An immense effort has been and is being expended in trying to prevent the truth from coming out. And when evidence is brought out, every effort is made to minimize its significance to the greatest extent possible.

The subject of these hearings is not new to me. For 8 years, I served as special assistant to the Arizona attorney general. In that capacity, I was specifically responsible for enforcing Arizona's campaign finance laws. During that time, there were two major revisions of our campaign finance laws, which produced some of the strictest and most rigid campaign laws in the Nation.

In both cases, proponents of the reforms claimed that with these radical new limits, the cost of campaigning would decrease. Time has shown, however, that not only did the cost of political campaigns in Arizona not go down, but in fact, it has increased. But more importantly, these so-called "reforms" drove a large portion of campaign spending underground.

Prior to the changes in our law, it was easy to determine where campaign contributions came from and where they went. Regrettably, following reform, this information is almost impossible to ascertain. For example, there are now countless nice sounding organizations that act as fronts for the very special interest groups the law was intended to affect. Just one such organization, called Citizens for Excellence in Education, was nothing more, as many of them are nothing more, than a front for another organization—in this case, the Arizona Education Association from which it obtained all of its funding.

In light of my personal campaign—experience with campaign finance laws, I am greatly disturbed, indeed I am disgusted, by the concerted effort of the current administration and of some members of this committee to do everything possible to prevent this investigation from moving forward. Over and over again, to date, they have constructed roadblock after roadblock to obstruct this investigation.

To thwart our effort, the White House has stonewalled repeated requests for information, concealed other information and produced yet still more information only after the committee threatened contempt of Congress.

Conversely, the administration has also engaged in a calculated effort to time the release of the information which the administration considers damaging so as to diminish its significance when brought forward by this committee in the course of these hearings. Just a week ago, there was an effort to force the release of committee depositions the moment they were taken. The obvious motive for that effort was to make any significant revelations at such a deposition old news and, therefore, insignificant when the committee hearing focused on that witness and the information the witness had produced.

The recent release of videotapes of the White House coffees is yet the latest example of foot-dragging and obfuscation by the White House. From the time these coffees came to light earlier this year, the White House spin operation denied that they were fund-raisers. Yet, when administration officials searched the White House videotape data base for coffees, they found only 49 hits. By contrast, when they recently searched for DNC fund-raisers, there were 150 hits. This, I suggest, is a stunning revelation that these events were viewed as political fund-raisers by the White House itself.

And based on the audio from these now-revealed tapes, the people attending them obviously understood they were fund-raising events, with one attendant audibly offering checks to a DNC official in the room.

As the Senate hearings have shown and as these hearings will show, there is one riveting fact this administration cannot escape; and that is, the information we have already seen demonstrates that the abuses in which they were engaged and which have already come to light were in violation of current law. If current law had been followed or if it were currently being enforced, this investigation would not be necessary.

For my colleagues on the other side who complain about the cost of this investigation, they should be reminded that it was the improper actions of the President, the White House and the DNC that created any additional burden to taxpayers for the cost of these hearings.

Our job as members of this committee is to oversee the executive branch of this Government. It would be irresponsible for any of us to turn a blind eye to the blatant disregard for campaign finance laws as occurred in the last election cycle. As I said earlier, disregard of existing law, as some would suggest has been flagrantly demonstrated by this administration, erodes the public confidence and trust, which is essential to our survival as a Nation.

As Thomas Jefferson said, the whole art of Government consists in the art of being honest.

Mr. President, we simply ask that you be honest.

Let me conclude, Mr. Chairman, by noting that the appointment of a Special Prosecutor is long overdue. The latest refusal of Attorney General Janet Reno, which was followed only hours later by the release of the White House videotapes, establishes beyond a doubt that the Attorney General and the Department of Justice are not doing their job.

More importantly, not only is Janet Reno not doing her job, she is showing contempt for the law and destroying public confidence and faith in our system of Government.

Mr. Chairman, I close with a plea to everyone involved in this process, from the White House to the Attorney General and the Department of Justice, to the members of this committee, to do what is right, proper and honest. The future of our Nation is at stake.

Mr. BURTON. Thank you.

Mr. Davis.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

We gather here today, 9 months after the initial investigation of allegations of finance campaign abuses from the 1996 election cycle, \$2.5 million of the taxpayers' hard-earned money already spent. Fifty-seven depositions have already been taken, and several witnesses have been unduly harassed.

While I am encouraged that the hearings will finally begin, I cannot help but remain somewhat pessimistic, and I say pessimistic because I do not believe that these hearings will reveal anything that has not already been brought forth by the Senate investigation. The Senate has said what most Americans already know, and that is that our campaign finance system in America is badly broken and in serious need of repair.

The real issue before us today is not conduit payments to the Democratic National Committee; rather, when will we begin to have serious debate on reform in the campaign finance laws? I believe that we have an opportunity to seize the moment and provide real reform if the people are to believe that we are serious.

It is no secret that the current system of campaign finance laws is seriously flawed. These laws threaten the very essence of our democracy. It is imperative that we reform the current system and send a message that this Government is not for sale. We must eradicate the notion that money can buy justice, elections and anything else that you want in America. The current system has too much money in it. It is tantamount to capitalism run amok.

This is perhaps capitalism at its very worst. This is the vulnerableness of capitalism which undermines the very essence and ideals of democracy. We must send a message that no part of our Government system can be bought or purchased.

Campaign finance reform is one of the critical issues of the day. The stakes are too high for us to dally around and do nothing about it.

There have been over 70 bills introduced in this country alone regarding campaign finance reform, and the leadership has yet to schedule debate on any of that. Perhaps Gandhi was right when he said, possession of power makes men blind and deaf. They cannot see things which are under their very noses and cannot hear things which invade their eyes.

It seems to me that those in power want only to perpetuate it. However, I urge the American people to meet the power that wants to maintain the status quo with like and equal resistance that demands real campaign finance reform.

History has thrust upon us, upon our generation, a unique and important destiny; that is, the opportunity to complete a process of campaign finance reform, to make democracy real in the lives of each and every American. This is our opportunity to make the magnificent words of the Constitution and Declaration of Independence ring true, that this is, in fact, a Government by and for the



people; not by and for the rich and wealthy, but by and for all the people, irrespective of income, gender or heritage.

As the lights dim and the cameras fade on this hearing, I urge the leadership to give the people what they want, what they desire, and that is real campaign finance reform. And when we give the people what they want, when we give the people real campaign finance reform, they will know that the role they play is not contingent upon the size of their pocketbook or that their influence is not weighted by the size of their contributions.

I thank you, Mr. Chairman, and yield back the balance of my time.

Mr. SHADEGG [presiding]. The gentleman yields back the balance of his time.

[The prepared statement of Hon. Danny K. Davis follows:]

STATEMENT OF DANNY K. DAVIS (IL)  
 "Campaign Finance Reform Investigation"

Mr. Chairman, we gather here today nine months after the initial investigation of campaign finance abuses from the 1996 election cycle, \$2.5 million dollars of the tax payers hard earned money already spent, 57 depositions have already been taken, and several witnesses have been unduly harassed.

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Perhaps Ghandi was right when he said possession of power makes men blind and deaf, they cannot see things which are under their very noses and cannot hear things which invade their eyes. It seems that those in power want only to perpetuate it. However, I urge the American people to meet the power that wants to maintain the status quo with like and equal resistance that demands real campaign finance reform.

History has thrust on our generation an indescribably important destiny—to complete a process of campaign finance reform—to make democracy real in the lives of each and every American. This is our opportunity to make the magnificent words of the constitution and declaration of independence ring true—that this is in fact a government “by and for the people”----not by and for the rich and wealthy, but by and for all the people irrespective income, gender, or color.

As the lights dim and the cameras fade on this hearing, I urge the leadership to give the people what they desire---real campaign finance reform. And when we give the people real campaign finance reform, they will know that the role they play is not contingent upon the size of their pocketbook.

Thank you.

Mr. SHADEGG. The gentleman from Ohio, Mr. LaTourette.

Mr. LATOURETTE. Thank you very much, Mr. Chairman. It is a pleasure to see you seated in the chairman's chair.

Mr. SHADEGG. Thank you.

Mr. LATOURETTE. I appreciate very much the opportunity to make remarks today, and I also look forward to tomorrow's inaugural hearing. Like many members of the panel who have already spoken today, I have been frustrated and saddened by the length of time that it has taken to get to this juncture in the hearing process.

However, unlike some of the statements that have been made today, I am not perplexed, nor do I wonder as to what the cause of the slowness of pace is, the cost or the progress of the fact-finding process.

My primary vocation, before coming to Congress, was that of a county prosecutor. Like other members who serve on this committee who had the honor and pleasure of representing their State before the bench, there are many war stories that each of us could tell detailing the creative and imaginative tales that defendants from time to time had to explain why they had missed their date with the judge.

My personal favorite was, a gentleman called up one day and said that a rather painful circumcision had prevented his arrival at the courthouse for 2 weeks, but he hoped to be with us soon.

What causes the raising of suspicions and indeed raises the hackles of many of us on this side of the aisle is the constant evasion. A rule of thumb that I adopted in my legal practice was given to me by a rather grizzled homicide veteran by the name of Tommy Doyle, and he said that the reason that people lie, the reason that people hide the truth, the reason that people prevaricate is that the truth is worse for them than the lie which they are willing to tell.

Sadly, the conduct of many during the public observance of this series of scandals has put me in mind of many of the wayward defendants of the past and, I would suggest, has had more than a direct result of impeding the orderly progression of any legitimate or worthwhile probe. We have seen people who have fled the country and the jurisdiction of this Congress. We have seen those who would choose to use the fifth amendment as a sword rather than as a shield, to frustrate rather than to protect.

We have seen a variety of statements that would be putting some of my old defendants to shame; "I don't recall facts or events" is one; "there is no controlling legal authority"; "everybody does it" is something that I have heard from my children on many occasion; and that "the Pendleton Act is obscure, antiquated or vague." And if I had a nickel for every defendant who claimed that the law under which he or she was being investigated or prosecuted was vague, I would have been retired long ago.

But perhaps the classic was in today's Hill newspaper—and I never thought I would see this from anywhere, certainly from Capitol Hill, other than from my children—the caption that "the dog ate my videotapes." Certainly we have reached a new level of excuses in this investigation.

As a youngster, I remember being fascinated by a photograph that appeared in one of the papers of Rosemary Woods who was,

of course, the secretary to President Nixon during the Watergate hearings, and the musings of the bemused editorial writers was that Ms. Woods must have had some gymnastic ability to reach back and somehow cause a gap of minutes' long in an audiotape for a reel-to-reel tape recorder that was located behind her desk.

I look forward to the coming weeks because the bizarre compilation and editing of the videotapes just recently revealed—released by the White House, I suspect will demonstrate skills by their video technicians that will rival the Korbuts, the Comanecis and the Rettons.

Mr. Chairman, I would suggest that between the two extremes—and that is, those within and without Washington that want these hearings to get the President and to get the Vice President, and those within and without Washington that will protect the President at all costs and would suggest we do nothing to follow the trail of illegality—the vast majority of members on this committee and in this House hope that the fact-finding process will develop a discovery of who has violated the laws already in existence; and that those who have sworn an oath to uphold the laws of this country do their job and do so whether or not American policy and secrets were sold for electoral success in November 1996, and that those who stonewall, obstruct and obfuscate are publicly condemned and driven from office.

And finally, that the flawed manner in which we finance our Federal campaigns be examined in the orderly and thoughtful manner that is the hallmark of this institution, and that reform be the child of bipartisan labor rather than the spawn of media-driven, partisan advantage-seeking, quick fixes that sound good, but at the end of the day fail to restore the trust in the way we finance campaigns in this country.

Thank you, Mr. Chairman, and I yield back my time.

Mr. SHADEGG. The gentleman yields back the balance of his time.

And the gentleman from Massachusetts, Mr. Tierney.

Mr. TIERNEY. Thank you, Mr. Chairman. I don't want to belabor this point, which seems to be something we are all doing a bit of here today, but I largely associate myself with the remarks of my colleagues, that have been covered, that I would otherwise raise—in particular, the unfair manner of presentation of information that we have seen that has been suggestive and predisposed to a preconceived conclusion; the duplication of the Independent Counsel's inquiries and the Senate's parallel inquiry; the slow and unfocused proceedings that we have had here, including numerous lengthy depositions that result in either little or no information that is new or relates information which has already been unearthed elsewhere and reported publicly; the expenditure of millions of dollars of taxpayers' money to do what the Senate has already done, while not ever criticizing the Senate's job as insufficient.

I want to point out that this is not the oversight and oversight committee; it is, in fact, the reform and oversight committee, and that we should be not duplicating what the Senate has done. We have said this since the beginning, and out of over 100 Members of Congress, tried to persuade this committee to either unearth something new that we haven't heard before; to have this be a non-partisan approach so that what we do here can be credible; to in-

clude us in the planning of this, so that we can get beyond what seems to be the inability of the majority here to conduct an investigation that leads to anything new that the American public can look forward to; to either join with the Senate to do its investigation with it, so that we don't duplicate money and spend our resources unnecessarily; or refocus this investigation away from duplicative efforts and into things that are new and will lead us in some direction that expanded out just beyond the role of the White House—take a look at what happened in the House of Representatives and in the Senate in both parties—to go beyond that and to move forward.

We can stipulate, the American people can well stipulate, that the campaign finance system we have right now is not one that they enjoy or that they think is working particularly well. We can stipulate that both parties have probably had abuses that are not unlawful, but certainly unseemly; and this goes back to not the past elections but to elections before that.

And I think that the numbers are there, the information has been made public and nobody is now surprised any longer about what this committee is coming up with, other than the fact that they are surprised probably to learn that most of these witnesses have already been deposed and investigated by the Senate.

Most of these witnesses are giving us information that has already been disclosed to the President, to the Senate; and the fact is that we are not unearthing anything new.

Let's agree to the fact that we need to move beyond this into a better system. Let's agree that we can do it a lot more economically than we have been doing it. Let's agree to stipulate to what we can stipulate, instead of having shows so we can get our face on the TV, and move this forward to either new information or to a cooperative effort with the Senate, so that we can preserve resources. And then let's do something that this committee is designed to do.

It is a group that has had referred to it several campaign finance reform proposals, including one of my own that would, in a large way, reform the way that we fund campaigns here and give back integrity to the system and encourage people to once again be involved as voters and as candidates, with the sense that they own their campaign system and that they can move forward here with some confidence, that what we do here is in fact their business and not the business of hard money or soft money contributors to either campaign or either party.

We can do that. We should do that. We can certainly use the taxpayers' money better by having a simultaneous track in this House of campaign finance reform considerations while the Senate is going, either with our help or on its own, to do the rest of the work in terms of the investigation.

That is what we can do. That is what we should be doing.

And I will yield to my colleague here if he wants to make a point that we were discussing earlier about the fact that what we are really looking at here is some 30 checks that may be questionable—out of how many?

Mr. FATTAH. I think I just wanted to add to the record that, as I understand it now, there are over 2.7 million individual contributors and, therefore, checks to the DNC in the election cycle; and

some 130 of them are the subject matter of the refunded dollars and the questionable contributions. And that is not to minimize anything, any illegality that may have taken place, but to put in context some of the more outrageous suggestions about the lack of controls and so on.

You know, the vast majority of checks that were raised and processed through the DNC were correct and appropriate contributions; and what we are really talking about is something less than 2 percent of all of the contributions being in question.

So as we go forward, I think we should root out whatever wrongdoing may have taken place on all sides, but we should also keep in context that for the most part this was an election run by the DNC in which, even with all of these complicated regulations and rules, they did their best to comply with.

Thank you.

Mr. TIERNEY. I yield back the balance of my time.

Mr. SHADEGG. The gentleman yields back the balance of his time.

The Chair recognizes the gentleman from New Hampshire, Mr. Sununu.

Mr. SUNUNU. Thank you, Mr. Chairman. Let me begin with two brief points. One is in response to the notion that somehow this committee is not uncovering anything new. We can cut right to the chase.

The three witnesses who we are going to hear from this week were not contacted by the Senate. They were not contacted by DOJ. They have not testified before the Senate committee. Their testimony will be new. Their information that they will have to offer us is important. And there are many other revelations, I think, that will come out of this committee. But the fact is, we are getting right to new and important information immediately in this hearing.

The second point I would like to make, and I will emphasize it later in my remarks, is to counter the assertion that has been made repeatedly today—and it is fundamentally flawed—and that assertion is that somehow a loophole is an invitation to violating the law. Nothing could be further from the truth.

A loophole, however objectionable we may find it, is simply an invitation to take advantage of a loophole. A loophole is not an invitation to accept illegal conduit payments. It is not an invitation to accept illegal contributions from a foreign citizen. A loophole itself is not an invitation to violate the law; and to suggest that it is, in some way, shape or form, is to misunderstand the nature of our law and our obligation to obey those laws.

Mr. Chairman, today's hearing marks the beginning of the public phase of what has been a long and difficult investigative process. Our committee is challenged with the formidable task of shedding light on a series of campaign finance abuses. This effort is made even more difficult by two significant factors: one, the complex nature of political campaigns, especially those that are national in scope; and second, the degree to which this committee has been obstructed in its investigation.

During the past year, the public has heard testimony detailing illegal fund-raising events on church property, illegal campaign contributions made through false donors, illegal contributions made

by noncitizens and illegal laundering of union funds for political campaigns.

These events are not alleged. This information is not hearsay. Testimony includes many eyewitness accounts. Campaign committees have returned illegal funds and fund-raisers have pled guilty to felony charges. The breadth and scope of these abuses are unprecedented since the implementation of Watergate-era campaign reforms.

Those who suggest the system made them do it are all too willing to ignore the fundamental legal and moral obligation we have to obey the law. Those who claim that changing campaign rules would address all of our concerns fail to understand the difference between using rules to one's advantage and violating Federal law.

Are we to believe that if Congress fails to change the rules this year, then the DNC and its fund-raisers will be forced to continue to violate the law? Of course not. A campaign that is willing to accept illegal soft dollar contributions will be equally willing to accept illegal hard dollar contributions.

It is time for those that have violated the law to begin taking responsibility for their actions. Those in positions of responsibility must take responsibility for providing answers to these critical and lingering questions.

First, was there a planned effort to systematically violate campaign finance law? A single illegal contribution would be scant evidence of such a pattern. \$50,000 or \$100,000 in illegal contributions might raise concerns. To date, the Democratic National Committee has returned more than \$2.8 million in improper contributions.

Second, did senior campaign officials know of or condone illegal fund-raising? During these past several months, echoes of denial, "I don't specifically recall," and "it wasn't our intent," are deafening. Moreover, these claims stretch the limits of credibility.

And finally, did any foreign government plan to improperly influence America's political system through an illegal fund-raising network, and was such a plan carried out?

Unfortunately, the work of this committee continues to be hindered by an unprecedented effort to avoid responsibility. Over 60 witnesses to these events have refused to tell Congress what they know. Twenty-two individuals have fled the country entirely or have gone into hiding. These are not the actions of innocent victims. They are the actions of conspirators with something to conceal.

The committee has been further obstructed by delays in receiving critical documentation from the Democratic National Committee and the White House. Repeated refusals to properly comply with committee subpoenas only suggest the existence of more damaging evidence. This week's production of White House fund-raising videotapes 3 months after subpoenas were issued only highlights the egregious nature of these obstructions.

In the end, these tactics only serve to make us more determined in our effort to conduct a thorough and honest investigation of these matters.

This is not a hearing about personalities, as some undoubtedly will charge. It is a hearing about securing answers to troubling



questions surrounding the 1996 Presidential campaign, which, to date, have received only vague and inadequate answers.

The long-term health of our Government is dependent on the ability of Americans to freely and fairly express their will through the election of our representatives. Illegal campaign fund-raising undermines the credibility of the election process and of Government itself.

I look forward to hearing the testimony offered before this committee and I certainly hope we can carry out our duty in a professional manner for the good of the American people.

I thank you, Mr. Chairman, and I yield back the balance of my time.

Mr. SHADEGG. The gentleman yields back the balance of his time. The Chair recognizes the gentleman from Texas, Mr. Turner.

Mr. TURNER. Thank you, Mr. Chairman. These past few days have not done much to inspire confidence in any branch of our Government. The White House has engaged in inexcusable delays in turning over relevant evidence to the Congress. The Senate has killed bipartisan campaign finance reform with procedural devices, and meanwhile, the House of Representatives has not even considered a reform bill.

Is it any wonder that people have lost confidence in our Government? They are discouraged not only by periodic scandals, but by the day-to-day abuses committed in the unending quest for campaign cash. They are further discouraged by politicians who seem unwilling to reform a system that is clearly out of control.

Every day it seems the cynicism grows, eroding the trust upon which our system of Government depends. Democracy cannot survive without the trust and confidence of the people.

We have an opportunity to regain some of that confidence today as these hearings begin, if we are willing to proceed in a fair and bipartisan manner. Tomorrow, we are going to hear from witnesses who have admitted to making illegal contributions to the Democratic National Committee. Every Democrat on this committee will join me in saying that this illegal behavior is wrong and that it cannot be tolerated.

We need to find out who was behind these illegal practices, how widespread they are and how we can prevent them in the future. At the same time, I would hope that every Republican on this committee would join in admitting that this practice is by no means confined to the Democratic party and that there are problems with our campaign finance system that go beyond the criminal actions of these witnesses.

We need to remember that we are not here on behalf of the Republican or the Democratic party. We are here on behalf of the people who sent us here. We are here on behalf of the people who pay our salaries, and we are here on behalf of the people who are paying for this investigation.

The American people want to find the facts. They want to know who is behind the illegal and improper fund-raising practices that plagued the last campaign, and they want to know what we are going to do to prevent future abuses and to reduce the influence of big money on our democratic process.

I join with Members from both parties in seeking comprehensive reform of our campaign finance system. I have worked with the Blue Dog Coalition and the bipartisan freshman task force on bills that would ban soft money, require more disclosure and address the other loopholes and abuses that exist under current law.

Just yesterday, I and other members of the Blue Dog Coalition filed a modified open rule to bring all of the major reform proposals—Republican, Democratic and bipartisan—to the floor of the House for an up-or-down vote. Next week, we will be seeking signatures on a discharge petition to bring this rule to the floor, and I invite everyone on this committee to join in that effort.

These hearings, like the ongoing hearings in the Senate, will make two things clear: Campaign finance laws were broken and the campaign finance system is broken. We should all be ready to address both of these problems in an aggressive and bipartisan way. That is our job.

Mr. Chairman, I am hopeful that the work of this committee will be productive and that our singular goal will be to devise a campaign finance system that preserves and protects our Nation's grand experiment in representative democracy.

Thank you, Mr. Chairman.

Mr. SHADEGG. The gentleman yields back the balance of his time.  
[The prepared statement of Hon. Jim Turner follows:]

**OPENING REMARKS - CAMPAIGN FINANCE HEARINGS**

Congressman Jim Turner

October 8, 1997

Thank you, Mr. Chairman. These past few days have not done much to inspire confidence in any branch of our government. The White House has engaged in inexcusable delays in turning over relevant evidence to Congress. The Senate has killed bipartisan campaign finance reform with procedural devices. Meanwhile, the House of Representatives has not even considered a reform bill.

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We need to remember that we are not here on behalf of the Republican or Democratic parties. We are here on behalf of the people who sent us here. We are here on behalf of the people who pay our salaries. We are here on behalf of the people who are, after all, paying for this investigation. The American people want us to find the facts. They want to know who is behind the illegal and improper fund-raising practices that plagued the last campaign. And they want to know what we're going to do to prevent future abuses and reduce the influence that big money has over our democratic process.

I have joined with members from both parties in seeking comprehensive reform of our campaign finance system. I have worked with the Blue Dog Coalition and the bipartisan freshman task force on bills that would ban soft money, require more disclosure and address the other loopholes and abuses that exist under current law. Just yesterday, I and other members of the Blue Dog

Coalition filed a modified open rule to bring all the major reform proposals -- Republican, Democratic and bipartisan -- to the floor for an up-or-down vote. Next week we will be seeking signatures on a discharge petition to bring this rule to the floor, and I invite everyone on this committee to join us in that effort.

These hearings, like the ongoing hearings in the Senate, will make two things clear: Campaign finance laws were broken, and the campaign finance system is broken. We should all be ready to address both of these problems in an aggressive, bipartisan way. That is our job, Mr. Chairman, and I am hopeful that the work of this committee will be productive and that our singular goal will be to devise a campaign finance system that preserves and protects our nation's grand experiment in representative democracy.

Mr. SHADEGG. The Chair recognizes the gentleman from New Jersey, Mr. Pappas.

Mr. PAPPAS. Thank you, Mr. Chairman. We in the Congress have a sacred responsibility to the American people. The Government Reform and Oversight Committee is investigating alleged improprieties, and several of us have said we will pursue this investigation wherever it may lead.

Our democracy was founded on a system of checks and balances, and we are in a situation where we need to check into potential abuses of the campaign finance system. The investigation is simply our responsibility as laid out under the Rules of the House. Indeed, as the name of this committee states, we have a responsibility to oversee the executive branch.

At the heart of this investigation lies a central question: Did illegal foreign contributions corrupt Government policies? To answer this question, the actions of a complex web of Government agencies, administration officials and campaign aides must be untangled.

As a member of the House National Security Committee, the notion that foreign donors might have tried to subvert the American political process to carry out their own agenda greatly disturbs me. The consequences and the potential impact that foreign influence could have upon our national security is staggering.

I hope that we can all join together in a bipartisan manner to find out the consequences of this alleged foreign influence.

There are a wide range of issues to be explored in this investigation, and we must pursue them in a neutral and nonpartisan manner as best we can. Justice wears a blindfold as a symbol of impartiality, and so too must this committee throughout the course of this investigation.

Thus far, we have issued subpoenas, conducted depositions and reviewed documents. I now look forward to hearing the testimony of the witnesses with the hope that what we learn during the course of this investigation will help us to fix our current system of campaign financing.

Thank you and I yield back.

Mr. SHADEGG. The gentlemen yields back the balance of his time. The committee will recess subject to the call of the Chair.

[Recess.]

Mr. SESSIONS [presiding]. The committee will come to order. I am glad to have the opportunity today to speak before this committee and the American people on the issue of illegal campaign fund-raising.

I want to repeat that. The topic of these hearings is illegal campaign fund-raising. It is illegal for Federal candidates to receive contributions from foreign donors. It is illegal to funnel donations through straw donors. It is illegal to solicit contributions on Federal property. It is illegal for a Federal candidate to coordinate the spending of soft money contributions. These are the issues which this committee is reviewing.

We are trying to determine whether the White House, the Democratic National Committee, the President, the Vice President or others may have broken the law. What confuses me is the attention that is currently being given to campaign reform initiatives that do

not address the rampant rogue behavior in which this administration has engaged. Nothing in legislation before the Congress would have prevented the illegalities we are investigating today. This is because the individuals we are investigating have blatantly and consistently ignored the law. So I ask members of this committee and the American people to have patience as we sit through this enormous amount of information that is coming to light in this slow, methodical manner. Once we have determined how the laws were broken, and only then, will we be able to fix the law.

The slow release of information to this committee is the result of a concerted effort by the White House and the Democrat National Committee to delay the investigation. The White House and the Democrat National Committee have resisted our requests for cooperation and have snubbed our legitimate subpoenas, which, of course, is a slap in the face of Congress. Unfortunately, we have come to expect this from the White House.

I witnessed the repeated resistance from the White House to previous attempts by this committee to get information. What I did not expect was the complicity exemplified by my colleagues on the other side of the aisle to the stonewalling of this administration. When the Congress seeks information, the American people are seeking that information, and any attempt to stifle the Congress is an attempt to shut out the American people.

I hope as we hear the depths of corruption that this committee has uncovered, that we will see a renewed call from the minority of this committee to pursue the information further. However, even without that cooperation, I have confidence that our chairman, Chairman Burton, and his staff, who I find to be among the most professional of professionals in the House of Representatives today, will get that done for the American people.

I hope that as we pursue this investigation, that we can continue to begin the process not only of uncovering the violations of the law, but also how we are going to attempt very carefully to ensure that the American people understand this so that we can avoid this in the future.

That is the end of my statement. Thank you.

The gentleman from Tennessee, Mr. Ford, is recognized for his opening statement.

[The prepared statement of Hon. Pete Sessions follows:]



CONGRESSMAN

# PETE SESSIONS

## News

TEXAS, FIFTH DISTRICT

1318 Longworth House Office Building • 202-225-2231 • Contact: Pam Arruda

### Statement of the Honorable Pete Sessions (R-TX) House Committee on Government Reform and Oversight October 8, 1997

Thank you, Mr. Chairman.

I am glad to have the opportunity to speak before this committee and the American people on the issue of illegal campaign fundraising. I want to repeat that. The topic of these hearings is **illegal, campaign fundraising**. It is illegal for federal candidates to receive contributions from foreign donors. It is illegal to funnel donations through straw donors. It is illegal to solicit contributions on federal property. It is illegal for a federal candidate to coordinate the spending of soft money contributions. These are the issues which this committee is reviewing. We are trying to determine whether the White House, the Democratic National Committee, the President, the Vice President, and others have broken the law.

What confuses me is the attention that is currently being given to campaign reform initiatives that do not address the rampant rogue behavior in which this Administration has engaged. Nothing in legislation before the Congress would have prevented the illegalities we are investigating today, because the individuals we are investigating have blatantly and consistently ignored the law. So I ask the members of this committee, and the American people, to have patience as we sift through the enormous amount of information that is coming to light in this slow, methodical manner. Once we determine how the laws were broken - and only then - will we be able to fix the law.

The slow release of information to the Committee is the result of a concerted effort by the White House and the Democratic National Committee to delay the investigation. The White House and the Democratic National Committee have resisted our requests for cooperation, and then snubbed our legitimate subpoenas - a slap in the face of the Congress. But, I expected that from this White House. I witnessed the repeated resistance from the White House to previous attempts by this Committee to get information. What I did not expect was the complicity exemplified by my colleagues on the other side of the aisle to the stonewalling of this Administration.

When the Congress seeks information, the American people are seeking that information. Any attempt to stifle the Congress is an attempt to shut out the American people. And I



hope, as we hear the depths of the corruption that the committee has uncovered, we will see a renewed call from the minority of this committee to pursue this information further. However, even without that cooperation, I have confidence that Chairman Burton and his staff, whom I find to be among the best professionals in the House of Representatives today, will get the job done for the American people.

Thank you, Mr. Chairman.

Mr. FORD. Thank you, Mr. Chairman. Mr. Sessions, as a fellow freshman colleague, it is good to see you sitting in the chairman's chair, even if it is for a short period of time.

Several months ago I was back home in my home district of Memphis, TN, for a district work period, and as usual found myself watching C-SPAN late one evening. I confess I had a very light evening schedule, Mr. Chairman. Although I do not remember exactly what conference, convention, speech or forum was being rebroadcast, I clearly remember the story the Speaker was telling the audience, and because I believe that it captures the situation confronting this committee and even this Congress as a whole, I want to share it briefly with you today.

During the middle of the summer, two men met in a small town in Arizona and discovered that they were both traveling to the same place. One of the men has a horse, and the other has directions to their destination. But because each man has something that the other needs, they agree to embark together upon a journey to their mutual destination, one man supplying the horse, the other the directions.

For several days they ride together, until one afternoon it becomes so hot that they decide to stop riding until the sun goes down. After dismounting, the man who owns the horse proceeds to sit down in a small patch of shade created by the horse. Unwilling to sit in the sun, the other man tries to convince his traveling companion that he should get to sit in the shady spot, and what ensues is a heated argument between the two men over who has the right to sit in the shade.

The man who owns the horse says he is deserving, because, after all, it is his horse. The other man counters that the directions are as important as the horse, so he, too, should get to sit in the shade. As the argument over the shade grows more contentious, the horse gallops away, leaving both men standing with the sun beating down on them.

According to our C-SPAN guest, the lesson of this story is not to get caught up too long in arguing over shadows, because you risk losing what really matters, the substance. When I think about this proverb of sorts in the context of our committee's investigation and the Congress as a whole, I can come to only one conclusion: Campaign finance reform is the substance.

By that I do not mean to imply that we should not devote resources and energy to investigating fully and fairly whether laws were broken during the last election cycle. Rather, my point is only that as we must not lose sight of what really matters in the end.

Tomorrow, I anticipate that three witnesses will come before this committee and testify that they were used as conduits for contributions to the Democratic National Committee, which, if proven true, would constitute a violation of laws. Indeed, if it is true, I am deeply troubled by the fact and would like to know not only why and how it happened, but how we can prevent it from occurring again.

Notwithstanding all of the assertions and claims to the contrary, what I do not see is evidence that this violation of the law was part of a master plan orchestrated by the Democratic National Committee to funnel overseas money to the Democratic party.

Moreover, it seems to me that if the majority party and members of this committee were concerned about the potential impact of foreign or inappropriate contributions to our political system, then during the last 8 months the committee would have expanded its investigation or at least acknowledged that large sums of foreign money have been funneled into the Republican party since 1992 from sources inside and outside of Asia, including Germany, Japan and even Korea. Yet we have heard nothing about these contributions.

In fact, if I were sitting at home watching this committee's activities thus far, I might actually believe that all of the allegations raised by the Republican Congress represent the first instance in which there had been accusations that foreign or inappropriate money was contributed to a political party. In addition, I might also believe that Messrs. Huang and Trie are the only two people that have ever been accused of using conduits to donate money to our political parties.

But the facts are quite different. As recently as July 1997, Thomas Cramer, a German national, was fined over \$300,000 by the FEC for making illegal campaign contributions, almost all of them to the Republican party. The former co-chair, finance co-chair, of the Dole-Kemp 1996 campaign, pled, in what I believe was the largest settlement that the FEC was able to negotiate, I believe some \$5 million to \$6 million, Mr. Chairman, for using conduits to make contributions to the Dole-Kemp campaign.

According to the records from the FEC, they are currently investigating 27 conduit payment cases involving 214 respondents, and in the past several years have closed over 21 cases involving over 108 respondents. We must recognize, therefore, Mr. Chairman, that the whole system must be fixed.

In closing, let me say that I want to get to the truth about campaign contributions during the last election cycle, regardless of where they may lead this committee, regardless of what party may be involved. However, I also want to expose and correct the fundamental flaws in our campaign financing system that have helped to give rise to many of the problems we are confronting today.

I would hope, Mr. Chairman, and other members of this committee, that we would use this opportunity not only to talk about the shadow, to argue over the shadow, but also to confront the substance.

With that, I yield back the balance of my time.

[The prepared statement of Hon. Harold E. Ford, Jr., follows:]

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CIVIL SERVICE

**Congress of the United States  
House of Representatives**

Washington, DC 20515-4209  
Opening Remarks of Congressman Harold E. Ford, Jr.  
Government Reform & Oversight Committee  
Campaign Finance Investigation Hearings  
October 8, 1997

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Thank you Mr. Chairman and my Ranking Member, Mr. Waxman.

Several months ago I was back home in Memphis, Tennessee, for a district work period and, as usual, found myself watching C-Span late one evening. Although I do not remember exactly what conference, convention, speech, or forum was being rebroadcast for the third time, I clearly remember the story that the speaker was telling the audience. And because I believe that it captures the situation confronting this Committee and Congress as a whole, I want to share it with you today.

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For several days they ride together, until one afternoon it becomes so hot that they decide to stop riding until the sun goes down. After dismounting, the man who owns the horse proceeds to sit down in the small patch of shade created by the horse. Unwilling to sit in the sun, the other man tries to convince his traveling companion that he should get to sit in the shady spot. And what ensues is a heated argument between the two men over who has a right to sit in the shade.

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According to the C-Span guest, the lesson of this story is not to get caught-up too long in arguing over shadows, because you risk losing what really matters, the substance. When I think about this proverb of sorts in the context of our Committee's investigation and the Congress as a whole, I can come to only one conclusion: campaign finance reform is the substance.

By that I do not mean to imply that we should not devote resources and energy to investigating, fully and fairly, whether laws were broken during the last election cycle. Rather, my point is only that as we must not lose sight of what really matters in the end.

I want my colleagues on the other side of the aisle to know that I recognize that the three witnesses tomorrow will testify that they were used as conduits for contributions to the DNC, which is a clear violation of existing laws. I am deeply troubled by this fact and would like to know not only how and why it happened, but how we can prevent it from occurring again in the future. Notwithstanding all of the assertions and claims to the contrary, what I do not see is evidence that this violation of the law was part of a master plan orchestrated by the DNC to funnel overseas money into the party.

Moreover, it seems to me that if the majority truly was concerned about the potential impact of foreign contributions on our political system, then during the last 8 months the Committee would have expanded its investigation or at least acknowledged that large sums of foreign money have been funneled into the Republican party since 1992 from sources inside and outside of Asia, including Germany, Japan, and Korea. Yet we have heard nothing about these contributions.

In fact, if I were sitting at home watching this Committee's activities thus far, I might actually believe that the allegations raised by the Republicans represent the first instance in which there have been charges that foreign money was contributed to a political party. In addition, I might also think that John Hang and Charlie Trip are the only two people who have every been charged with using conduits to donate money into our political system. The facts are quite different. For example, in July, 1997, Thomas Cramer, a German national was fined over 300,000 by the FEC for making illegal campaign contributions, almost all to the Republican party. And according to records from the FEC, they are currently investigating 27 conduit payment cases involving 214 respondents and in the last several years have closed over 21 cases involving 108 respondents. We must recognize, therefore, that John Hang and Charlie Trie are not alone and the whole system must be fixed.

In closing, let me say that I want to get to the truth out about campaign contributions during the last election cycle, regardless of where that may lead this Committee. However, I also want to expose and correct the fundamental flaws in our campaign financing system that have helped to give rise to many of the problems we are confronting today.

Mr. BURTON [presiding]. The gentleman yields back the balance of his time.

Mr. SNOWBARGER.

Mr. SNOWBARGER. Thank you, Mr. Chairman.

Mr. Chairman, as could be expected, the minority would like to talk about anything during these hearings except the many possible illegal activities of the Democratic National Committee, the President's re-election campaign, and the White House.

But these hearings are not and should not be about campaign finance reform. These hearings are about the abuse of power. The President and Vice President of the United States are accused both in this Congress and on the editorial pages of newspapers across the Nation of breaking the law and hiding facts from the American people. These accusations command this committee's attention.

Soon after last year's election, President Clinton returned to Washington to face tough questions about his campaign's very aggressive fund-raising effort. The President told the American people that the illegal money that was returned by the Democratic National Committee was not connected with his campaign. If you will please turn your attention to the monitors.

[Videotape presentation.]

[Note.—The videotape can be found in committee files.]

Mr. SNOWBARGER. Does anyone want to take up this defense today? The President seems to be saying that someone else is responsible for those illegal contributions totaling more than \$3.5 million. But this does not square with the evidence provided to the committee by the White House.

Again, please refer to the monitors.

In this April 17th memo from the President's chief White House fund-raiser, Harold Ickes, to DNC Chairman Don Fowler, the true chain of command is laid out. The memo is very clear: Every allocation of money at the DNC must first be approved by the President's White House team.

The truth is that the President was involved in nearly every aspect of campaign operations, from the drafting of direct mail fund-raising letters to routine budget issues. The President was kept informed of goals, projections, and changes in the DNC-Clinton-Gore fund-raising strategy.

Even the administration's staunchest defenders cannot deny that the President knew in advance of the election that the campaign plan that his team designed violated the law in many ways. In fact, as this last exhibit on the monitor shows, they fully expected they would set a new standard for illegality in a Presidential campaign. They budgeted for it. The President's chief political aide told him the campaign would likely be hit with more than \$1 million in fines. That is more than five times the largest fine ever imposed on a Presidential campaign to that point. Mr. Ickes knew this, Mr. Fowler knew this, and so did the President. They decided to gamble everything on victory in November and sort out the legal defense later. The end, they believed, justified the means.

Throughout the many months leading up to these hearings, the administration has developed a highly refined series of explanations for every charge made, and as far as I can tell, there are five steps to this series. No. 1, we didn't do it; No. 2, we did it, but

we didn't mean to; No. 3, all right, we meant to, but it is not against the law; No. 4, well, all right, it seems to be against the law, but the law doesn't mean what it plainly says; and, finally, No. 5, OK, we did it, we meant to, it is against the law, the law was clear, but, you see, everyone does it.

This is something new and disturbing in our political system. It is not uncommon for those accused of a crime to deny it. That is why we have juries. But what does it do to our system of justice, to say nothing of our democratic political process, when the accused displays contempt for the law, when they plead innocent by reason of collective guilt? It is a sad fact that this administration's defense of last resort is that the more the law is broken, the less significant the law is, and, therefore, the less respect it deserves. Their case rests not on the truth, but on their ability to convince the American people that they cannot trust anyone.

Rather than lay the facts on the table, they gleefully trot out the latest poll showing that Americans have grown even more cynical about all public officials, and they pronounce the public singularly uninterested in these events.

Mr. Chairman, whatever the administration would like the American people to believe, when it comes to shady campaign practices, not everyone does it. To my knowledge, no member of this committee does it. We don't accept illegal contributions from churches, we don't launder contributions through dummy corporations and impoverished nuns, we don't rent our offices to the highest bidder, we don't take money from foreign governments, we don't dial for dollars from our Federal offices, we don't move money illegally from one campaign account to another, and none of our campaign workers are hiding out in Communist China to avoid subpoenas. We don't all do it, Mr. Chairman, and to suggest that we do is not only unfair to those of us who play by the rules, it is insulting to those who place their trust in us and demeaning to the entire concept of representative self-government.

I yield back the balance of my time.

Mr. BURTON. The gentleman yields back the balance of his time. The gentleman from Maine, Mr. Allen, is recognized.

Mr. ALLEN. Thank you, Mr. Chairman.

Mr. Chairman, we are finally here. After millions of dollars, hundreds of thousands of documents produced, months of wrangling over due process issues, and weeks of depositions, the House hearings are about to begin.

The questions hang over these hearings. The media may ask, will we learn anything new? Maybe, maybe not. But in my opinion, there are more important questions that cloud this process. Two in particular go to the heart of this investigation and its role in protecting and improving our democracy.

First, is this committee serious or just playing an elaborate game of gotcha on national TV? Second, are the members of this committee as committed to reform as we are to oversight? Or are these hearings just an excuse for inaction on campaign finance reform?

With respect to the first question, there are ways to judge seriousness. We need, and the American people deserve, a full, fair and even handed investigation into the 1996 elections. If we rerun the

Senate investigation, we are not serious. If we declaim loudly over minor infractions, we are not serious.

Early in this session this committee had the opportunity and the obligation to examine campaign abuses that may have occurred in recent Federal election campaigns, both Presidential and congressional, Republican and Democrat. But here we are hearing our first witnesses with 1 month left before we adjourn for the year. This committee has spent almost \$3 million. Chairman Burton has issued 127 subpoenas that Senator Thompson has also subpoenaed. The committee staff have deposed 21 individuals who were previously deposed, interviewed or subpoenaed by the Senate committee.

What should we do? Read the Senate transcripts? Read the testimony? Read the Senate depositions that were delivered to majority staff of this committee, but not to the minority?

The Thompson hearings are at the stage of almost winding down. We could be more productive if we concentrated on reforming our political finance system instead of plowing old ground with this investigation.

I have been holding community meetings in my district recently, and the subject of campaign finance reform always comes up. Last week in a meeting in south Portland, one constituent said, when my wife and I read about contributions of thousands of dollars, it makes what little we have given to candidates over the years seem like bubble gum. He added, we don't want to do it anymore.

Soft money contributions to the national parties are undermining this democracy, not just because the very wealthy get access denied to the many. It is also true that soft money, big money, diminishes the role of every voter, every small contributor, and every volunteer. Participation in politics is the lifeblood of this democracy. Big money is turning participants into spectators, grassroots workers into TV ad watchers. It is not a healthy trend.

One of my constituents gave me \$20 for my campaign last year. He wrote in his letter urging me when I got to Washington, not to forget the people from the grassroots who sent me here. What place remains for him in a system so addicted to big money?

We can't create the perfect system, but we can make this one better. Our Bipartisan Freshman Task Force developed a campaign finance reform proposal. It is a good bill. If it had been in place before the 1996 elections, we would not be here at this hearing today.

I cannot help but believe that this committee, that the public would be better off and we would have done a better job discharging our duties, if we spent more time on campaign finance reform than we do with this hearing today. The time has come to legislate, not to continue an investigation that seems futile and duplicative. The American people deserve that. The state of our political system demands it. Yet the Republican leadership in the Senate yesterday killed campaign finance reform.

We had another and better option at the beginning of this process. This committee could have undertaken a bipartisan comprehensive investigation of the 1996 campaign. We could have productively educated the American public in a timely manner. That did not happen.



Sadly, I have come to believe that the primary function of this investigation is to provide the majority with an excuse for inaction on campaign finance reform. That is not a good reason for the hearings we begin today. We should legislate, not just investigate.

I hope, I still hope, that these hearings will reveal new information that will get to the heart of the abuses in the 1996 campaign. But I fear that the price we pay for these hearings is inaction on campaign finance reform. The Speaker has said he wants to delay any action until after these hearings are concluded. It is not clear to me when that would be.

We should have done better, and I believe we still could.

Thank you, Mr. Chairman.

Mr. BURTON. The gentleman yields back the balance of his time. Mr. Barr of Georgia.

Mr. BARR. Thank you, Mr. Chairman.

Mr. Chairman, when this committee began to prepare for these hearings many months ago, I had high expectations that it would expeditiously and comprehensively reveal the details behind the many concerns raised over the apparent abuse of Government information, resources and personnel to fuel the re-election effort of a sitting President and Vice President of the United States.

Although the scale of abuse appeared unprecedented from day 1, Mr. Chairman, I was confident that this committee's historic charter to keep the executive branch accountable to the people, combined with your personal dedication to the task, would ensure a successful investigation. But notwithstanding your best efforts, Mr. Chairman, I am not as sanguine today as I was back then, for the events that have unfolded during the course of preliminaries leading to this hearing have raised a question that simply cannot be answered even by this committee.

From the very beginning of this investigative effort, we have witnessed an unrelentingly orchestrated attempt by some on the other side of the aisle to change the subject from past wrongs to so-called future reforms. Like the youngster who murders his parents only to throw himself at the mercy of the court as a poor orphan, we have had a steady drumbeat to change the subject from the world of past violations to the world of future improvements.

The constant campaign to change the subject has been insidiously assisted by a concerted effort by the highest officials in the executive branch to obstruct, to obfuscate, to dissemble, and to delay interminably the production of documentary evidence subpoenaed by this committee. The most recent revelations that tapes existed of White House fund-raising activities that miraculously escaped notice for months of pending subpoenas from this committee is only the most recent indication that the official process by which we govern ourselves in this republic has been made a complete mockery by this administration.

We read a letter, more accurately, Mr. Chairman, that might be described as a defense brief, authored by the Attorney General of the United States, stating that selling access to the highest offices in the land is OK. Mr. Chairman, with that attitude prevailing at the other end of Pennsylvania Avenue, I suppose it should come as no surprise that we are having to deal constantly with delays and obstruction from the other side in this committee.

Mr. Chairman, as we open what should be among the most important series of hearings ever conducted in this body, let me make three brief observations. One, a refusal to comply with congressional subpoenas has nothing to do with campaign finance reform. It has everything to do with illegality. Two, an abuse of public office through its sale to foreign interests has nothing to do with campaign finance reform. It has everything to do with illegality. Three, obstruction of justice by impeding government investigations has nothing to do with campaign finance reform. It has everything to do with illegality.

Mr. Chairman, let us be mindful of what history teaches us about such matters. Twenty-three years ago this past July, the House Judiciary Committee voted to recommend that President Nixon be impeached. In its three articles of impeachment, the committee charged the President with high crimes and misdemeanors, including obstruction of justice, abuse of office, and unlawful refusal to comply with congressional subpoenas.

As we look over the past few years of executive branch misconduct, and especially over the last several months, from the unlawful firing of the White House travel staff to make way for political cronies to the securing without any lawful authority the confidential files of the FBI of those persons considered White House enemies, to the phone calls from Government offices for hard money campaign donations, to the raising of funds from illegal foreign sources, and now to obstruction, we are struck by the sorry state to which our executive branch has fallen.

The people of this republic depend for their common welfare and defense on an individual elected to the highest office in the land who is sworn to take care that the laws be faithfully executed. Mr. Chairman, that question, the question that America asks, is where is that person?

Thank you, Mr. Chairman.

Mr. BURTON. I thank the gentleman.

The gentleman yields back the balance of his time.

We will stand adjourned until tomorrow morning at 10 o'clock.  
[Whereupon, at 5 p.m., the committee was adjourned.]



**CAMPAIGN FINANCE IMPROPRIETIES AND  
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**COMMITTEE ON  
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AND OVERSIGHT**  
**HOUSE OF REPRESENTATIVES**

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