
NATIONAL RIGHT TO WORK COMMITTEE

OBAMA ADMINISTRATION PERSONNEL ALERT

John J. Sullivan

Big Labor Lawyer

Nominated Position: **Federal Election Commissioner**

Executive Summary

The phrase of the week has been “life experience” regarding President Obama’s Supreme Court nomination. So, today’s National Right To Work Committee alert looks at the real “life experience” of Federal Election Board nominee John Sullivan.

From his time as a Steelworkers Union President (1978) through today, Sullivan’s working life experience has been focused on defending the actions of labor union bosses and promoting their forced-dues power.

Even during his brief time as a Teamsters Election Officer Counsel, the public record available indicates that his actions supported power grabs by corrupt, incumbent union bosses. In one case, he represented the Election Officer in his demand to disclose personal information about those who supported the incumbent Teamster boss’ opponents.

Sullivan’s legal positions must have impressed some Teamster union bosses because soon-to-be barred-for-life Teamster Boss Ron Carey hired Sullivan to be the Teamster Associate General Counsel. While Sullivan was Teamster Counsel, the Teamsters and multiple organizations, including the Clinton White House and the Democrat National Committee, devised and pursued a multi-million dollar election campaign finance money laundering scheme. This scheme directly involved familiar names like Terry McAuliffe and Harold Ickes.

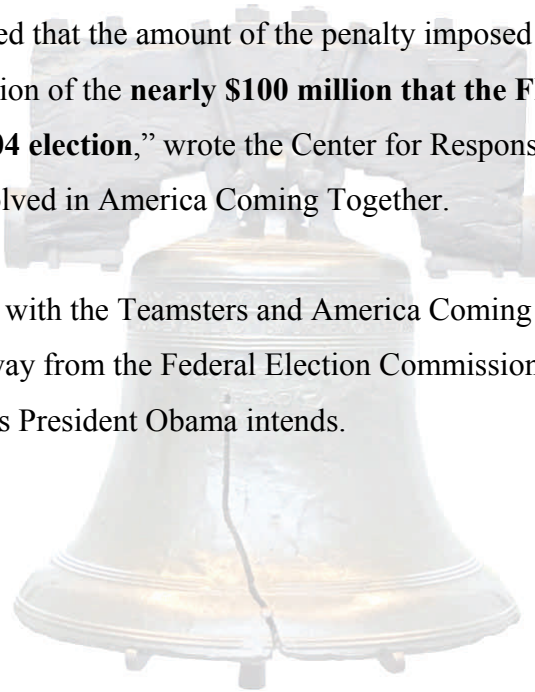
Despite the legal efforts of Sullivan and other Teamster lawyers, the federal government took the extreme and rare step of barring Sullivan’s boss, Ron Carey, for life from the Teamsters union.

After this scandal at the Teamsters, Service Employees Union's (SEIU) Andy Stern hired Sullivan. Sullivan immediately became heavily involved in SEIU's political activities, including SEIU-affiliated groups like ACORN and America Coming Together.

America Coming Together (ACT), a George Soros and Andy Stern creation eventually received one of the largest fines in Federal Election Commission history – \$775,000.

“We similarly are concerned that the amount of the penalty imposed against ACT in this case represents only a tiny fraction of the **nearly \$100 million that the FEC found ACT illegally spent to influence the 2004 election**,” wrote the Center for Responsive Politics. SEIU and Sullivan were heavily involved in America Coming Together.

Sullivan's life experiences with the Teamsters and America Coming Together indicate that Sullivan should be kept far away from the Federal Election Commission, certainly not appointed to the Commission's Board as President Obama intends.



Biography Basics

John J. Sullivan: Service Employees International Union (SEIU) Associate General Counsel (1997 to Present), “where he advises one of the largest independent political programs in the country;” International Brotherhood of Teamsters (IBT) Associate General Counsel (1994 to 1997), “he was responsible for union governance issues and the administration of the election provisions of the federal consent decree with the Teamsters Union;” “Guerrieri, Edmond & James Law Firm Partner” (1992 until?), IBT Office of the Election Officer election protest coordinator and counsel (1990 to 1992); United Steelworkers of America Local Union No. 8751 Interim President (1978); AFL-CIO Lawyers Coordinating Committee Member (1982).

Represented the American Federation of State, County and Municipal Employees (AFSCME) in “public employee organizing campaigns;” Participated on behalf of **Gore Campaign in Florida** recount efforts in the 2000 presidential election; helped coordinate union “**voter protection activities**” in the **2004 general election**; Part of team **overturned the original election results in the 2004 Washington gubernatorial election**; member of **Maryland Governor Martin O’Malley Transition Team**; Democrat appointed Vice President of the **Montgomery County Board of Elections**; part of “**voter protection efforts**” in **Ohio, Indiana, and Pennsylvania** for the 2008 presidential primaries.

Graduate of University of Massachusetts-Boston (B.A. 1978) and Northeastern University School of Law (J.D. 1981)

Union President who became Union Lawyer

In 1978, Sullivan held the position of United Steelworkers of America Local Union No. 8751 President. The Massachusetts Steelworkers local in Roslindale is the only Department of Labor Steelworkers union with the numbers 8751 listed.

Since Sullivan passed the bar, he has been and remains a union lawyer. From his days as a Steelworker President to his present position at SEIU, Sullivan has defended numerous labor union bosses.

Early in Sullivan’s career, he battled against the legal eagles at the National Right To Work Legal Defense Foundation and Foundation attorneys racked-up another victory for workers’ rights while stopping yet another attempt by Big Labor to force unwilling workers into a union. [Click](#)

the following case for more details:

[714 F.2d 1332](#)

114 L.R.R.M. (BNA) 2800, 98 Lab.Cas. P 10,483

Laurence G. RUSSELL, William L. Hanna and Eddie D. Langwell,
Plaintiffs- Appellants,

v.

NATIONAL MEDIATION BOARD, the Atchison, Topeka and Santa Fe
Railway Company, et al., Defendants-Appellees.

No. 82-1466.

United States Court of Appeals,
Fifth Circuit.

Sept. 22, 1983.

By 1992, Sullivan's union relationships eventually landed him the job of counsel to the Teamsters Election Officer. It was his job to investigate election complaints by Teamster union members and officers, and then present the facts as he saw them with his recommended corrective actions. His position was created by the U.S. government as a result of the decades of corruption within the Teamsters union:

In brief, the government initiated litigation that was intended to rid the IBT of the baneful influence of organized crime and which culminated in the entry of the Consent Decree on March 14, 1989. Among other things, the Consent Decree was designed to ensure an open and fair election in 1991 for national and regional IBT offices. The Election Officer, charged under the Consent Decree with the supervision of that election, promulgated certain rules for that purpose (the "Election Rules") effective April 27, 1990.

All of the Teamster cases that Sullivan provided counsel to the IBT Election Officer are not available; however, some are. In a 1992 case, the election officer represented by Sullivan had attempted to lay bare the names of contributors to opponents of Teamster Officers. Sullivan lost on appeal; the court's written conclusion was the equivalent of a legal smack down for Sullivan and Teamster Bosses:

The Election Officer **seeks**, in addition, **to implement his personal notions** of union democracy and fair play by imposing upon nonparties to the Consent Decree filing requirements, and especially obligations of disclosure to third parties, not warranted by any applicable provision of law.

In the words of the All Writs Act, we deem this effort **neither “necessary nor appropriate in aid of” the Election Officer’s discharge** of his responsibilities as an officer of the district court, nor “agreeable to the usages and principles of law.”

Conclusion

Given the present posture of this litigation, it would be **pointless to direct the district court to grant the preliminary injunction initially sought by TDU and TRF. We therefore reverse the order denying that injunction, and remand for further proceedings not inconsistent with this opinion.**

968 F.2d 1506

Following this case, Sullivan became an associate and later partner of the union law firm, Guerrieri, Edmond & James Law. His practice mostly involved transportation unions usually railroad related.

Sullivan’s Early Electioneering Experience

In 1994, after riding railroad transportation unions, Sullivan hopped onto Carey’s Teamsters’ forced-union-dues financed gravy train.

Sullivan’s early years as an election specialist began under the tutelage of Teamsters’ President Ron Carey. Before Carey was eventually barred from the Teamsters for life, he provided Sullivan with an extraordinary and ignoble electioneering education.

In U.S. Rep. Peter Hoekstra’s Oversight Committee opening statement, he summed up this part of Sullivan’s life experience and formative legal years:

Today marks the closing of one chapter in the saga of the International Brotherhood of Teamsters' corrupt 1996 election.

We all know the details of what happened two years ago: federal monitors invalidated the election after finding that then-President Ron Carey and his aides funneled **\$875,000 in union money into his re-election campaign through a series of contribution swap schemes involv-**

ing, among others, the AFL-CIO, Citizen Action, Project Vote, and the National Council of Senior Citizens. The Carey campaign also tried to swap contributions with the Democratic National Committee and, possibly, the Clinton-Gore re-election campaign. Carey was barred from the Teamsters for life by the Independent Review Board. Our report does not closely examine the swap schemes because the plans have been well-documented, and we did not want to jeopardize an ongoing federal criminal investigation.

The [Clinton appointed] U.S. Attorney for the Southern District of New York has been investigating the Teamsters election since early 1997. Throughout our investigation, the Subcommittee respected the Southern District's requests and limited or delayed certain aspects of our investigation so as not to interfere with that criminal probe. Nevertheless, the Southern District investigation appears to have stalled. ...I find this lack of progress by the U.S. Department of Justice particularly disturbing.

In terms of the Teamsters, this report delves into the underlying causes of the corrupt election. The Subcommittee examined the financial and internal controls at the Teamsters, and the union's ties with groups linked to the contribution swap scandals. What we've found is not encouraging. We found a profound lack of accountability by past Teamsters leaders. Let me emphasize that this report examines the union during the Carey Administration, particularly the period from 1992-1997.

We found that those in charge of the nation's largest union mismanaged its financial affairs - bringing it to the brink of insolvency.

When we examined the Teamsters' political operations, we found that the roots of the 1996 contribution swaps were laid four years earlier. What do I mean? When he took office, in 1992, Ron Carey ordered a thorough review of the various Teamsters departments. The group of individuals that overhauled the political action efforts included the president of a company at the heart of the contribution swaps, as well as someone [no identification given] who went on to become the White House political director. That same year, the Teamsters aligned their political fortunes with the AFL-CIO, Project VOTE and Citizen Action, all of which federal monitors say participated in the swaps.

We also found a disturbing lack of accountability at the AFL-CIO. A federal monitor alleged that AFL-CIO Secretary-Treasurer Richard Trumka was involved in the Teamsters money-laundering schemes that resulted in the invalidation of the 1996 election. When asked to testify before the Subcommittee regarding those allegations, Trumka asserted his Fifth Amendment right against self-incrimination. The AFL-CIO's constitution provides that any

official who refuses to testify about union corruption has **no right to hold office**. Despite that mandate, Trumka is still the AFL-CIO's number two official.

Another example of the **arrogance and lack of accountability** can be seen by the actions of Teamsters leaders when dealing with this investigation. Secretary Treasurer Tom Sever publicly and repeatedly pledged to cooperate with the Subcommittee's investigation. Despite that promise, the Teamsters attempted to stonewall our probe by not allowing us to speak with employees and refusing to turn over subpoenaed documents. Carey himself refused to be deposed by the Subcommittee, citing his Fifth Amendment right against self-incrimination. [Who provided the Teamsters legal advice, maybe the Teamsters Associate General Counsel, John J. Sullivan, whose name appears on some court filings?]

Sullivan's Teamsters years gave him hands-on experience regarding forced-union-dues financed political corruption. Sullivan's up close and personal experience defending the Teamsters and Ron Carey may lead many to wonder how personal was his experience?

The incoming Hoffa Administration did not keep Sullivan or another former Teamster, now SEIU lawyer, Judith Scott at the Teamsters. Was this because of Sullivan's close involvement with Carey? We may never know.

Let's look at the available facts, and you may draw your own conclusions.

We know from Sullivan's employment history that Carey approved of Sullivan's work as an election council because after Sullivan's two years in "Teamster oversight," he was hired by a Teamster law firm, then within two years by Carey to be a Teamster lawyer. Click the following cases to review an example of Sullivan's record as an Election Officer Legal Council.

[UNITED STATES of America, Plaintiff-Appellee,](#)

v.

INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS,
WAREHOUSEMEN AND HELPERS OF AMERICA, AFL-CIO, et
al., Defendants.

In re COMMITTEE TO ELECT RON CAREY, Complainant-Appellee,
Western Conference of Teamsters Pension Trust Fund and
Joseph W. Ballew, Respondents-Appellants,
Michael H. Holland, Election Officer, IBT, Intervenor

After becoming the Teamsters' Associate General Counsel, Sullivan carried Carey's legal water

by squashing charges of intimidation and retaliation.

Sullivan missed the opportunity to appear in court to defend the Teamsters in the following RICO case because he was not allowed to appear *pro hac vice* on behalf of the Teamster Bosses; that is, to appear without having passed the jurisdictional state bar. No doubt, Sullivan was working behind the scenes in some advisory capacity.

United States of America

V.

International Brotherhood of Teamsters, Chauffeurs,
Warehousemen and Helpers of America, AFL-CIO

Sullivan defended Carey against election abuse charges on several occasions.

Evidence obtained by Rep. Peter Hoekstra indicates that Sullivan and Judy Scott both actively campaigned for and enthusiastically supported Carey while they were on the forced-union-dues paid clock.

In a confidential memo dated 1/27/1997 to Ron Carey from Carey Campaign Manager Jere Nash, Nash updated Carey on the staff's re-election activities. Nash wrote:

You [Teamsters President Ron Carey] asked for a summary of **who did what in the campaign**. I have divided the list into the following groups.

Most Active from the Building:

[Several names appear with brief descriptions, see appendix for the three pages of names.]

* Christy Hoffman – raised money; was the campaign's point of contact with UPS locals all over the country; helped to schedule Ken Hall's time on the road. Always volunteering at the office. [she is of counsel at la-

bor law firm James & Hoffman and Organizing Director at SEIU. **VERIFY]**

* Bob Muehlenkamp – turned his organizing department over to the campaign and became a fulltime campaigner himself. [He became a leader in the leftist organization “U.S. Labor Against the War.”]

* Judy Scott and **John Sullivan – constant campaigners and supporters.** [Sullivan went on to become President Obama’s first nomination to the Federal Election Commission as part his pledge to “end politics as usual” and Scott ended up at SEIU.]

“Judy Scott Law Partner of Ed James, who was named by the Election Officer as raising illegal contributions for the Carey Campaign.”

Nash Memo (Cont.)

Craig Merrilees	Teamsters Communications Dept.
Nancy Coleman (Stella)	Teamsters Communications Dept.
Rand Wilson	Teamsters Communications Dept.
Joanie Parker	Teamsters Labor Education Coordinator.
Bill Patterson	Left Teamsters to become Director of Research for the AFL-CIO.
Judy Scott	Law Partner of Ed James, who was named by the Election Officer as raising illegal contributions for the Carey Campaign. Functions as chief counsel to the Service Employees International Union, whose president, Andrew Stern, promised to raise funds for the Carey Campaign from his employees.
John Sullivan	In-house counsel for SEIU.
Ken Margolies	Acting Director of the Education Dept.

Figure 1: In 1997, the House Committee ID's Scott and Sullivan post-Teamsters employment.

To the obvious disbelief of the congressional committee chairman, Sullivan, several Teamsters, DNC officials, White House Officials, and others escape any prosecution by Janet Reno and Clinton appointed U.S. Attorney Mary Jo White.

A May 18, 1998 headline from the left wing *The Nation* magazine sums up the 1996 Teamster election investigation:

The Teamsters race. Ron Carey was found guilty of campaign finance infractions and barred from running for president of the union; James Hoffa, Jr., was found guilty of the same infractions but was not barred.

Sullivan sails to SEIU

Sullivan abandons the sinking Teamsters' ship for unknown reasons, and later in the year, arrives at the SEIU (see Figure 1), where he has nested ever since.

In 2000, Sullivan joined other union lawyers in their combined attempts to disenfranchise numerous Florida voters and rewrite the 2000 Florida presidential election results. Eventually their efforts failed.

Not to be discouraged, Sullivan worked to perfect election overturning, and succeeded in Washington State in 2004. There, he joined the "legal efforts" to overturn the results of an election and force several recounts until the necessary number of ballots was found to overturn the election.

Huge Federal Election Commission Fine Associated with SEIU

While the 2004 Washington Governor's Race may be a fond memory for Sullivan, his entanglement in a campaign finance mess that resulted in one of the largest fines ever demanded by the Federal Election Commission likely created many more billable hours.

SEIU and leftist billionaire George Soros created a huge political fund called America Coming Together (ACT). It was a PAC and a 527 Committee, and financed by a handful of wealthy people combined with forced union dues. The following is part of a March 2004 [FrontPage](#) magazine article about ACT:

ACT is the most prominent of a new generation of leftist groups: the 527s. These organizations are so-named because of their IRS status, which allows them wider latitude to receive and spend “soft” money than traditional political parties enjoy. ACT formally seeks to boost minority voter turnout in 17 battleground states vital to the Democratic Party. A look at the Executive Committee of ACT reveals a leftist organization composed of the usual suspects:

- ACT president Ellen Malcolm is also founder of EMILY’s List;
- CEO Steve Rosenthal was political director of the AFL-CIO from 1996-2002;
- Minyon Moore is a former assistant and Director of White House Political Affairs for President Clinton;
- Carl Pope is executive director of the Sierra Club;
- **Andy Stern** is president of the Service Employees International Union (SEIU), one of two major unions to endorse Howard Dean before the Iowa caucuses; and
- Cecile Richards is a former deputy chief to House Democratic leader Nancy Pelosi, D-CA. Cecile is the daughter of former Texas Governor Ann Richards, who lost her governorship to George W. Bush. The younger Richards is also president of “America Votes,” another Democratic 527 that has already collected \$250 million.

Although not a board member, former SEIU political director **Gina Glantz** is considered a prime mover within ACT. The clear purpose of ACT is to run “issue advocacy” ads smearing President Bush in the hopes of electing a Democrat.

By 2005, America Coming Together came apart. An FEC Report noted: “In 2005 ACT decided to suspend ongoing activities and intends to terminate and cease operations.”

The National Right To Work Legal Defense Foundation alerted the FEC to the smoke-and-mirrors accounting by SEIU and America Coming Together. Below are the Foundation’s Vice President’s comments at the time:

In 2004, the National Right to Work Legal Defense Foundation filed one of the complaints that led to this

FEC conciliation agreement. As a group that defends employees against forced political conformity by unions, we were alarmed by the diversion of \$26 million by officials of the Service Employees International Union, taken mostly from workers' forced union dues, into partisan and overt electioneering activity.

We feel this FEC action is a mere slap on the wrist. The big problem with the FEC's "enforcement" action is, at the end of the day, not one cent of the millions of dollars illegally funneled into federal election activity will be returned to the unionized workers forced to foot the bill as a condition of employment.

The SEIU union was the biggest ACT donor at \$26 million, according to SEIU's president Andy Stern, a founder of ACT. And many other millions of dollars in workers' forced union dues were transferred into ACT by officials of other major unions.

Stefan Gleason
Vice President
National Right to Work
Legal Defense Foundation
shg@nrtw.org

Sullivan's Forced-Union-Dues Financed Electioneering Career

Forced union dues have financed much of Sullivan's electioneering career, from his early election experiences with Ron Carey to the 2008 election. In 2008, Sullivan's union spent over \$200 million dollars electing Democrats.

2008 SEIU Reported Political Activity

88 SEIU LM-2 Filers Political Activity	\$134.8	million
88 SEIU Contributions (mostly political)	\$23.5	million
FEC Reports (various SEIU PAC contributions)	\$21.5	million
527 Activity	\$25.6	million
Total	\$205.4	million

Now, President Obama wants to put someone who benefited greatly from the political power of the purse that Sen. Russ Feingold promised to eliminate in charge of the Federal Election Commission.

Conclusion: A Smelly FEC Nominee

Sullivan first cut his teeth in union politics as a interim Steelworkers Local President, and his election experience continued to focus mostly on internal union elections. His associates have pushed the envelope and perhaps shredded it. Now, Obama wants to nominate someone who was part of Ron Carey and the DNC election scheme? Someone who was part of the America Coming Together 527 scandal? With the current turmoil that exists, we do not need someone making federal elections more like internal union elections.

The President can do better — he promised to do better on multiple occasions. Sullivan's appointment to the Federal Election Commission fails any kind of reasonable smell test.

Sullivan is not change, and he certainly is not "change we can believe in."

The Liberty Bell is centered in the background, rendered in a semi-transparent, light blue-grey color. It is a large, bell-shaped object with a visible crack running down its center. The text "Supporting Document" is overlaid on top of the bell in a large, black, serif font.

Supporting Document

**INVESTIGATION OF ILLEGAL OR
IMPROPER ACTIVITIES IN CONNECTION
WITH 1996 FEDERAL ELECTION
CAMPAIGNS**

FINAL REPORT

OF THE

**COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE**

TOGETHER WITH

ADDITIONAL AND MINORITY VIEWS

Volume 3 of 6



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IV

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

INTRODUCTION

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

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

In investigating allegations in these areas, the Committee issued document subpoenas to the AFL-CIO and the Teamsters’ union, and to several “tax-exempt” entities, including the National Council of Senior Citizens, Citizen Action, and Vote Now ’96. The Committee also sought relevant documents from the DNC, the Clinton-Gore campaign, the White House, and various individuals with potentially relevant information. The Committee conducted fifteen depositions and dozens of interviews relating to these allegations. On October 9, 1997, the Committee conducted a hearing to examine one facet of the Teamsters/DNC contribution swap schemes.

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

- AFL-CIO—Refused to produce documents reflecting dealings with the White House, DNC and Clinton-Gore campaign.

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

² See the section of this report on discussing subpoena compliance issues.

Refused to produce relevant materials from the files of Political Director Steven Rosenthal, Secretary-Treasurer Richard Trumka, President John Sweeney, and other individuals involved in AFL-CIO campaign-related activities.

- Teamsters—Refused to produce documents reflecting dealings with the White House, the DNC, or the Clinton-Gore campaign.

- National Council of Senior Citizens—Refused to produce documents relevant to the contribution swap allegations.

- Citizen Action—Refused to produce documents relating to the contribution swap schemes or any other campaign-related activities.³

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

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

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

Fundraising efforts by the White House, DNC, and Clinton-Gore campaign involving the Teamsters

Through the 1980, 1984 and 1988 campaigns, the Teamsters supported Republican candidates for the Presidency of the United States.⁶ In 1991, however, Ronald Carey was elected President of the IBT and the union's political leanings changed. Carey shifted IBT support to Democratic Party candidates and causes, and allocated significant resources to support Governor Clinton's 1992 campaign for the Presidency. A document produced to the Committee by the White House described this Teamsters' support as follows:

The Teamsters played an enormous role in the '92 campaign. They spent upwards of \$2.4 million in contributions to [Democratic] state coordinated campaigns, the DNC, the Clinton campaign, DCCC/DSCC and congressional candidates. They successfully educated and mobilized several hundred thousand of their members for the election and in

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

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

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

⁶White House Document titled "Teamster Notes" (Ex. 1).

many cases, local leaders and staff all across the country worked full time on the campaign.⁷

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

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

In early 1995, the White House determined that it would attempt to renew the Teamsters' interest in Democratic campaigns. Documents produced by the White House demonstrate the nature of this effort. In January or February, 1995, Harold Ickes considered several specific recommendations for encouraging interest by unions in President Clinton's and the DNC's upcoming 1996 campaigns.⁹ These recommendations included inviting labor leaders to meet with the President and other Administration policy makers, and discussing Administration assistance on certain specific policy initiatives.

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

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

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

⁷*Id.*

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

⁹See Deposition of Harold Ickes, September 22, 1997, pp. 197–218. Ickes' duties as Deputy Chief of Staff included service as the White House "point person" for organized labor, and the White House "point person" for the Clinton-Gore Campaign and the DNC. Testimony of Harold Ickes, October 8, 1997, pp. 8–9, 160.

¹⁰Ex. 1 (emphasis added by Ickes).

¹¹*Id.* (emphasis added by Ickes). See generally Ickes deposition, September 22, 1997, pp. 121–132.

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

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

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

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

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

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

Other “Outcomes” listed in the Hamilton memo included Administration actions relating to Pony Express, to “regulatory changes in the administration of Section 13(c) of the transit act,” to “NAFTA Trade Adjustment Assistance,” and to “Amtrak labor protections.”¹⁹ On the Pony Express matter, the Labor Department agreed “to move expeditiously” on certain investigations, and the White House agreed “to try to set up a meeting for [Teamster officials] with the Fed[er]al Reserve Board.” With respect to the other matters, Deputy Transportation Secretary Downey agreed to assist with potential regulatory changes “as a way to head off unwanted restrictions on labor protections . . .;” Labor Undersecretary Glynn

¹² Ex. 1 (emphasis added by Ickes).

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

¹⁴ *Id.* Rosenthal later became the PAC Director for the AFL-CIO.

¹⁵ *Id.*

¹⁶ Deposition of Jennifer O’Connor, October 6, 1997, pp. 179–181.

¹⁷ *Id.*

¹⁸ Ickes deposition, September 22, 1997, p. 141.

¹⁹ Ex. 3.

agreed “to see what could be done through the regulatory process to see that the trade adjustment assistance program is extended to drivers and other transportation workers;” Ickes agreed to look into a proposal potentially affecting freight railroad workers, and “agreed to ask [White House Chief of Staff Leon] Panetta about bringing in the railroad CEO’s to lean on them.”²⁰

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

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

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

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

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

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

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

²⁰ *Id.*

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

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

—He promised to veto the TEAM Act and FLSA changes.²³

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

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

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

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

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

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

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

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

²⁶ Ex. 10 (emphasis in original).

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

The Teamsters “Contribution Swap” schemes

Despite the efforts of the White House and the DNC to “court” the Teamsters during 1995 and early 1996, by Spring 1996 the Teamsters’ leadership was “somewhat distracted” by the internal race for the Teamsters’ Presidency.²⁸ As a result, the Teamsters’ union was not participating in federal electoral politics at the same extraordinary level as it had in the 1992 campaign.²⁹ In May or early June 1996, a plan for a “contribution-swap scheme” between the Teamsters and the DNC was conceived. It was relatively simple: the DNC agreed to find a \$100,000 donor for Ron Carey’s campaign for reelection as Teamster president; in exchange, the Teamsters’ PAC director, Bill Hamilton, would steer approximately \$1 million to state Democratic parties.³⁰

Involved in the initial discussions of the scheme were Martin Davis, a principal of an organization named “The November Group” (that simultaneously served as a consultant for both Carey and the DNC), and Terry McAuliffe, a former Clinton-Gore Campaign Finance Chairman who was engaged in special projects for the DNC during the summer months of 1996.³¹ Martin Davis described the initial conversations regarding the proposed scheme as follows:

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

The people I was dealing with agreed to try to find a contributor for the Carey campaign. Mr. [Jere] Nash [a Carey campaign consultant] and the Teamsters Director of Government Affairs [Mr. Bill Hamilton] knew of my efforts to leverage the planned Teamster contributions to Demo-

²⁷ Memorandum Opinion for the Assistant Attorney General, Criminal Division, February 25, 1980.

²⁸ Deposition of David Dunphy, October 28, 1997, pp. 42–43.

²⁹ *Id.*

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

³¹ *Id.*; Deposition of Terrence McAuliffe, September 18, 1997, pp. 9–10.

cratic party organizations in order to obtain contributions to the Carey campaign.³²

Soon after the initial discussions, Laura Hartigan, the Finance Director for the Clinton-Gore campaign, and Richard Sullivan, the DNC's Finance Director, became involved. Sullivan's initial involvement occurred in May or June 1996. Sullivan had one or more conversations with Hartigan and Davis and discussed the possibility that certain DNC contributors might qualify to give to Carey's campaign.³³ Sullivan has described his understanding of the proposed arrangement with Martin Davis as follows:

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

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

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

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

In June 1996 I forwarded to the Teamsters a fax from the DNC requesting that the Teamsters make contribu-

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

³³ Deposition of Richard Sullivan, September 5, 1997, pp. 80–88, 94.

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

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

³⁴ *Id.* at pp. 85–86.

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

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

³⁷ The Committee has interviewed several attendees at the luncheon. According to those attendees, guests were permitted during and after the luncheon to speak with the President regarding matters concerning them. None of the guests interviewed was either privy to, or has a clear recollection of any conversations between Martin Davis and the President. Because the Committee has not been able to speak with Davis, it cannot be determined whether Davis ever discussed Teamster fundraising or Carey's campaign with the President.

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

³⁹ Ex. 11, p. 20.

tions to certain state Democratic parties totaling more than \$200,000. Within the next few weeks, I was informed by either the Clinton-Gore Committee or the DNC that they identified a donor who was willing to give \$100,000 to the Carey campaign through Teamsters for a Corruption Free Union [a Ron Carey campaign committee].⁴⁰

In late June/early July 1996, the DNC took steps to locate a donor for Carey's campaign. Sullivan assigned responsibility for DNC fundraising in the Northern California region to DNC employee Mark Thomann. In connection with that new assignment, Sullivan instructed Thomann to follow-up on outstanding contribution commitments made by attendees of a June 9, 1996 DNC "Presidential Dinner" fundraiser at the San Francisco home of Senator Diane Feinstein and her husband, Richard Blum.⁴¹ Among the outstanding contribution commitments was one for \$100,000 made by Judith Vazquez.⁴²

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

Either contemporaneous with, or following the event, Vazquez or her friend and banker, Shirley Nelson, was informed that the \$100,000 Vazquez contribution should not be directed to the DNC.⁴⁵ Instead, they were told to direct the donation to Vote Now '96, a tax-exempt "Get Out the Vote" organization that focused on traditionally Democratic constituencies.⁴⁶

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

⁴⁰ Ex. 12, p. 26.

⁴¹ Deposition of Mark Thomann, pp. 20–21.

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

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

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

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

⁴⁶ *Id.*

to Carey's campaign committee, "Teamsters for a Corruption Free Union."⁴⁷

Richard Sullivan called me and asked whether or not Judith was going to make a contribution to Vote '96 and my response in the initial part of the conversation was "I'm checking it out with counsel," the legalities out with counsel. Then he apprised me of a change in direction and he brought up the possibility of Judith making a contribution to the Teamsters for a Corruption Free Union.

My first reaction was laughter, based on the fact that I couldn't quite grasp Teamsters for a Corruption Free Union. I had no idea what it was. He did tell me that it was the Ron Carey campaign, and I asked what the legalities were and he gave me the parameters of the contribution, whether or not she was capable of making a contribution, what the parameters would be. He told me that it needed to be an individual and that individual could not have employees, and therefore asked whether or not Pacific Duvas, the American subsidiary [owned by Ms. Vazquez], had employees and if that was a potential source of a contribution.⁴⁸

After speaking with Sullivan, Thomann contacted Vazquez, and requested that she redirect a portion of her \$100,000 contribution to Teamsters for a Corruption Free Union.⁴⁹ Vazquez agreed to do so, and wrote to her banker, Shirley Nelson, with the following instructions:

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

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

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

...⁵⁰

At this point in time—July 12, 1996—it appeared that the DNC had succeeded in directing funds to Carey's campaign. The DNC, in fact, had control over precisely how and where the contribution from Judith Vazquez (a Philippine National) would be utilized, instructing her to whom she should write the checks.⁵¹ Shortly after Vazquez's letter was sent, however, Vazquez's attorneys learned of her intentions to donate to the Carey campaign and intervened to stop the donation.⁵²

⁴⁷ Thomann testimony, pp. 72–73.

⁴⁸ Thomann deposition, p. 38. Thomann provided consistent testimony during the October 9, 1997 hearing. Thomann testimony, pp. 14–15.

⁴⁹ Thomann testimony, pp. 19–20.

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

⁵¹ Thomann testimony, p. 20.

⁵² Novogrodsky Interview, p. 34. Vazquez had retained attorneys at the firm of Jackson, Tufts, Cole & Black in San Francisco on a corporate law issue in June 1996. Part of the attorneys' work for Vazquez included an analysis, beginning in early June, of the legality of the donations

When Vazquez's counsel received a copy of her July 12, 1996 letter, they acted immediately.⁵³ They determined that Vazquez could not legally donate to Teamsters for a Corruption Free Union:

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

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

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

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

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

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

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

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

that had been requested by the DNC. Foster Interview, pp. 7–9. By late June/early July, the lawyers had concluded that their client could only give to a charitable organization of some sort:

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

Novogrodsky Interview, p. 41.

⁵³ *Id.* at p. 83.

⁵⁴ *Id.* at p. 34.

⁵⁵ *Id.* at p. 70.

⁵⁶ Thomann deposition, p. 47. Thomann provided consistent testimony during the October 9, 1997 hearing. See Thomann testimony, pp. 21–22.

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

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

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

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

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

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

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

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

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

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

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

⁶⁰Thomann deposition, p. 48. Thomann provided consistent testimony during the October 9, 1997 hearing. Thomann testimony, pp. 20–21.

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

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

⁶³Ex. 12 at pp. 26–27.

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

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

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

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

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

- During the Committee's deposition of Sullivan on September 5, 1997, he was questioned regarding several of his handwritten notes made during the summer of 1996 that refer to "Teamsters" or "Carey" and list additional names of DNC donors. In each instance, Sullivan could not recall any contacts by the DNC with any of the listed individuals or any other persons to solicit funds for Carey's campaign.⁶⁹
- Evidence obtained by the Committee indicates that further contributions *were made* by the Teamsters to state Democratic parties following August 10, 1996. For example, records show that the Teamster's PAC contributed \$68,000 to the New York State Democratic Party on October 16, 1996. The amount re-

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

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

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

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

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

⁶⁹ The Committee received information that a DNC donor named Alida Messinger may have been contacted by the DNC or McAuliffe and asked to contribute, either directly or through an intermediary, to Carey's campaign. The Committee contacted Messinger's attorney, to determine whether any such contact had occurred. Although Messinger's attorney initially promised to provide that information to the Committee, he refused to cooperate after consulting with his client.

quested for the New York State Democratic Party in the August 10, 1996 memorandum from Sullivan to Hamilton was \$69,900. Several other state Democratic parties received DRIVE contributions at or near the amounts requested in that memorandum.

- On November 7, 1997, the DNC produced to the Committee an October 14, 1996 internal DNC memorandum regarding "Special Labor Money." The memorandum details union contributions apparently to various State Democratic political organizations totaling \$990,000, including \$185,000 specifically from the Teamsters Union.⁷⁰

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

In early October 1996, a Clinton-Gore official [Terry McAuliffe] asked if I would attempt to raise \$500,000 from the Teamsters for an entity that was a joint fundraising effort of the Democratic National Committee, the Democratic Senatorial Campaign Committee and the Democratic Congressional Campaign Committee. It was understood between us that he and others would try to identify a person who would contribute a hundred thousand dollars to the Carey campaign.⁷¹

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

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

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

Terry [McAuliffe] said that if we were—if we could find a donor for Ron Carey's election [the Teamsters would] be more apt to give to Unity '96.⁷³

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

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

⁷²Deposition of Matthew Angle, October 28, 1997, pp. 44–45.

⁷³Deposition of Rita Lewis, October 27, 1997, p. 16.

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

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

A: I brought it up with Senator Bob Kerrey.

* * * * *

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

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

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

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

* * * * *

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

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

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

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

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

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

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

A: I think I—I said, "Bill, I got a call from—from Kerrey," and I guess I—I told him what transpired in that

⁷⁴*Id.* at pp. 18–19.

⁷⁵Deposition of Bernard Rapoport, October 20, 1997, pp. 34–35.

conversation, and then I told him what I thought, and Bill said, "Okay." That was it.⁷⁶

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

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

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

MISLEADING AND INACCURATE TESTIMONY

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

Richard Sullivan

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

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

⁷⁶*Id.* at pp. 43-44, 50.

⁷⁷*Washington Times*, October 22, 1997, p. A3.

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

A: Um, no one, to my knowledge, solicited money for Ron Carey at the—no one, to my knowledge solicited contributions for Ron Carey.⁷⁹

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

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

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

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

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

Following Sullivan’s deposition, the Committee obtained testimony and documents indicating that Sullivan had not been truthful. As Thomann testified, and as the contemporaneous documentation confirms, Sullivan instructed Thomann in early July 1996 to ask Judith Vazquez to contribute to Carey’s campaign.⁸² Thomann did so; Vazquez agreed to make the donation and, on July 12, 1996, Vazquez instructed her bank to wire \$50,000 to Carey’s campaign committee, Teamsters for a Corruption-Free Union.⁸³ Had Vazquez’s lawyers not then intervened, \$50,000 would have ended up in Ron Carey’s campaign coffers.

Harold Ickes

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

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

Ickes said he met face-to-face with USTR Mickey Kantor last week and that Kantor agreed to use his discretionary

⁷⁹ Sullivan deposition, September 5, 1997, p. 89.

⁸⁰ *Id.* at p. 95.

⁸¹ Sullivan deposition, September 5, 1997, p. 95.

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

⁸³ Thomann testified that Sullivan called him in August 1997 (prior to Sullivan’s deposition) and asked Thomann “not to talk to the press” about the Teamster matter. Thomann deposition, p. 52.

⁸⁴ Ickes deposition September 22, 1997, p. 141.

authority to try to convince the CEO of that company that they should settle the dispute.⁸⁵

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

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

A: Yes.

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

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

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

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

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

A: Yes.

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

A: Yes. . . .

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

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

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

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

Terry McAuliffe

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

⁸⁵ Ex. 3.

⁸⁶ Jennifer O'Connor deposition, pp. 179-181.

⁸⁷ McAuliffe deposition, June 6, 1997, p. 168.

⁸⁸ McAuliffe deposition, September 18, 1997, at pp. 90-91.

⁸⁹ *Id.* at p. 78.

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

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

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

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

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

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

CONCLUSION

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

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

It seems fundamental in the first place that employees in the Executive Branch of the Government, or those working for any of its agencies, should administer the law in

⁹⁰ Ex. 12 at p. 27.

⁹¹ Ex. 24 at p. 24.

⁹² Lewis deposition, p. 15.

⁹³ Angle deposition, pp. 44-45.

accordance with the will of Congress, rather than in accordance with their own will or the will of a political party. They are expected to enforce the law and execute the programs of the Government without bias or favoritism for or against any political party or group or the members thereof.

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

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

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

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