

**Union Calendar No. 471**

105th Congress, 2d Session - - - - - House Report 105-829

INVESTIGATION OF POLITICAL  
FUNDRAISING IMPROPRIETIES AND  
POSSIBLE VIOLATIONS OF LAW

INTERIM REPORT

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SIXTH REPORT

BY THE

COMMITTEE ON GOVERNMENT  
REFORM AND OVERSIGHT

together with

ADDITIONAL AND MINORITY VIEWS

Volume 1 of 4



NOVEMBER 5, 1998.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

INVESTIGATION OF POLITICAL FUND-RAISING IMPROPRIETIES AND POSSIBLE VIOLATIONS OF LAW—  
VOLUME 1 OF 4

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**LETTER OF TRANSMITTAL**

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HOUSE OF REPRESENTATIVES,  
*Washington, DC, November 5, 1998.*

Hon. NEWT GINGRICH,  
*Speaker of the House of Representatives,*  
*Washington, DC.*

DEAR MR. SPEAKER: By direction of the Committee on Government Reform and Oversight, I submit herewith the committee's sixth report to the 105th Congress.

DAN BURTON,  
*Chairman.*



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## Union Calendar No. 471

105TH CONGRESS }  
2d Session } HOUSE OF REPRESENTATIVES { REPT. 105-829  
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### INVESTIGATION OF POLITICAL FUNDRAISING IMPROPRIETIES AND POSSIBLE VIOLATIONS OF LAW

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NOVEMBER 5, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. BURTON, from the Committee on Government Reform and Oversight, submitted the following

#### SIXTH REPORT

together with

#### ADDITIONAL AND MINORITY VIEWS

On October 8, 1998, the Committee on Government Reform and Oversight approved and adopted a report entitled, "Investigation of Political Fundraising Improprieties and Possible Violations of Law." The chairman was directed to transmit a copy to the Speaker of the House.

#### PREFACE

#### INTERIM REPORT OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT CAMPAIGN FINANCE INVESTIGATION AND RELATED MATTERS

In the closing months of the 1996 campaign, a multitude of campaign finance violations involving foreign money being funneled into the political system came to light. In the opening days of the 105th Congress, the House Committee on Government Reform and Oversight as well as the Senate Governmental Affairs Committee were tasked with investigating potential campaign law violations.

By early 1997, the Democratic National Committee ("DNC") had returned close to \$3 million in illegal contributions, much of the funds facilitated by individuals with extensive ties to the People's Republic of China ("PRC")—namely, John Huang, Charlie Trie, and Johnny Chung. In February 1997, the Washington Post first re-

ported a link between foreign campaign contributions and the People's Republic of China:

A Justice Department investigation into improper political fundraising activities has uncovered evidence that representatives of the People's Republic of China sought to direct contributions from foreign sources to the Democratic National Committee before the 1996 presidential campaign.<sup>1</sup>

Again in April 1997, the Washington Post reported that "top" Chinese officials approved plans "to attempt to buy influence with American politicians" and the plans continued through 1996 to the present.

Unlike the Senate investigation, the House investigation scope was not limited to the 1996 campaign.<sup>2</sup> The Committee was able to examine a pattern of conduct which began in the 1992 campaign cycle with such key figures as DNC Finance Vice-Chairman John Huang as well as the Indonesian millionaire James Riady. Both were long time friends of President Clinton.

Because of the unprecedented lack of cooperation of witnesses, including 120 relevant individuals who either asserted Fifth Amendment privileges or fled the country, both the House and Senate investigations were severely hampered. In addition, the stalling tactics of the White House and the DNC, as well as the total lack of cooperation from foreign governments in obtaining bank records and relevant witnesses, limited the information available to the Committee. Nevertheless, both the House and Senate "followed the money" and uncovered extensive evidence of foreign money being funneled into campaigns and learned more about key individuals such as James Riady, John Huang, Charlie Trie, Antonio Pan, Johnny Chung, and Ted Sioeng. These individuals all had high level access to the Administration, including the President. They also had established ties to the PRC. Due to the lack of cooperation, many questions remain about their conduct and contacts with senior White House and DNC officials.

Throughout 1997, the House worked with the Senate investigation to the greatest extent possible. The House investigation further developed information relating to the political and business contacts, as well as the source of the funds both here and abroad, of the above named individuals. In addition, the Committee is investigating foreign money from other fronts, including South America and funds from a German national. The Committee identified illegal funds contributed to the Clinton/Gore '96 campaign, as well as the DNC, undermining the President's November 1996 contention that it was the "other campaign" (the DNC), not his, which had problems with illegal money.

These investigations are still ongoing as the Committee continues to pursue witnesses and follow the money trail. This interim report reflects a work in progress, and numerous areas of the Committee's investigation are not yet included because of the ongoing

<sup>1</sup>Bob Woodward and Brian Duffy, "Chinese Embassy Role in Contributions Probed," the Washington Post, Feb. 13, 1997, p. A1.

<sup>2</sup>The House Committee's scope included investigating "political fund-raising improprieties and possible violations of law" going back to the 1992 election cycle.

nature of the investigation. The House investigation has continued to review the contributions solicited by John Huang and Charlie Trie and has discovered still hundreds of thousands of dollars in illegal and suspect funds in Democratic coffers that have not been returned. Hundreds of thousands of dollars more in contributions from the family of Ted Sioeng still haven't been returned by the DNC. In investigating the background of the individuals involved with these illegal contributions, the House Committee identified additional, extensive ties that the key fundraisers had with Asian sources and businesses.

In May 1998, the New York Times reported that Johnny Chung told Federal investigators that he funneled tens of thousands of dollars from a Chinese military officer, Liu Chao-ying, to the Democrats during the 1996 campaign. Chung said the money came from the People's Liberation Army through Liu Chao-ying, a Chinese aerospace executive whose father was a senior Chinese military officer.<sup>3</sup> The Committee developed extensive information regarding Chung's Chinese business contacts and activities.

The Committee continues to be hampered by the refusal of the Justice Department to provide immunity for low-level witnesses with relevant information which would allow the investigation to move forward or to aggressively push foreign governments to turn over information on bank records the Committee has traced to foreign sources. In a number of instances the Committee has identified witnesses previously unknown to the Justice Department.

Finally, the failure of the Attorney General to follow the law and appoint an independent counsel for the entire campaign finance investigation has been the subject of two sets of Committee hearings. FBI Director Louis Freeh and the Attorney General's hand-picked Chief Prosecutor, Charles La Bella, wrote lengthy memos to the Attorney General advising her that she must appoint an Independent Counsel under the mandatory section of the Independent Counsel Statute. As part of the Committee's oversight of the Justice Department, the Committee subpoenaed these memos, and held the Attorney General in contempt for not producing them or providing any legal basis for this refusal. Until an independent counsel is appointed in this matter, the American people cannot be assured that the same standards of justice will be applied to the President and Vice-President as apply to every other citizen. Nevertheless, the Committee continues to investigate and review the numerous outstanding matters that remain in carrying out its mandate.

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<sup>3</sup>Roberto Suro, "Chung Alleges DNC Sought Illegal Funds, Justice Dept. Probe Enters New Phase," the Washington Post, June 20, 1998; Jeff Gerth, David Johnston and Don Van Natta, "Democrat Fund-Raiser Said to Detail China Tie," the Washington Post, May 15, 1998, A1.



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**CHAPTER I**  
**INTRODUCTION**

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## INTRODUCTION

### INTERIM REPORT OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

#### BACKGROUND ON THE CAMPAIGN FINANCE SCANDAL

##### I. INTRODUCTION

Two years ago, the American people were confronted with serious questions involving the basic integrity of our democratic electoral process. In the closing months of the 1996 campaign, there were daily revelations about foreign money coming into the U.S. political system.

John Huang, a former Lippo Group executive, a longtime friend of the President and a Presidential appointee at the Commerce Department, was placed at the Democratic National Committee ("DNC") in 1995 to raise money with the full knowledge, encouragement and blessing of the President and his senior aides. Huang was at the center of the growing scandal. His ties with the Riadys' Lippo Group, and the President's longtime friendship with both Huang and the Riadys were the subject of many unanswered questions during the closing weeks of the 1996 campaign. In October 1996, it also came to light that the Riadys provided a \$100,000 "consulting" fee to Presidential friend and former Associate Attorney General Webster Hubbell in 1994. At the time, Hubbell was under investigation in the Whitewater matter.<sup>1</sup> Charlie Trie and Ted Sioeng, two other sources of illegal foreign campaign contributions, also had ties with Huang. Johnny Chung, another source of illegal DNC contributions, interacted with Huang and Trie as well as senior White House officials.

The issues regarding John Huang, Charlie Trie, the Riadys and other possible sources of foreign money are of great concern. It is important for the American public to understand who is financing elections and what interests they might have. These were precisely the type of concerns which were raised in the closing days of the 1996 election. Yet, at the time the Los Angeles Times observed that ". . . Clinton and his aides admitted almost nothing [about the campaign finance problems] until his re-election was signed, sealed and delivered. . . . We were clearly trying to push this onto the DNC to respond and keep it away from the president and the campaign trail," Mike McCurry candidly admitted in late 1996.<sup>2</sup>

Federal election laws are designed so that those who are involved in the process of funding our election system are citizens or resi-

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<sup>1</sup>Susan Schmidt, "Hubbell Got \$700,000 for Little or No Work, House Probe Shows," Washington Post, Apr. 24, 1998 p. A6.

<sup>2</sup>Glenn F. Bunting and Alan C. Miller, "Money saga points to deception; Clinton, Democrats withheld information on foreign campaign gifts," Los Angeles Times, Dec. 30, 1996.

dents with a stake in the United States' system of democratic government. Federal laws are also designed to provide full disclosure to the American people about who is funding candidates for public office. U.S. election laws do not allow for contributions from foreign sources.<sup>3</sup> When the laws governing our elections are broken, the very system designed to govern our free elections is threatened. If money is given illegally, that can, in and of itself, change the outcome in any given election. That is why tracking the huge infusion of foreign money from, among other sources, those with communist Chinese government ties, and determining how and why this was done, is so important.

Masking donations through conduit donors is one way in which the true source of funds can be hidden, thereby increasing the influence of either a foreign or illegal source of money. Using conduit contributions also allows a single individual to make more hard dollar contributions than they would otherwise be allowed to make. An individual can give up to \$20,000 in "hard money" to a party committee. When an individual provides conduit funds to a new individual who has not previously donated, that first \$20,000 contributed by that conduit donor will also be counted as "hard money" donations. It should be noted that throughout the 1996 campaign, there was a big push to obtain more hard money. Memos authored by White House Deputy Chief of Staff Harold Ickes, who coordinated the campaign, raised the issue of a shortage of "hard money" throughout the 1996 campaign season.<sup>4</sup>

The Committee has tracked hundreds of thousands of dollars in conduit contributions and learned that many illegal conduit funds have yet to be returned by the DNC and other Democratic entities. Now that it has been clearly established that much of the millions of dollars in illegal contributions came from foreign bank accounts and/or conduits, the troubling question persists: Were foreign sources of any kind buying access to the White House and trying to influence the 1996 elections?

To date, the President, White House officials and DNC officials, all claim no prior knowledge of the massive amount of illegal foreign money raised by John Huang, Charlie Trie, Johnny Chung, their associates and others. However, senior White House and DNC officials were all part of a reckless fundraising scheme which involved providing extensive opportunities for large DNC donors to gain access to the President and senior Administration officials. White House perks such as Lincoln Bedroom overnights, White House coffees, Air Force One trips and Kennedy Center tickets, also were provided to donors and their friends.<sup>5</sup> A number of the individuals who received the "perks" and White House VIP treatment, were later deemed inappropriate. These included individuals such as a drug dealer, an arms merchant and many foreign nationals with unknown agendas.

While the Committee at this time is not prepared to make any final conclusions about the precise role or actions of senior White House and DNC officials, including the President and Vice-President, in the campaign finance scandal, the Committee will continue

<sup>3</sup>See 2 U.S.C. 441e(a).

<sup>4</sup>Harold Ickes Documents, DNC 3109247-49; EOP 035856-59; EOP 037358-362 (Exhibit 1).

<sup>5</sup>White House Documents, EOP 036287-88 (Exhibit 2).

to explore their actions. FBI Director Louis Freeh and the Task Force Chief Prosecutor Charles La Bella already have told the Attorney General that the actions of those at the highest levels of the White House and DNC necessitate the appointment of an independent counsel. Some have suggested that there might be a larger conspiracy to violate election laws which necessitates an independent counsel. Nevertheless, the Attorney General has declined to appoint an Independent Counsel for campaign finance, failing to follow the law in this matter. It should be noted that it is the common understanding of the recommendations of both Mr. Freeh and Mr. LaBella that any Independent Counsel appointed to investigate campaign finance matters would investigate any conduct relating to Republicans as well as Democrats.

Finally, in “following the money,” the Committee ultimately focused more on Democratic fundraising for one simple reason—that is where the foreign money was directed over the past several election cycles. However, this Committee and the Senate Governmental Affairs Committee did not neglect the instances where foreign money was found in Republican coffers and examined both the matters involving Ambrous Young<sup>6</sup> and Ted Sioeng<sup>7</sup> as they related to Republicans.

## II. THE FOREIGN FUND-RAISING STORY BREAKS IN FALL 1996: KEEPING A LID ON THE STORY PAST THE ELECTION

### A. THE INITIAL FUNDRAISING STORIES

The foreign fundraising scandal first came to light in September 1996 with press reports of an illegal \$250,000 donation from Cheong Am America, a start-up California company, which had no U.S. generated income at the time of the donation.<sup>8</sup> John Huang had promised the head of the company, John H.K. Lee, that he would have the opportunity to meet with the President after making his April 8, 1996 contribution to the DNC.<sup>9</sup> In exchange for Lee’s contribution, Huang arranged a quick photo op in a California Hotel where Mr. Lee met and posed for pictures with the President.<sup>10</sup>

Following the Cheong Am disclosure by the Los Angeles Times in September 1996,<sup>11</sup> and the many unanswered questions raised about John Huang’s fundraising, the press aggressively began reporting about large, potentially illegal donations to the Democratic National Committee. Donations focused on by the press included the Cheong Am \$250,000 donation;<sup>12</sup> \$450,000 in donations from

<sup>6</sup>Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs, S. Rept. No. 167, 105th Cong., 2d sess., vol. 4, 4657 (1998).

<sup>7</sup>Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs, S. Rept. No. 167, 105th Cong., 2d sess., vol. 4, 5573 (1998).

<sup>8</sup>Alan C. Miller, “Democrats Return Illegal Contribution: South Korean Subsidiary’s \$250,000 Donation Violated Ban on Money from Foreign Nationals,” Los Angeles Times, September 21, 1996 at A16.

<sup>9</sup>David Willman, Alan C. Miller and Glenn F. Bunting, “What Clinton Knew: How a Push for New Fund-Raising Led to Foreign Access, Bad Money and Questionable Ties,” Los Angeles Times, Dec. 21, 1997 at A1.

<sup>10</sup>Id.

<sup>11</sup>Alan C. Miller, “Democrats Return Illegal Contribution,” Los Angeles Times, Sept. 21, 1996.

<sup>12</sup>Id.

the Wiriadinatas, an Indonesian couple linked to the Riadys;<sup>13</sup> \$140,000 from monks and nuns who attended a fundraiser in April 1996 at a Buddhist temple in California;<sup>14</sup> and, a \$325,000 donation from Yogesh Gandhi.<sup>15</sup> John Huang was the DNC contact for most of these illegal contributions.

In the weeks before the 1996 Presidential election, top White House, DNC and Commerce Department officials refused to release much of the relevant information regarding John Huang, the Riadys, Charlie Trie and other fundraisers and suspicious characters connected with questionable DNC campaign donations. As Brookings Institution scholar Stephen Hess observed:

I've been around this town for 30 years and I've never seen a group raise stonewalling to such an art form. . . . This is nothing new for the Clintons . . . but they may ultimately pay a very heavy price for it.<sup>16</sup>

#### B. WHITE HOUSE AND DNC DODGE QUESTIONS AND GO ON THE ATTACK

The President was clearly among those avoiding answering questions about these matters in October 1996. On October 15, 1996, when asked about criticism of various DNC contributions, the President would only say: "It's election time," before he ducked into his hotel.<sup>17</sup> The following Washington Post story on October 22, 1996 was typical of the White House response:

Clinton has not provided any substantive answers, dismissing the matter by saying that his campaign has asked the Federal Election Commission to examine Huang's fundraising activities. . . .

White House press secretary Michael McCurry said today that this [Huang's not being available for questions] is because Huang is too busy preparing for the FEC inquiry to meet with the news media. And he said the White House hopes that the FEC will reach its conclusions and make a report before the presidential election. But McCurry was smiling when he said it, knowing that the FEC routinely takes months or years—not weeks—to reach its conclusions on such matters.

"Extremely cynical performance, Mr. McCurry," one reporter bellowed. "I don't know about that," McCurry chorled. "I've seen worse. I've done worse."<sup>18</sup>

Senator Christopher Dodd, the Co-Chairman of the DNC, denied that John Huang had "done anything wrong here" during an appearance on *Face the Nation* on October 20, 1996, and said the DNC would make Huang available for questioning.<sup>19</sup> At the time

<sup>13</sup> Los Angeles Times, Dec. 21, 1997.

<sup>14</sup> Ruth Marcus and Ira Chinoy, "A Fund-Raising 'Mistake'; DNC Held Event in Buddhist Temple," the Washington Post, Oct. 17, 1996 p. A1.

<sup>15</sup> Los Angeles Times, Dec. 21, 1997.

<sup>16</sup> Los Angeles Times, Dec. 30, 1996.

<sup>17</sup> Edward Walsh, "Dole Aide Suggests 'Potentially Criminal Actions' in DNC Gift" the Washington Post, Oct. 15, 1996 at A10.

<sup>18</sup> John Harris, "President Sidesteps Funds Flap," the Washington Post, Oct. 22, 1996 at A1.

<sup>19</sup> Jill Abramson and Glenn R. Simpson, "Lippo Issue Remains at Center of Presidential Race," Wall Street Journal, Oct. 21, 1996 at A24 (quoting *Face the Nation* (CBS television broadcast, Oct. 20, 1996)).

of Dodd's statement, the DNC had decided to relieve Mr. Huang of his fundraising duties and ask the FEC to investigate the donations Huang solicited.<sup>20</sup>

#### C. JOHN HUANG IN HIDING

During this pre-election time John Huang was in hiding, but in contact with DNC officials. The DNC then reported back to the White House of growing concerns about Huang's fundraising. However, it was only when Huang was facing a nationwide manhunt by U.S. Marshals that his attorney, John Keeney, assured U.S. District Judge Royce Lamberth that Huang would attend a civil deposition relating to his Commerce Department activities.<sup>21</sup> Exasperated with Huang's avoidance of a subpoena, the judge indicated that the marshals had been attempting to locate Huang. In a particularly testy courtroom exchange, Judge Lamberth asked:

Judge LAMBERTH. Is he [Huang] within 100 miles?

Mr. KEENEY. I don't have an atlas.

Judge LAMBERTH. You don't need an atlas . . . You know exactly where he is. If he wants to flee from service, I'm going to find out where he is.<sup>22</sup>

Mr. Keeney had claimed Huang would not be available until after the Presidential election.<sup>23</sup> At that point, Judge Lamberth ordered the DNC to require that Huang report to work on the following Monday. Upon receiving the order, DNC Chairman Don Fowler complied.<sup>24</sup> To forestall any delaying tactics, Judge Lamberth indicated that he was prepared to hold a hearing on whether Huang's lawyer could legally refuse to disclose his client's location. Keeney sent the DNC a letter saying Huang would be available for the deposition.<sup>25</sup>

Documents turned over to the Committee from the DNC show that Huang submitted a "DNC Expense Report" for part of his time in hiding in October 1996.<sup>26</sup> In a submission he made in the fall of 1996 under "purpose of travel" Huang wrote: "Stayed away from D.C.; Return home for materials." The timeframe was October 11-15, 1996.<sup>27</sup>

#### D. THE DNC STALLS PAST THE ELECTION ON FEC REPORTING

With all of the troubling information about possibly illegal contributions surfacing in the closing days of the 1996 election, the DNC made the extraordinary decision not to submit its financial report to the Federal Election Commission on time, as required by law.<sup>28</sup> This was the first time since the Federal election law was enacted that a party had purposefully decided not to file a pre-elec-

<sup>20</sup> Id.

<sup>21</sup> Andy Thibault, "Huang's lawyer says he'll return," the Washington Times, Oct. 26, 1996 at A1.

<sup>22</sup> Id.

<sup>23</sup> Id.

<sup>24</sup> Id.

<sup>25</sup> Toni Locy and Serge Kovaleski, "Huang to Return Monday to Accept Civil Subpoena," the Washington Post, Oct. 26, 1996 at A13.

<sup>26</sup> DNC Document D0000053 (Exhibit 3).

<sup>27</sup> Id.

<sup>28</sup> Donald Lambro, "After election comes the deluge? Democrats fear funds flap fallout," the Washington Times, Oct. 31, 1996 at A1.

tion campaign finance report. This produced an outcry even from party loyalists such as former Judiciary Committee Chairman and Democrat Representative Don Edwards, who noted the report should have been filed by the DNC: “They’ve had people out of control over there who went overboard [on fund-raising].”<sup>29</sup>

Following a public uproar, the DNC reversed itself and released “raw data” of the campaign finance report.<sup>30</sup> Charles Lewis, Executive Director of the Center for Public Integrity observed at the time:

If Bill Clinton is re-elected, it could well become the second term from Hell. . . . We’re seeing something we have not seen since Watergate, in terms of the contempt for the American people about the amount of campaign money being raised from dubious sources and of questionable legality.<sup>31</sup>

### III. THE POST-ELECTION RESPONSE TO THE CAMPAIGN FINANCE SCANDAL

#### A. PROBLEMS IDENTIFIED WITH JOHN HUANG

From the very beginning, John Huang’s fundraisers included an unusually high number of foreign nationals. This did not go unnoticed by DNC officials in 1996. DNC Chairman Don Fowler and DNC Finance Chairman Marvin Rosen attended the events orchestrated by Huang and at the time of Huang’s first fundraiser in February 1996, noted that a number of foreign nationals were at the event. By the time of a July 30, 1996, small Presidential fundraising dinner where few of the attendees were eligible to contribute, Marvin Rosen put out the word that Huang could not do anymore events with the President.<sup>32</sup> However, Huang’s fundraising was allowed to continue behind the scenes.

As became evident shortly after the 1996 election, there were serious problems with John Huang’s fundraising practices, as well as the DNC vetting practices—or rather, the lack thereof. There were hundreds of thousands of dollars in illegal foreign contributions connected with Huang. In fact, problems with John Huang’s fundraising practices were first brought to the attention of the DNC after his first fundraising event in Washington, DC, on February 19, 1996.

Shortly after Huang’s first fundraising event, a February 19, 1996 Asian-American event which Huang claimed to have raised \$1 million for the party, the DNC learned that at least two of the contributions were clearly illegal.<sup>33</sup> Two \$12,500 checks solicited by Huang from a couple who run an international trading group based in China were returned in March 1996.<sup>34</sup> DNC General Counsel Joseph Sandler claims to have no recollection of these checks being returned by the DNC in March 1996, even though he has testified

<sup>29</sup>Id.

<sup>30</sup>The Washington Times, Oct. 30, 1996 at A13.

<sup>31</sup>The Washington Times, Oct. 31, 1996 at A1.

<sup>32</sup>Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs, S. Rept. No. 167, 105th Cong., 2d sess., vol. 1, 1703 (1998) (“Senate Report”).

<sup>33</sup>Senate Report, vol. 1, at 1694–1698.

<sup>34</sup>Id.

that he extensively reviewed John Huang's contributions from the February 19, 1996 event.<sup>35</sup> It was not until July 1997 when the information about these two returned checks was first turned over to Congress. For almost a year, the DNC left the impression that the first notice that they had of any problems with John Huang was the \$250,000 Cheong Am donation identified as illegal in mid-September 1996. That impression was deliberately misleading.

These early warning signs about John Huang's solicitation of illegal foreign money were clearly ignored by the DNC. However, both DNC Finance Director Richard Sullivan and DNC Finance Chairman Marvin Rosen claimed to have had sufficient concerns about Huang to recommend special training by DNC General Counsel Joseph Sandler. Sandler has denied ever being requested to conduct such training or in fact engaging in such training for Huang.<sup>36</sup>

Perhaps most disturbing about all matters related to John Huang is the fact that Attorney General Janet Reno's task force appears to be making little if any progress in making a case against John Huang.<sup>37</sup> As is evidenced in the Committee's report, there is ample reason to believe he is every bit as involved in illegal campaign contributions as the lower level individuals who have been indicted by the Justice Department's Campaign Finance Task Force to date.

#### B. PROBLEMS IDENTIFIED WITH THE DNC VETTING SYSTEM

By mid-October 1996, DNC officials had not only realized they had serious problems with their compliance procedures, according to DNC General Counsel Joseph Sandler, they had begun a process to change the vetting system.<sup>38</sup> It is clear from Sandler's testimony that a public acknowledgment of serious shortcomings in the DNC finance system was deliberately delayed past election day.<sup>39</sup>

Although DNC Chairman Don Fowler refused to make any public statements before the election, he came forward on November 13, 1996, to acknowledge that there were "serious" flaws in the party's process for reviewing contributions and donors. Fowler claimed he had instituted new safeguards.<sup>40</sup>

Yet, even after the election, the DNC hid the true nature of the problem. For example, the day after the election, the DNC returned a \$325,000 check to Yogesh Gandhi. However, the DNC had arranged to return the contribution before the election, in late October 1996.<sup>41</sup> In a similar incident, at the November 13, 1996 press conference, DNC Chairman Fowler insisted that the \$450,000 from the Indonesian couple, the Wiradinatas, had been "thoroughly reviewed" and was legal.<sup>42</sup> Yet only 10 days later, after intense public scrutiny, the DNC announced that it was returning this

<sup>35</sup> Deposition of Joseph Sandler, by the Senate Committee on Governmental Affairs, May 30, 1997, at 102-103.

<sup>36</sup> Senate Report, vol. 1, at 1692-1694.

<sup>37</sup> See Letter from Chairman Burton to Attorney General Janet Reno of Oct. 2, 1998. (Exhibit 4).

<sup>38</sup> Deposition of Joseph Sandler, Senate Committee on Governmental Affairs, May 15, 1997 at 21 (hereinafter "Sandler Senate Deposition").

<sup>39</sup> Id. at 22-30.

<sup>40</sup> Ruth Marcus, "DNC Official Concedes 'Mistakes of Process'; National Chairman Makes First Statements on Donor Controversy," the Washington Post, Nov. 13, 1996 at A4.

<sup>41</sup> Sandler Senate Deposition, May 15, 1997 at 114-116.

<sup>42</sup> The Washington Post, Nov. 13, 1996 at A4.

\$450,000 in donations from the Wiriadinatas because they had failed to file U.S. income tax returns for 1995 and they had moved back to Indonesia—information which was known to the DNC by mid-October.<sup>43</sup> This pattern of delaying the return of illegal or inappropriate contributions continues today.

By November 1996, the Justice Department had set up its task force to investigate the campaign fundraising matter, which in turn prompted the DNC to hire outside auditors, lawyers and investigators to further examine the questionable contributions. In February 1997, the DNC identified \$1,492,051 in contributions to be returned, yet officials at the DNC continued to deny any prior knowledge of this extensive pattern of illegal contributions generated by John Huang, Charlie Trie, Johnny Chung and others.

#### C. PROBLEMS IDENTIFIED WITH CHARLIE TRIE'S CONTRIBUTIONS

Problems related to DNC fundraiser, Presidential appointee, and long-time Clinton friend, Charlie Trie, also came to public light in the fall of 1996. Charlie Trie worked closely with John Huang in fundraising in the 1996 cycle. Notably, Harold Ickes flagged Charlie Trie as a potential problem in mid-October 1996 when he spoke with DNC Executive Director B.J. Thornberry,<sup>44</sup> but his fundraising problems largely escaped unnoticed until after the election. However, in an October 1996 conversation with Ms. Thornberry, Ickes suggested that if she thought she had problems with Huang, “you better look at Trie.”<sup>45</sup> Ickes’ delay in calling attention to Trie is particularly problematic as Ickes was in charge of coordinating the campaign and fundraising for the DNC.

Ickes had known of fundraising problems relating to Charlie Trie since early April 1996, when the Executive Director of the President’s Legal Expense Trust, Michael Cardozo, informed Mr. Ickes and the First Lady, that Charlie Trie had provided over \$380,000 in suspect contributions to the Presidential Legal Expense Trust.<sup>46</sup> Mr. Cardozo informed Ickes and the First Lady that he was going to investigate the suspect contributions from Trie.<sup>47</sup> Cardozo’s testimony indicated that initially in the meeting, the First Lady appeared not to know Charlie Trie.<sup>48</sup> Ickes also testified that he did not know who Trie was until Cardozo brought the situation to his attention.<sup>49</sup> However, Trie, an Arkansas native, had been active in DNC fundraising circles since June 1994 when he contributed \$100,000 to the DNC specifically dedicated to the First Lady’s Health Care effort<sup>50</sup> which was headed up by Harold Ickes at the White House.

A document turned over from Ickes’ files which features an exclusive group of large dollar donors features Charlie Trie along

<sup>43</sup> Alan C. Miller, “Democrats Give Back more disputed money,” the Los Angeles Times, Nov. 23, 1996 at A1.

<sup>44</sup> Deposition of B.J. Thornberry, House Committee on Government Reform and Oversight, July 22, 1997 at 71.

<sup>45</sup> Id.

<sup>46</sup> Deposition of Michael Cardozo, Senate Committee on Governmental Affairs, May 7, 1997 at 68.

<sup>47</sup> Id. at 71.

<sup>48</sup> Id.

<sup>49</sup> Deposition of Harold Ickes, Senate Committee on Governmental Affairs, June 26, 1997 at 160, 166.

<sup>50</sup> Memo to John O’Hanlon from David Mercer regarding VIP requests, June 18, 1994. F 0045848 (Exhibit 5).

with notables such as Evelyn Lauder, Ely Callaway, and Marvin Davis, demonstrates that Ickes certainly could have known of Trie's role in fundraising.<sup>51</sup> Despite warnings from Cardozo regarding Trie's fundraising, a Presidential appointment to the Commission on U.S.-Pacific Trade and Investment Policy went forward on April 17, 1996,<sup>52</sup> with apparently no concern. The Committee has heard from a witness, an aide to Senator Bingaman, who told the committee that he protested repeatedly regarding Trie's placement on the Commission, only to be told by a White House official that Trie was a "must appointment" from high levels of the Administration.<sup>53</sup> Many of those who served with Trie on the Commission found his qualifications and abilities severely lacking.

In a May 9, 1996 meeting at the White House, Michael Cardozo again met with top White House officials including Ickes and Bruce Lindsey and other White House Counsel, to inform them that he planned on returning the PLET contributions gathered by Trie, because it appeared they had been funneled through a Buddhist cult.<sup>54</sup> At this May 9, 1996 meeting, Mr. Cardozo recalled that Bruce Lindsey mentioned something about Trie being a DNC fundraiser.<sup>55</sup> Ickes does not recall any discussion that took place during the meeting.<sup>56</sup>

Despite the knowledge of the First Lady and senior White House officials regarding Trie's suspect fundraising, just days later on May 13, 1996, the President, sitting at a table with two foreign nationals praised Charlie Trie:

[S]oon it will be twenty years that I had my first meal with Charlie Trie. Almost twenty years, huh? Twenty years in just a few months. At the time, neither of us could afford a ticket to this dinner, it's fair to say.<sup>57</sup>

At the time when the President made this statement reflecting upon Trie's apparent good fortune, his staff had already been informed of Trie's questionable fundraising practices for PLET. During this same month Charlie Trie borrowed \$5,000 from former White House employee Mark Middleton<sup>58</sup> and faced court charges for failing to pay his rent.<sup>59</sup>

In June 1996, all of Trie's gathered contributions were returned by PLET and the White House Counsel's office was again informed of this matter by Mr. Cardozo.<sup>60</sup> Yet again on July 22, 1996, and again on August 18, 1996, Charlie Trie was a key fundraiser for these Presidential events. In August 1996, when the Presidential Legal Expense Trust filed its quarterly report, it notably omitted all of the returned contributions provided by Trie.<sup>61</sup> In August 1996, senior White House officials such as Harold Ickes, Bruce Lindsey, Maggie Williams and Cheryl Mills were informed of a let-

<sup>51</sup> Harold Ickes Documents CGRO 1623-24 (Exhibit 6).

<sup>52</sup> White House Documents EOP 030404-030406 (Exhibit 7).

<sup>53</sup> Staff Interview of Steve Clemons, Dec. 5, 1997.

<sup>54</sup> Cardozo Senate Deposition, May 7, 1997 at 150-152.

<sup>55</sup> *Id.* at 175.

<sup>56</sup> Ickes Senate Deposition, June 26, 1997 at 179.

<sup>57</sup> White House Communications Agency videotape No. 6, May 13, 1996.

<sup>58</sup> Deposition of Holli Weymouth, by the House Committee on Government Reform and Oversight, July 14, 1998 at 104.

<sup>59</sup> Complaint for possession of real estate, P704553 (Exhibit 8).

<sup>60</sup> Cardozo Senate Deposition, May 7, 1997 at 201.

<sup>61</sup> *Id.* at 169.

ter received by a PLET donor connected with the funds Trie had forwarded which indicated that the funds were indeed gathered under highly questionable circumstances.<sup>62</sup> Yet, it was not until December 1996—after the election and after reporters keyed in on the fundraising role of Charlie Trie, that the White House acknowledged problems with Trie’s PLET donations and Trie’s DNC donations were publicly scrutinized.<sup>63</sup> Even with knowledge of Trie’s large and problematic donations, he continued to attend fundraisers and was invited to a December Christmas party at the White House for major DNC donors.<sup>64</sup> At the Christmas party, according to Bruce Lindsey, Trie approached the President in the receiving line and apologized for any problems he caused the President and then left the White House.<sup>65</sup> Shortly thereafter, when Trie’s problems with the Trust Fund were made public, Trie left the country and remained in Asia throughout 1997.

By February 1997, it was clear that Trie was connected with hundreds of thousands of dollars in illegal contributions. When the DNC completed its initial review of questionable contributions, it returned all of Trie’s personal and corporate contributions. Nevertheless, many of his conduit political donations took months to trace. Even after both the Senate and House identified conduit funds provided by Charlie Trie, the DNC continued to retain the funds long after information about their illegal source was publicly identified.

#### D. THE SPECTER OF FOREIGN INFLUENCE

Over the past 2 years, the millions of dollars in illegal foreign money that went to the DNC and other Democratic entities have been traced to a small number of key figures, namely John Huang, Charlie Trie, and Johnny Chung. These individuals were provided unique access to the White House and senior Administration officials. They also used their access to bring their foreign business associates to the White House and DNC functions. Even though many of their foreign associates were not eligible to contribute, foreign nationals such as Charlie Trie’s business associate “Mr. Wu” did in fact funnel foreign money into the DNC. Trie brought “Mr. Wu,” who has been linked to local government officials in the People’s Republic of China, to the White House on numerous occasions.

Huang, Trie and Chung were provided with opportunities to bring their Chinese business associates to the White House while these same associates provided them with funds for illegal foreign contributions. As the Committee has continued its investigation, more information about these questionable business interests has come to light. Johnny Chung’s confession that tens of thousands of dollars which he contributed were given to him from a Chinese government source was ultimately not surprising. Indeed, some at the DNC had suspected he was doing this.<sup>66</sup>

<sup>62</sup>Id. at 223–224.

<sup>63</sup>Deposition of Michael Cardozo, by the Senate Committee on Governmental Affairs, May 8, 1997 at 10–11.

<sup>64</sup>Deposition of Bruce Lindsey, by the House Committee on Government Reform and Oversight, Apr. 29, 1998 at 20.

<sup>65</sup>Id.

<sup>66</sup>Deposition of Richard Sullivan, by the House Committee on Government Reform and Oversight, Sept. 3, 1997 at 187.

In March 1998, Chung pled guilty to illegally funneling \$20,000 to Clinton/Gore '96.<sup>67</sup> Chung also had contributed \$366,000 to the DNC<sup>68</sup> in the same period in which he visited the White House approximately 50 times,<sup>69</sup> often with his Chinese business associates. According to news reports, Chung admitted that a large part of the nearly \$100,000 he gave to Democrats in 1996, including \$80,000 to the DNC, came from the Chinese People's Liberation Army through Chinese army Lieutenant Colonel and China Aerospace Corporation executive Liu Chao-ying.<sup>70</sup> Chung, once labeled a "hustler" by a National Security Council aide,<sup>71</sup> escorted Ms. Liu to a Presidential fundraiser in Los Angeles in 1996.<sup>72</sup> A House Select Committee continues to investigate the intelligence and national security matters related to these issues, while this Committee continues to investigate the money trail and the business associations.

The connections with foreign campaign money and foreign business associates also is apparent with Charlie Trie and his associate Antonio Pan; John Huang and the Riady family; Ted Sioeng and his foreign associates, as well as others. As the Committee continues to follow the money trail and push for foreign cooperation and an end to the stonewalling by dozens of key witnesses, it is very likely more foreign ties will be discovered. For example, the Committee has traced \$200,000 in travelers checks back to Jakarta, Indonesia.<sup>73</sup> These funds were used in part for conduit contributions to the DNC. To date, the committee and the Justice Department have been unsuccessful in obtaining the cooperation of the Indonesian government in turning over Indonesian bank records which would identify the source of these funds. However, it is the operative theory of both the Committee and the Justice Department that the source of these funds is very likely connected in some manner to the Riady family and/or Lippo Group.

Finally, the Committee believes that the House's investigation continues to provide additional support to the issues as set out by the Senate Governmental Affairs majority report on "The China Plan."<sup>74</sup>

#### CONCLUSION

The Committee's interim report outlines foreign money raised or contributed by John Huang, Charlie Trie, Johnny Chung, and others connected with these individuals such as Ted Sioeng and the dozens of conduits connected with them. What is clear is that high level officials from the White House, the Administration and the DNC made themselves available to these individuals despite warning signs that their fundraising practices were highly suspect. John Huang, and his patrons, the Riadys, are friends of President Clinton, as is Charlie Trie. They came to the fundraising table by vir-

<sup>67</sup> Don Terry, "Fund-Raiser Chung Pleads Guilty," the Washington Post, Mar. 17, 1998.

<sup>68</sup> FEC Internet records—tray.com/fecinfo/

<sup>69</sup> White House WAVE Records.

<sup>70</sup> Jeff Gerth, "Democrat Fund-Raiser said to Detail China Tie," New York Times, May 15, 1998.

<sup>71</sup> E-mail from Robert Suettinger of the National Security Council describing Johnny Chung as a "hustler" EOP 005439.

<sup>72</sup> Chung guest list for Eli Broad fundraiser held on June 18, 1996, JCH 15017 (Exhibit 9).

<sup>73</sup> See generally, letter from Christopher M. Curran, Esq., Attorney for Bank Central Asia, to Committee Senior Investigative Counsel Tim Griffin, Esq., July 20, 1998.

<sup>74</sup> Senate Report, vol. 2, at 2499.

tue of their relationships with the President—not through any relationship with Don Fowler, Harold Ickes or other DNC or Administration officials.

The illegal foreign money solicited by these individuals is doubly suspect because of their extensive ties to the People's Republic of China. The original—but as yet unidentified—sources of these funds were traced to bank accounts in Hong Kong, Macau and Indonesia. As the Senate Governmental Affairs Committee Final Report on campaign finance noted, “officials at the highest levels of the Chinese government approved of efforts to increase the PRC’s involvement in the U.S. political process. There are indications that the plan or parts of the plan and possibly related PRC activities were implemented covertly in this country.”<sup>75</sup> Since the Senate issued its report in March 1998, the Committee has developed a more extensive record on the key fundraising figures and their foreign ties. Finally, in addition to the Asian sources of foreign money, the Committee has also identified South American foreign money that first came into the DNC coffers in 1992, as well as funds from a German national which were largely ignored by the FEC.

This is an interim report on the Committee’s work in the campaign finance investigation. Due to the extensive stonewalling endured by the Committee and the lack of testimony from 120 relevant witnesses, many fundamental questions remain unanswered. What was the motivation behind the massive flow of foreign money into the U.S. political system? Where did the funds ultimately originate? Who were the foreign power brokers and what were they hoping to get in exchange for their money? Were any national security or policy matters compromised by these activities?

Justice Department officials have indicated that cases such as these take years to get to the facts. The extensive financial transactions coupled with reluctant and non-available witnesses makes for a difficult trail to follow. Nevertheless, the Committee is determined to continue to get the facts to the American people.

#### COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

[Summary of Hearings by Witness and Topic]

Date and Witness(es)	Subject
October 8, 1997: (None), Member’s Statements .....	Campaign Finance Improperities and the Possible Violation of Law.
October 9, 1997: Manlin Fong, Joseph Landon, David Wang	Conduit Payments to the Democratic National Committee.
November 6, 1997: Charles F.C. Ruff, Cheryl D. Mills, Lanny Breuer, Dimitri Nionakis.	White House Compliance with Committee Subpoenas.
November 7, 1997: Charles F.C. Ruff, Cheryl D. Mills, Lanny Breuer, Dimitri Nionakis.	White House Compliance with Committee Subpoenas.
November 13, 1997: Margaret Williams, Nancy Herreich, Kelly Crawford, Carol Khare, Ceandra Scott.	Johnny Chung: His Unusual Access to the White House, His Political Donations and Related Matters.
November 14, 1997: Brooke Darby, Robert Suettinger .....	Johnny Chung: His Unusual Access to the White House, His Political Donations and Related Matters.
December 9, 1997: Honorable Janet Reno, Honorable Louis J. Freeh, Donald Smaltz.	Current Implementation of the Independent Counsel Act.
December 10, 1997: Honorable Louis J. Freeh, Donald Smaltz	Current Implementation of the Independent Counsel Act.
January 21, 1998: Gaiashkibos, Arlyn Ackley, Sr., George Newago, Fred Havenick.	The Department of the Interior’s Denial of the Wisconsin Chippewa’s Casino Applications.
January 22, 1998: George Skibine, Michael Anderson, Robin Jaeger, Denise Homer, Tom Hartman.	The Department of the Interior’s Denial of the Wisconsin Chippewa’s Casino Applications.

<sup>75</sup>Senate Report, vol. 2, at 2510.

## COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT—Continued

[Summary of Hearings by Witness and Topic]

Date and Witness(es)	Subject
January 28, 1998: Patrick O'Connor, Scott Dacey, Tom Collier, John Duffy.	The Department of the Interior's Denial of the Wisconsin Chippewa's Casino Applications.
January 29, 1998: Honorable Bruce Babbitt .....	The Department of the Interior's Denial of the Wisconsin Chippewa's Casino Applications.
March 31, 1998: Scott E. Thomas, Lawrence M. Noble, Lois Lerner, Jose Rodriguez.	FEC Enforcement Actions: Foreign Campaign Contributions and other FECA Violations.
April 30, 1998: Jorge Castro Barredo, Richard T. Preiss, Joseph J. Dawson.	Venezuelan Money and the Presidential Election.
August 4, 1998: Honorable Louis J. Freeh, Charles G. La Bella, James V. Desarno.	The Need for an Independent Counsel in the Campaign Finance Investigation.
August 6, 1998: (None), Member's Statements .....	Whether to hold The Attorney General in Contempt Of Congress.

[Supporting documentation follows:]

Offset Folios 30 to 56 Insert here



**CHAPTER II**  
**UNPRECEDENTED OBSTACLES TO THE COMMITTEE'S**  
**INVESTIGATION**





## UNPRECEDENTED OBSTACLES TO THE COMMITTEE'S INVESTIGATION

### INTRODUCTION

Since early 1997, when the Committee first began conducting its campaign finance investigation, the Committee encountered unprecedented obstacles, never before faced by a congressional investigation. These obstacles resulted in limited or no access to the most relevant witnesses and caused the Committee to have to subpoena far more materials than it might otherwise have done if faced with cooperating witnesses and cooperating entities.

These obstacles include the following:

I. To date, 120 witnesses connected with the campaign finance investigation have either fled the country or asserted Fifth Amendment privileges. Many of these witnesses were associates of the central campaign fundraising figures, all of whom refused to cooperate with the Committee. Included are: John Huang, Charlie Trie, Johnny Chung, James Riady, Webster Hubbell, Mark Middleton and Melinda Yee. Huang, Trie, Hubbell, Middleton and Yee were all political appointees of President Clinton.

II. The Committee has been faced with the White House's consistent, 6 year pattern of dragging out investigations by refusing to turn over relevant documents until threatened with contempt. Furthermore, the White House has on many occasions asserted frivolous privileges which had already been struck down in court. These actions were designed to delay and minimize the effective dissemination of relevant information.

III. The Committee has been faced with the Democratic National Committee's ("DNC") protracted and disorganized document production which still has not concluded, as well as the DNC's failure to provide any certain date when all records will be produced to either congressional or Justice Department investigators.

IV. The Committee has been faced with a total lack of cooperation from foreign governments. It has been almost impossible to obtain relevant information and access to witnesses. Furthermore, the Administration has failed to press for any such cooperation which would uncover the original source of the millions in foreign money which flowed into the U.S. political system over the past several years. In addition, the People's Republic of China refused to allow visas to be issued for Committee investigators and the Administration did not press for cooperation in any meaningful way.

## I. THE UNPRECEDENTED NUMBER OF WITNESSES WHO REFUSED TO COOPERATE WITH THE COMMITTEE'S INVESTIGATION

In January 1997, the House Government Reform and Oversight Committee, in accordance with its oversight responsibilities, began an investigation into the allegedly illegal campaign finance activities of the 1996 elections.<sup>1</sup> Since the Committee began its work, it has faced a level of stonewalling and obstruction never before encountered by a congressional Committee. During the course of the inquiry, the Committee ran into serious roadblocks in its attempts to secure testimony and obtain documents from the White House, the Democratic National Committee, and various witnesses.<sup>2</sup> In June 1998, 18 months into the Committee's investigation, the number of witnesses refusing to testify topped 100.<sup>3</sup> As of the beginning of October, the list had swelled to 120.

The number of potential witnesses who have exercised their Fifth Amendment right not to give testimony that would be self-incriminating now stands at 79. An additional 18 witnesses have left the country, and 23 witnesses live overseas and have refused to be interviewed, bringing the total number of non-cooperating witnesses to 120.<sup>4</sup>

On September 24, 1997, the Committee immunized three witnesses on the list who made illegal conduit contributions at the behest of Charlie Trie and Antonio Pan.<sup>5</sup> On June 23, 1998, the Committee immunized four additional witnesses relating to DNC fundraisers Johnny Chung, Gene and Nora Lum, and Ted Sioeng.<sup>6</sup> The Senate also immunized several witnesses involved in the Hsi Lai Buddhist Temple fundraiser and other conduit contributions.<sup>7</sup> However, the bulk of the 120 witnesses have yet to be heard from.

The list of people who are no longer in the country and who refuse to be interviewed include longtime Clinton friends and campaign contributors James and Mochtar Riady, who control the Lippo Group of Indonesia, Ng Lap Seng, the Macau financier who underwrote hundreds of thousands of dollars in illegal contributions orchestrated by Charlie Trie, and Antonio Pan, who was indicted with Trie by the Justice Department on January 28, 1998.

The number of witnesses associated with Trie who have taken the Fifth or refused to cooperate with the investigation totals 13.

Over 25 friends and family members of Ted Sioeng have either exercised their Fifth Amendment rights or left the country to avoid testifying. Sioeng and his network of business associates gave \$400,000 to the Democratic party and another \$150,000 to Republicans.<sup>8</sup>

<sup>1</sup>Providing Special Investigative Authorities for the Committee on Government Reform and Oversight, H. Rept. No. 137, 105th Cong., 1st sess. (1997).

<sup>2</sup>Congressional Record, May 12, 1998, pp. H3054. Question of Personal Privilege. Remarks made by Government Reform and Oversight Committee Chairman Dan Burton.

<sup>3</sup>Government Reform and Oversight Committee press release, *10 New Witnesses Take the Fifth, Total now at 104*, June 23, 1998.

<sup>4</sup>See Exhibit 1. Committee Chart detailing the 120 witnesses who have pled the fifth or fled the country to avoid cooperating with congressional investigations into campaign finance.

<sup>5</sup>House Government Reform and Oversight Committee, Business Meeting: Immunity Vote. Sept. 24, 1997.

<sup>6</sup>House Government Reform and Oversight Committee, Business Meeting: Immunity Vote. June 23, 1998.

<sup>7</sup>Final Report of the Senate Committee on Governmental Affairs, S. Rept. No. 167, 105th Cong., 2d sess., vol. 2, at 1794-95, 2520.

<sup>8</sup>For details, see chapter IV D.

There are 17 witnesses associated with John Huang who have either taken the Fifth or left the country.

In June 1998, the Committee received notice that 12 employees of Florida businessman Mark Jimenez would exercise their Fifth Amendment right not to testify about suspected conduit contributions to the Clinton/Gore campaign.<sup>9</sup> Jimenez was indicted in September for orchestrating nearly \$40,000 in illegal contributions to the Clinton/Gore campaign and other Democratic campaigns.<sup>10</sup>

The list of witnesses who have asserted their Fifth Amendment right not to testify includes a number of Presidential appointees:

Former White House Deputy Chief of Staff Mark Middleton,  
Former Associate Attorney General Webster Hubbell,  
Former Deputy Assistant Commerce Secretary John Huang,  
and

Longtime Presidential friend and appointee Charlie Trie, who was appointed to the Bingaman Commission on international trade.

During a December 1997 hearing of the Government Reform and Oversight Committee, Chairman Burton asked FBI Director Louis Freeh if the Director had ever seen so many witnesses in a Federal investigation invoke the Fifth Amendment or flee the country. Director Freeh responded by comparing the current investigation to his years fighting organized crime in New York:

I spent 16 years doing organized crime cases in New York City, and many people were frequently unavailable. . . . It went on for quite a while.<sup>11</sup>

The unwillingness of so many witnesses to provide sworn testimony became a serious obstacle to the Committee's efforts to conduct a thorough investigation and inform the public about the allegations under investigation. The extraordinary number of potential witnesses who either fled the country or invoked their Fifth Amendment rights is a strong indication of the unusual level of illegal activity that occurred during both the 1992 and 1996 election cycles.

Conversely, when witnesses did cooperate with the investigation, the Committee made swift progress. For example, upon granting immunity to three witnesses who made conduit contributions at the request of Charlie Trie and Antonio Pan (Manlin Fong, Joseph Landon and David Wang), the Committee received detailed information about these conduit payments and moved swiftly to public hearings.<sup>12</sup> Months later, in June 1998, the Committee granted immunity to four additional witnesses (Kent La, Irene Wu, Nancy Lee, and Larry Wong). Both Nancy Lee and Irene Wu then provided the Committee with important information relating to John-

<sup>9</sup>See Letter to Richard D. Bennett, Chief Counsel, from John F. Conroy, June 17, 1998; Letter to Richard D. Bennett, Chief Counsel, from William L. Gardner June 30, 1998 (informing the Government Reform and Oversight Committee that the following individuals will assert their fifth amendment rights: Messrs, Jacob Devalle, William Gearhart, Richard Esparragoza, Manuel Garcia, Reynaldo B. Crespo, Raymond Dos Remedios, David Fried, Louis C. Leonardo, Juan L. Ruiz, Marcelino V. Brontonel, Enrique Sanchez, and Mrs. Ruth S. Ramirez).

<sup>10</sup>Department of Justice press release, Sept. 30, 1998.

<sup>11</sup>Hearing on Current Implementation of the Independent Counsel Act Before the House Committee on Government Reform and Oversight, 105th Cong., 1st sess., 294-295 (1997).

<sup>12</sup>Hearing on the Conduit Payments to the Democratic National Committee Before the House Committee on Government Reform and Oversight, 105th Cong., 1st sess. (1997) (testimony of Manlin Fong, Joseph Landon and David Wang).

ny Chung's efforts to funnel illegal conduit contributions to Democratic campaigns.<sup>13</sup>

Attached as Exhibit 1 is the entire list of 120 individuals who have invoked the Fifth Amendment, fled the country, or refused to be interviewed in their home countries.

## II. THE WHITE HOUSE

In its oversight capacity the Committee on Government Reform and Oversight previously had the occasion to work with the Clinton White House on document productions pursuant to requests and subpoenas in other investigations, including the White House Travel Office investigation and the "Filegate" investigation. As documented in its reports on these investigations, the Committee was subjected to repeated delays and obstruction throughout its prior dealings with the White House.<sup>14</sup> The Committee prepared for similar tactics during the 105th Congress, yet hoped for greater cooperation from President Clinton's newly appointed counsel, Charles F.C. Ruff. Unfortunately that was not to be the case, and the White House's actions during the document production phase served only to hinder the progress of the Committee's investigation for months. As the Senate Governmental Affairs Committee noted in its report, the White House used the 1 year deadline for the Senate investigation to drag out the process and stymie the efforts of the Senate to get to the bottom of the campaign finance scandal.<sup>15</sup> Knowing of the penchant for this White House to drag out the investigative process, the House investigation did not agree to such time constraints.

### A. WHITE HOUSE RESPONSES TO COMMITTEE REQUESTS

On February 6, 1997, the Chairman met and discussed the Committee's document production needs and expectations with Mr. Ruff, the White House Counsel. In that meeting, Mr. Ruff pledged the White House's cooperation and assured the Chairman that the President was committed to providing all of the documents necessary to the Committee's investigation and would not claim any privileges over any relevant documents in the campaign finance investigation.

Prior to the Ruff meeting, the Committee had already made several document requests to Jack Quinn, who preceded Ruff as White House Counsel. During the 104th Congress, the Committee, under then-Chairman William F. Clinger, sent several campaign finance related document requests to the White House.<sup>16</sup> Requests for doc-

<sup>13</sup> See Depositions of Nancy Lee, Government Reform and Oversight Committee, July 28, 1998; Deposition of Irene Wu, Government Reform and Oversight Committee, July 28, 1998.

<sup>14</sup> House Committee on Government Reform and Oversight, Investigation of the White House Travel Office Firings and Related Matters, H. Rept. No. 461, 104th Cong., 2d sess., 3 (1996); House Committee on Government Reform and Oversight, Investigation into the White House and Department of Justice on Security of FBI Background Investigation Files, H. Rept. No. 469, 104th Cong., 2d sess., 4 (1996).

<sup>15</sup> Final Report of the Committee on Governmental Affairs, U.S. Senate, "Investigation of Illegal or Improper Activities in Connection with 1996 Federal Election Campaigns," 105th Cong., 2d sess., S. Rept. No. 105-167, vol. 1, p. 18-20.

<sup>16</sup> Letter to President Bill Clinton from Chairman William F. Clinger, Jr., House Government Reform and Oversight Committee, Chairman Henry J. Hyde, House Judiciary Committee, and Chairman Bill Thomas, Committee on House Oversight, Oct. 18, 1996 (requesting that documents relating to John Huang's activities at the DNC be released publicly); Letter to President Bill Clinton from Chairman William F. Clinger, Oct. 23, 1996 (requesting information on Jorge

uments related to John Huang were first made as early as October 1996. At the beginning of the 105th Congress, Chairman Burton issued a comprehensive request to the White House on January 15, 1997. This request was addressed to both Counsels Quinn and Ruff for documents relating to campaign finance matters.<sup>17</sup>

At the time of the January 15, 1997 Committee request for documents, the White House had already sent three directives to White House staff, instructing them to search for responsive documents.<sup>18</sup> Each directive to search for documents requested that documents be produced no later than November 12, 1996, December 23, 1996 and January 17, 1997, respectively. Thus, the Committee had every reason to believe that a responsible White House interested in expeditiously responding to the campaign finance investigation would promptly turn over relevant records. However, Mr. Quinn wrote to Chairman Burton that the White House was unable to produce documents in the 2 week time period the Committee requested and that production would be delayed until a meeting time could be arranged with White House officials. One week after Quinn's letter, the White House released a number of responsive documents to the press, without producing them to the Committee.<sup>19</sup> The documents were delivered to the Committee 5 days after the press received them, setting the tone for the manner in which the White House would respond to Committee requests and subpoenas.

Between January and March 1997, the White House refused to comply fully with any of the Committee's document requests. As a result, on March 4, 1997, the Committee issued a subpoena to the White House for a variety of records relevant to the campaign finance investigation.<sup>20</sup> The subpoena called for the production of documents on March 24, 1997. As the White House had been collecting documents since the end of October 1996—for almost 5 months—the Committee believed the time for production was adequate.<sup>21</sup>

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Cabrera); Letter to President Bill Clinton from Chairman William F. Clinger, Chairman Bill Thomas, and Chairman Henry J. Hyde, Oct. 25, 1996 (requesting information on John Huang and requesting FEC investigation); Letter to President Bill Clinton from Chairman William F. Clinger, Oct. 31, 1996 (requesting that the President make all records regarding John Huang available to Congress and the public); Letter to Terry Good, Office of Records Management, the White House from Chairman William F. Clinger, Jr., Oct. 31, 1996 (requesting WAVES records for John Huang); Letter to John M. Quinn, Counsel to the President, from Chairman William F. Clinger, Nov. 1, 1996 (requesting WAVES records for John Huang); Letter to John M. Quinn, Counsel to the President, from Chairman William F. Clinger, Jr., Nov. 14, 1996 (requesting WAVES records for John Huang); Letter to John M. Quinn, Counsel to the President, from Chairman William F. Clinger, Jr., Chairwoman Jan Meyers, House Small Business Committee, Chairman Bill Thomas, House Oversight Committee, Chairman Larry Combest, Permanent Select Committee on Intelligence, Chairman Donald Mazullo, House Subcommittee on Exports, Small Business Committee, Nov. 21, 1996 (relating to SBA withholding of documents at the request of the White House).

<sup>17</sup> Letter to John M. Quinn, Counsel to the President, and Charles F.C. Ruff from Chairman Dan Burton, Jan. 15, 1997 (Exhibit 2).

<sup>18</sup> Memorandum to All Staff of the White House, the Office of Administration, the Office of Management and Budget, and all other units of the Executive Office of the President from Jack Quinn, Counsel to the President, Re: Documents Relating to the Lippo Group, Indonesia and Other Matters, Oct. 31, 1996 (Exhibit 3). Memorandum to Executive Office of the President Staff from Jack Quinn, Counsel to the President, Re: Document Request, Dec. 16, 1996 (Exhibit 4). Memorandum to Executive Office of the President Staff from Jack Quinn, Counsel to the President, Re: Follow-up to Dec. 16, 1996 Document Request, Jan. 9, 1997 (Exhibit 5).

<sup>19</sup> Letter to Charles Ruff, Counsel to the President from Chairman Dan Burton, Jan. 31, 1997.

<sup>20</sup> Subpoena to Executive Office of the President from Committee on Government Reform and Oversight, U.S. House of Representatives, Mar. 4, 1998 (Exhibit 6).

<sup>21</sup> Exhibits 3, 4, and 5.

The White House, in March 1997, refused to produce unredacted documents to the Committee until a protocol for the handling of documents was adopted by the Committee.<sup>22</sup> The Chairman and Committee staff assured the White House Counsel's Office that the Committee was acting under a protocol approved by the Chairman until the full Committee was able to approve a document protocol. However, the White House would not provide the Committee with unredacted, or what it considered sensitive documents, 4 months into the investigation.<sup>23</sup>

The full Committee did approve a formal document protocol on April 10, 1997, yet the White House still would not produce documents to the Committee. The White House claimed that the protocol adopted by the full Committee was not sufficient to protect its documents.<sup>24</sup> At one point, the White House Counsel's office even proposed a document protocol which would have required armed guards to stand watch over White House documents. The White House insisted that the Committee conform to its "confidentiality proposal" or what the White House considered appropriate procedures, including mandating the amount of Committee staff to have access to the documents.<sup>25</sup> As a coequal branch of government, the Committee could not allow the executive branch to dictate the enforcement of or compliance with a legislative subpoena, or effectively annul the protocol approved by vote of the Committee.<sup>26</sup> As for any national security or classified documents, the Committee made arrangements to have such material stored with the House Permanent Select Committee on Intelligence. Only a limited number of staff with proper security clearances were allowed to review the material.

Even while the White House refused to produce documents, the Committee attempted to accommodate the White House and ensure that documents would be forthcoming, by prioritizing the March 4, 1997, subpoena through an April 18, 1997 letter.<sup>27</sup> The Committee engaged in extensive, good faith discussions and negotiations to assist the White House in producing documents. By late April, the White House still refused to cooperate and to produce all responsive documents. The Committee then issued six targeted subpoenas to the White House, focused on records relating to the Riady family, John Huang, Charlie Trie, Pauline Kanchanalak, Mark Middleton and Webster Hubbell.<sup>28</sup>

<sup>22</sup> Letter to the Chief Counsel Government Reform and Oversight Committee from Lanny A. Breuer, Special Counsel to the President, Mar. 19, 1997.

<sup>23</sup> Letter to Lanny A. Breuer, Special Counsel to the President from Chief Counsel Government Reform and Oversight, Mar. 19, 1997 (Exhibit 7).

<sup>24</sup> Letter to Chairman Dan Burton from Charles F.C. Ruff, Counsel to the President, Apr. 21, 1997.

<sup>25</sup> Letter to Chairman Dan Burton from Charles F.C. Ruff, Counsel to the President, Apr. 25, 1997 (Exhibit 8).

<sup>26</sup> Letter to Charles F.C. Ruff, Counsel to the President from Chairman Dan Burton, Apr. 27, 1997.

<sup>27</sup> Letter to Lanny A. Breuer, Special Counsel to the President from Chief Counsel Government Reform and Oversight, Apr. 18, 1997 (Exhibit 9).

<sup>28</sup> Subpoenas to Executive Office of the President from Committee on Government Reform and Oversight, Apr. 23, 1997 (for records relating to the Riady family/Lippo Group and John Huang); subpoenas to Executive Office of the President from Committee on Government Reform and Oversight, Apr. 24, 1997 (for records relating to Charlie Trie and Pauline Kanchanalak); subpoenas to Executive Office of the President from Committee on Government Reform and Oversight, Apr. 29, 1997 (for records relating to Mark Middleton and Webster Hubbell).

Despite the Committee's best efforts to work with the White House in prioritizing and streamlining requests, by the beginning of May 1997, the White House had not supplied the Committee with all relevant documents, had not informed the Committee which documents were being withheld, and had not provided the Committee with any production or privilege logs. Moreover, many of the documents that were produced to the Committee were redacted so heavily that they were unintelligible.

B. WHITE HOUSE CLAIMS OF EXECUTIVE PRIVILEGE AND THE COMMITTEE'S THREAT OF CONTEMPT

1. *Claims of Executive Privilege over Documents*

In a May 9, 1997, letter to White House Counsel Charles Ruff, Chairman Burton insisted that the White House comply with the Committee's lawful subpoena, or in the alternative claim executive privilege over the documents being withheld and provide the Committee with a privilege log.<sup>29</sup> The only valid claim the White House could make for withholding any documents from the Committee in the face of a lawful subpoena would be executive privilege.<sup>30</sup> Executive privilege is a doctrine which historically has been exerted "only in the most compelling circumstances, and only after careful review demonstrates that assertion of the privilege is necessary."<sup>31</sup>

In *United States v. Nixon*,<sup>32</sup> the Supreme Court for the first time recognized a constitutional basis for executive privilege when it held that "the protection of the confidentiality of Presidential communications has . . . constitutional underpinnings."<sup>33</sup> However, the Court unequivocally rejected President Nixon's claim to an absolute privilege. Blanket claims, it held, are unacceptable without further, discrete justification, and then only when there is a need to protect military, national security, or foreign affairs secrets. It is only in such cases where the President's claim of privilege should receive deferential treatment in the face of a legitimate claim on materials from another branch of government. The Supreme Court set out this test in *United States v. Nixon* as follows:

However, neither the doctrine of separation of powers, nor the need for confidentiality of high-level communications, without more, can sustain an absolute, unqualified Presidential privilege of immunity from judicial process under all circumstances. The President's need for complete candor and objectivity from advisers calls for great deference from the courts. However, when the privilege depends solely on the broad, undifferentiated claim of public interest in the confidentiality of such conversations, a confrontation

<sup>29</sup> Letter to Charles F.C. Ruff, Counsel to the President from Chairman Dan Burton, May 9, 1997.

<sup>30</sup> The Constitution does not grant Congress the explicit authority to investigate, neither does it grant the President the specific privilege to withhold information. However, the Supreme Court has held that the legislature and the executive each hold these respective powers as they are implied in the Constitution for the essential functioning of both branches. See, *McGrain v. Daugherty*, 273 U.S. 135 (1927); *United States v. Nixon*, 418 U.S. 683 (1974).

<sup>31</sup> Memorandum for the Heads of Executive Department and Agencies from President Ronald Reagan, *Procedures Governing Responses to Congressional Requests for Information*, Nov. 4, 1982 (hereinafter "Reagan Memorandum").

<sup>32</sup> 418 U.S. 683 (1973).

<sup>33</sup> 418 U.S. at 705-06.

with other values arises. Absent a claim of need to protect military, diplomatic, or sensitive national security secrets, we find it difficult to accept the argument that even the very important interest in confidentiality of Presidential communications is significantly diminished by production of such material for in camera inspection with all the protection that a district court will be obliged to provide.

To read the Article II powers of the President as providing an absolute privilege as against a subpoena essential to enforcement of criminal statutes on no more than a generalized claim of the public interest in confidentiality of non-military and non-diplomatic discussions would upset the constitutional balance of 'a workable government' and gravely impair the role of the courts under Article III.<sup>34</sup>

In the matters before the Committee in this investigation, as well as previous investigations, there has never been a situation involving the invocation of executive privilege to protect military, diplomatic, or national security secrets. To the contrary, the White House very promptly has turned over all national security information, which the Committee stored in a classified setting and kept confidential. It has been the non-classified and the non-national security records that the White House has balked at providing. Thus, it is ironic; when it comes to protecting national security, the Administration takes far less dramatic measures to keep the information confidential than it does when keeping potentially embarrassing or potentially incriminating information from the Committee.<sup>35</sup> Executive privilege was intended to operate in exactly the opposite way.

The Reagan Memorandum on executive privilege, which President Clinton's counsels have stated they follow, explains that the doctrine should only be invoked to "preserve the confidentiality of national security secrets, deliberative communications that form a part of the decision making process, or other information important to the discharge of the Executive Branch's constitutional responsibilities."<sup>36</sup> More importantly, the policy under President Reagan was that no privileges were claimed over any matters under investigation. During the Iran-Contra investigations, President Reagan assured the Congress that he would not claim executive privilege over any matters under investigation, nor did he.<sup>37</sup> In contrast,

<sup>34</sup> 418 U.S. at 706,707.

<sup>35</sup> It should be noted that despite the White House's decrying of leaks, White House officials have been notably silent about the stream of leaks from its own Justice Department of classified information over the past year and a half in matters involving the "China Plan" and other national security matters connected with the campaign finance investigation. See, Bob Woodward and Brian Duffy, "Chinese Embassy Role in Contributions Probed," the Washington Post, Feb. 13, 1997, p. A1; Bob Woodward, "Top Chinese Linked to Plan to Buy Favor," the Washington Post, Apr. 25, 1997, p. A1; Jeff Gerth, David Johnston and Don Van Natta, "Democrat Fund-Raiser Said to Detail China Tie," the New York Times, May 15, 1998; Robert Suro, "Chung Alleges DNC Sought Illegal Funds: Justice Dept. Probe Enters New Phase," the Washington Post, June 20, 1998.

<sup>36</sup> Reagan Memorandum.

<sup>37</sup> During Iran-Contra, President Reagan fully cooperated with Congress and turned over 300,000 White House, State Department, Defense Department, Justice Department and Central Intelligence Agency documents. Congress deposed numerous executive branch officials, including Attorney General Edwin Meese, and executive branch officials testifying before Congress. President Reagan even turned over his personal diaries without asserting executive privilege. Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, S. Rept. No. 100-216, 100th Cong., 1st sess. (1987).

President Clinton, while telling the American people he would fully cooperate with this and other investigations, has repeatedly invoked frivolous privilege claims in order to hamper congressional as well as criminal investigations.

In a memorandum to executive departments and agencies, Special Counsel to the President Lloyd Cutler outlined President Clinton's policy on executive privilege, "[i]n circumstances involving communications relating to investigations of personal wrongdoing by government officials, it is our practice not to assert executive privilege, either in judicial proceedings or in congressional investigations and hearings."<sup>38</sup> Despite President Clinton's stated policy, in May 1997, his Counsel refused to provide responsive documents which were "subject to executive privilege."<sup>39</sup> The Counsel's Office letter was effectively a claim of executive privilege.

The Committee considered whether to hold the White House in contempt for not responding to the subpoena, but first requested that Mr. Ruff appear before the Committee on May 15, 1997 to explain the White House's position.<sup>40</sup> It took this threat of contempt of Congress for the White House to begin to comply with the Committee's subpoenas. It was disappointing that it was not until this point that Mr. Ruff said his attention was "focused" on the issue of turning over the documents. In other words, the Committee had to threaten to hold the President's Counsel in contempt before the President would comply both with the law and his own stated policy.

Chairman Burton met with Mr. Ruff on May 16, 1997 to discuss White House document production. At that time, Mr. Ruff agreed to produce a volume of outstanding documents as well as a "privilege log" regarding any documents which were to be withheld from Congress under a claim of privilege. A production of the withheld documents followed this agreement. Some of the withheld documents included records such as a number of memos between and among members of the White House Counsel's office. The memos related to statements made by Deputy Counsel Bruce Lindsey regarding the President's meetings with James Riady and John Huang.<sup>41</sup> These memos demonstrated there had been a dispute between White House Special Counsel Jane Sherburne and White House Deputy Counsel Bruce Lindsey in characterizing the President's contacts with James Riady and John Huang.

Ms. Sherburne wrote that in October 1996, she learned from DNC General Counsel Joe Sandler that Huang had refused to tell him "about one of the subjects that had been discussed in his September 1995 meeting with the President, Bruce and Riady. I asked Bruce if he had any idea what Huang was withholding and Bruce told me that they had discussed Huang moving from his post in the Commerce Department to a fundraising position at the DNC."<sup>42</sup> Sherburne's memo demonstrated she was concerned that Lindsey

<sup>38</sup> Memorandum for All Executive Department and Agency General Counsels from Lloyd N. Cutler, Special Counsel to the President, *Congressional Requests to Departments and Agencies for Documents Protected by Executive Privilege*, Sept. 28, 1994.

<sup>39</sup> Letter to the Chief Counsel Government Reform and Oversight from Lanny A. Breuer, Special Counsel to the President, May 14, 1997.

<sup>40</sup> *Id.*

<sup>41</sup> White House Documents, EOP 008737-41, EOP 004943-47, EOP 007378-82, EOP 004948-50, EOP 00406163, EOP 004956, EOP 008732-36, EOP 004047-48, EOP 037008-17.

<sup>42</sup> White House Documents, EOP 008732-36 at 008734.

refused to be more forthcoming about the Riady/Huang meetings.<sup>43</sup> On Lindsey's copy of Sherburne's memo Lindsey wrote to then White House Counsel Jack Quinn: "Jack, This is mostly crap" and signed his name.<sup>44</sup>

These memos provided information indicating that Huang did not want to talk about the meetings with the President. This was information that was certainly relevant to the Committee's inquiry. The fact that the White House Special Counsel was concerned about public representations made by Bruce Lindsey also was relevant to the inquiry. These memos were in no way "privileged" and the fact that the White House Counsel's office withheld them for close to 5 months from investigators was not in keeping with the commitment for full cooperation. This was typical of the type of battle the Committee had to regularly engage in with the White House in order to obtain relevant subpoenaed records.

It took another month of extensive negotiations to obtain access to the documents on the privilege log provided to the Committee in June 1997. Ultimately it took the Committee over 5 months after the first requests to obtain the basic White House records.<sup>45</sup> These delays in producing documents that the White House had gathered months before are inexcusable. Although the White House's actions impeded the House investigation, it had an even more dramatic impact on the Senate investigation, which had a strict time deadline.

## *2. Claim of Executive Privilege over Testimony*

Claiming privilege in depositions was another method of White House stonewalling which unduly delayed proceedings. In September 1997, the Committee deposed Deputy White House Counsel Bruce Lindsey.<sup>46</sup> During the deposition Lindsey testified that he spoke with the President about a conversation between James Riady and the President. When asked a follow up question about his conversation with the President, Lindsey declined to answer on the ground that his answer would implicate executive privilege concerns. Indeed, Lindsey called White House Counsel Charles Ruff on his cell phone in the deposition and reported on their conversation in the deposition record: "And Mr. Ruff informs me—he says that these sorts of conversations give rise to serious executive privilege concerns; that at this time I should not respond, and that he will be happy to discuss it with you after the deposition."<sup>47</sup>

The Committee subsequently wrote to White House Counsel Charles Ruff regarding Lindsey's claim of privilege.<sup>48</sup> The Committee pointed out that the question posed to Lindsey involved his discussion with the President about a personal conversation with James Riady. Executive privilege is designed to protect executive branch decisionmaking, not to be used as a shield for personal matters having nothing to do with affairs of state or presidential deci-

<sup>43</sup> Id.

<sup>44</sup> White House Document Production, EOP 008737-41.

<sup>45</sup> Letter from Charles F.C. Ruff, Counsel to the President to Chairman Dan Burton, May 20, 1997.

<sup>46</sup> Deposition of Bruce R. Lindsey, Government Reform and Oversight Committee, Sept. 8, 1997 (hereinafter "Lindsey Deposition").

<sup>47</sup> Id. at 54.

<sup>48</sup> Letter to Charles F.C. Ruff, White House Counsel from Chairman Dan Burton, Feb. 25, 1998.

sionmaking. This conversation did not go to any core duties of the President or to national security or other sensitive matters. The White House responded to the Committee, noting that although Lindsey refused to answer, his refusal was based only on the fact that the response may be subject to privilege.<sup>49</sup> Essentially, the White House made a distinction without a difference, as Lindsey refused to answer the question. After numerous letters and discussions with the White House about Mr. Lindsey's presumptive claim of privilege, Committee attorneys informed the Counsel's office of the Committee's intent to call Mr. Lindsey back for a deposition to answer these and other outstanding questions. It was made clear at the time that the Committee was prepared to proceed with contempt proceedings again if necessary. On April 29, 1998, Lindsey continued his deposition.<sup>50</sup>

It should be noted that at the same time the Committee was having such difficulty in obtaining Mr. Lindsey's testimony on this matter because of his frivolous privilege claims, Mr. Lindsey was asserting the same type of privilege claims in Federal court before the Whitewater grand jury.<sup>51</sup>

### 3. *The History of the Clinton Administration's Abuse of Privileges*

On many occasions over the past several years, the President has inappropriately invoked executive privilege in what many scholars and commentators have noted is a calculated attempt to delay ongoing criminal and congressional investigations. That this is done using government resources is deeply troubling. The President's history of using the White House Counsel to delay includes investigations by the House of Representatives, Senate and various independent counsels.

For example, in November 1995, the White House invoked executive privilege in response to the Senate Whitewater Committee's subpoena.<sup>52</sup> The privilege claim was over responsive notes taken by former Associate White House Counsel William Kennedy.<sup>53</sup> Ultimately, after the Senate adopted a resolution directing the Senate Legal Counsel to initiate a civil action for an order to produce the documents, the White House acquiesced and produced the notes.<sup>54</sup> The Senate Committee reported that the notes contained evidence that the White House inappropriately gathered information from various agencies investigating Whitewater, and passed such information to private lawyers for the President and First Lady.<sup>55</sup>

The Committee had a similar experience with the White House during the Travel Office investigation. The White House claimed privilege over more than 3,000 pages of documents and refused to

<sup>49</sup>Letter to Chairman Dan Burton from Charles F.C. Ruff, White House Counsel, Feb. 26, 1998.

<sup>50</sup>Deposition of Bruce Lindsey, Committee on Government Reform and Oversight, Apr. 29, 1998.

<sup>51</sup>*Communication from the Office of the Independent Counsel, Kenneth W. Starr transmitting Appendices to the Referral to the United States House of Representatives pursuant to Title 28, United States Code, Section 595c submitted by the Office of the Independent Counsel, September 9, 1998, H. Doc. 105-311, 105th Cong., 2d sess., 184-200 (1998).*

<sup>52</sup>Final Report of the Special Committee to Investigate Whitewater Development Corporation and Related Matters, S. Doc. No. 280, 104th Cong., 2d sess., 237-238 (1996).

<sup>53</sup>*Id.*

<sup>54</sup>*Id.*

<sup>55</sup>*Id.*

produce the documents to the Committee.<sup>56</sup> After negotiations with the White House failed, the Committee voted on May 9, 1996 to hold then-Counsel to the President Jack Quinn in contempt of its subpoena.<sup>57</sup> On May 30, 1996, the morning of a scheduled House floor contempt vote, the documents were turned over to the Committee.<sup>58</sup> Within the documents the White House had claimed executive privilege over were notes White House attorneys had taken of debriefing sessions with witnesses' attorneys.<sup>59</sup> Perhaps most shocking was a request for former Travel Office Director Billy Dale's FBI background investigation, months after he was fired from the White House.<sup>60</sup> This document led to the eventual discovery that hundreds of Reagan and Bush appointees' background files were obtained by the Clinton White House. None of these documents were even arguably privileged.

In addition, the President's frivolous legal claims have delayed civil and criminal investigations. Over the past year, the Clinton Administration has litigated, and lost, the following four significant immunity/privilege cases: *Clinton v. Jones*,<sup>61</sup> which held there was no temporary Presidential immunity from civil suit for unofficial acts; *In re Grand Jury Subpoena Duces Tecum*,<sup>62</sup> in which claims of attorney-client and work product privilege asserted by the White House were denied; *In re Sealed Case*,<sup>63</sup> in which executive privilege claims of the White House were ultimately overcome by Independent Counsel Smaltz's sufficient demonstration of need for the records in question; and, *In re Sealed Case*,<sup>64</sup> in which White House claims of attorney-client and work produce privilege were denied.

The President's frivolous privilege claims have served him personally in delaying investigations and dragging out the process. However, they have not served the Presidency, which has ultimately been weakened by case after case being decided against the executive branch. During the Committee's investigation of the White House Travel Office matter, senior Justice Department official Michael Shaheen testified before the Committee that in his 20 year Justice Department career in the Office of Professional Responsibility, "the lack of cooperation and candor" from the Clinton White House was the worst he had experienced. Nothing the Committee experienced in the 105th Congress has changed that perception. While President Clinton has sought short term personal gain, in the long term it is the Presidency that has been most harmed by his frivolous privilege claims. This legacy will long outlast any personal matters related to Bill Clinton.

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<sup>56</sup> House Committee on Gov't Reform and Oversight, Investigation of the White House Travel Office Firings and Related Matters, H. Rept. No. 461, 104th Cong., 2d sess., 8 (1996).

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> 117 S. Ct. 1636 (1997).

<sup>62</sup> 112 F.3d 910 (8th Cir. 1997), *cert. denied* 117 S. Ct. 2487 (1997).

<sup>63</sup> 116 F.3d 550, *reissued in unredacted form*, 121 F.3d 729 (D.C. Cir. 1997).

<sup>64</sup> 124 F.3d 230 (D.C. Cir. 1997).

C. RECORDS HIGHLY RELEVANT TO THE CAMPAIGN FINANCE INVESTIGATION WERE PRODUCED MONTHS OR EVEN A YEAR AFTER WHITE HOUSE CERTIFICATION

On June 27, 1996, Counsel to the President Charles Ruff certified that the White House produced all documents responsive to the Committee's subpoenas, except those listed on the White House privilege log.<sup>65</sup> After Mr. Ruff's certification to the Committee, the White House made 36 productions of documents of over 17,700 pages responsive to the Committee's original subpoenas. The White House produced responsive documents as late as July 28, 1998, over a year from the date of the Committee's original subpoenas.

*1. Documents relevant to the preliminary investigation of Vice President Gore*

The July 1998, document production included memoranda relating to fundraising telephone calls made by Vice President Gore from his White House office.<sup>66</sup> The fundraising calls were under investigation by the Department of Justice in late 1997. On these belatedly discovered documents were handwritten notations of Gore Deputy Chief of Staff David Strauss.

The notes indicate that there may have been discussions with the President and Vice-President about making phone calls for "hard money" as well as "soft money" for the DNC. The discussions occurred during a meeting, attended by both President Clinton and Vice President Gore, about raising money for the DNC through phone calls by the President and Vice President.<sup>67</sup> Although there were questions raised regarding the legality of the calls, in December 1997, Attorney General Reno decided that there were no further grounds for investigation of Vice President Gore's fundraising calls under the Independent Counsel Act.<sup>68</sup> However, at the time neither the Justice Department nor the Committee had knowledge of the White House documents, ultimately produced in July 1998, which would have been directly relevant to the initial inquiry.<sup>69</sup> In fact, since obtaining the notes, the Justice Department has initiated another preliminary inquiry into the Vice President's phone calls.<sup>70</sup> This second preliminary inquiry is to determine whether Vice President Gore lied to investigators when he was initially interviewed about his telephone solicitations to donors from the White House and said he had no knowledge of the phone call solicitations being for hard money.

<sup>65</sup>Letter to Chairman Dan Burton from Charles F.C. Ruff, Counsel to the President, June 27, 1997 (Exhibit 10).

<sup>66</sup>White House Document Production, July 28, 1998, EOP 070968-070973.

<sup>67</sup>Id.

<sup>68</sup>David Johnston, *Reno Rejects a Prosecutor on Clinton and Gore Calls; Bitter, G.O.P. Vows to Fight*, New York Times, Dec. 3, 1997, at A1.

<sup>69</sup>The notes show that during the meeting there was a discussion of raising money for the DNC's media fund. Next to the budget for media is the handwritten notation "65% soft/35% hard" showing the breakdown of what type of money would be used. There is also a notation with the definition of soft money as "corporate or anything over \$20K from an individual." At issue in the original investigation was whether Gore knew that both hard and soft money would be used in the media fund. Gore told investigators that he believed only soft money would be used. One of Attorney General Reno's explanations for not pursuing an Independent Counsel in December 1997 was Gore's explanation that he believed he was only raising soft money. The newly produced memoranda cast doubt upon his statements. (Exhibit 11).

<sup>70</sup>David Johnston, *Reno Is Extending Inquiry into Gore and Fundraising*, New York Times, Aug. 27, 1998, at A1.

## 2. *White House Communications Agency Videotapes*

An additional example of White House delays is the production of the White House videotapes on October 5, 1997. The Committee's March 4, 1997 subpoena clearly includes videotapes in its definition of records.<sup>71</sup> However, the White House claimed that the Counsel's Office had no knowledge of the video taping performed by the White House Communications Agency ("WHCA").<sup>72</sup> The assertion is not credible as WHCA filmed the President daily, while he was constantly accompanied by White House senior staff. In fact, Deputy Counsel to the President Cheryl Mills, along with her family, was taped by WHCA during a Saturday morning radio address.<sup>73</sup>

The White House Counsel's Office was specifically asked about video taping at the White House in early August 1997, yet failed to actively address the issue until late September after numerous particularized requests from Senate investigators.<sup>74</sup> The White House search for the videotapes occurred at the same time Attorney General Janet Reno was making her decision about the need for an independent counsel to investigate White House fundraising practices, including the White House coffees.

Charles Ruff, Counsel to the President, testified that he was aware that Attorney General Reno was scheduled to make a decision on an independent counsel on Friday October 3, 1997, and he was told about the existence of the coffee videotapes early in the day of October 2, 1997, shortly before he met with Attorney General Reno.<sup>75</sup> Despite Mr. Ruff's knowledge of Attorney General Reno's pending decision and his knowledge of the White House coffee videotapes which would be pertinent to her decision, Mr. Ruff failed to tell Miss Reno of the existence of the tapes during their meeting.<sup>76</sup> When the existence of the videotapes was made public, the Justice Department called a number of members of the White House Counsel's office before the grand jury to explain why these records were withheld.

The tapes are highly relevant to the investigation because they allow one to witness the President interacting with many of the individuals central to the campaign finance investigation, including many individuals who have either invoked their Fifth Amendment right against self incrimination or have left the country.<sup>77</sup> For

<sup>71</sup> Paragraph one of the Committee's subpoena to the White House 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 included, but is not limited to, any writing, reproduction, transcription, photograph, or video or audio recording, produced or stored in any fashion. . . . (Exhibit 6).

<sup>72</sup> White House Compliance with Committee Subpoenas: Hearings Before the House Committee on Government Reform and Oversight, 105th Cong., 1st sess., 87-93, 487 (1997). See also, Letter to Chairman Dan Burton and Ranking Minority Member Henry Waxman from Charles F.C. Ruff, Counsel to the President, Oct. 6, 1997.

<sup>73</sup> WHCA Videotape of Saturday Morning Radio Address, Mar. 11, 1995.  
<sup>74</sup> Deposition of Michael X. Imbroscio, Committee on Government Reform and Oversight, Oct. 16, 1997, 96-97, 149-156.

<sup>75</sup> White House Compliance with Committee Subpoenas: Hearings Before the House Committee on Government Reform and Oversight, 105th Cong., 1st sess., 159 (1997) (testimony of Charles F.C. Ruff).

<sup>76</sup> Id.

<sup>77</sup> Those individuals attending the coffees and other taped DNC events include: John Huang, James Riady, Charlie Trie and Wang Jun (a Chinese businessman and arms dealer), Ng Lap Seng (a.k.a. Mr. Wu), Mark Middleton, Johnny Chung and six Chinese businessmen, Pauline Kanchanalak, Ted Sioeng, Arief Wiriadinata, Mark Jimenez, and Roger Tamraz.

those who have refused to cooperate, the videos are the only first-hand information the Committee has on these individuals.

For instance, although the Committee was unable to speak with Arief Wiriadinata, an Indonesian landscaper, who along with his wife contributed \$450,000 to the DNC, he is seen greeting the President during a White House coffee. As Wiriadinata shakes the President's hand, he says, "James Riady sent me."<sup>78</sup> President Clinton answers, "yes, I'm glad to see you."<sup>79</sup> Even after his statements, no one at the White House or DNC questioned the unusually large contributions. At this time, James Riady was living abroad and he was not eligible to contribute to any Federal or State campaigns.

In another video, President Clinton meets with Mark Middleton and Mark Jimenez privately prior to a February 6, 1996, DNC fundraising coffee at the White House.<sup>80</sup> They have a brief conversation about Jimenez's contributions to the Clinton Birthplace Foundation before entering the coffee. Both Middleton and Jimenez have invoked their Fifth Amendment right against self-incrimination in the face of a Committee subpoena, and Jimenez was recently indicted by the Department of Justice on campaign finance related matters.<sup>81</sup> Middleton and Jimenez arranged for Carlos Mersan, an advisor of Paraguayan President Wasmosy, to attend the same coffee.<sup>82</sup> Mr. Jimenez's wife wrote a \$50,000 check to the DNC 2 days before the coffee.<sup>83</sup> At the time, the Paraguayan President himself was unable to obtain a meeting with President Clinton. In addition, the United States had just de-certified Paraguay because of their record in fighting the narcotics war; de-certification would disqualify the country from certain aid as well. Shortly after the coffee, President Clinton issued a discretionary national interest waiver to Paraguay.

Along with the tapes of the coffees, the Committee requested videos of other fundraising events taped by the White House Communications Agency which were responsive to the Committee's subpoena. One such video shows the President and Commerce Secretary Ron Brown greeting Charlie Trie, Ng Lap Seng (a.k.a. Mr. Wu), Richard Mays, and Ernie Green.<sup>84</sup> The President greets Trie and states, "Hey Charlie, how are you doing?"<sup>85</sup> The President eventually gets to Ng Lap Seng, who, Ernie Green explains, hosted

<sup>78</sup> WHCA video of White House/DNC fundraising coffee, Dec. 15, 1995.

<sup>79</sup> Id.

<sup>80</sup> Also attending the Feb. 6, 1996 DNC fundraising coffee at the White House was Charlie Trie. Trie brought Wang Jun, head of the Chinese company CITIC, to the White House coffee with the President. A CITIC subsidiary, Poly Technologies, is the Chinese company responsible for illegally smuggling thousands of Chinese AK-47 machine guns into California. WHCA video of White House/DNC fundraising coffee, Feb. 6, 1996.

<sup>81</sup> Letter to Chairman Dan Burton from Robert D. Luskin, Attorney for Mark Middleton, Feb. 27, 1997; Letter to Richard D. Bennett, Chief Counsel Committee on Government Reform and Oversight from Abbe D. Lowell, Attorney for Mark Jimenez, Oct. 3, 1997.

<sup>82</sup> White House Document Production [Committee Bates No.] 004409-10 (Exhibit 12). Democratic National Committee Document Production DNC3793399 (Feb. 5, 1996 DNC request for security information noting that Mersan is a guest of Mark Jimenez); CommerceCorp International Document Production CC-H-000573 (memorandum to Yusuf Khapra at the White House from Sandy McClure for Mark Middleton requesting White House access for Mark Jimenez and Carlos Mersan).

<sup>83</sup> Although the check was signed by Carol Jimenez, it was credited to Mark Jimenez with the FEC. Democratic National Committee Document Production, DNC 3064956.

<sup>84</sup> White House Communications Agency video, African-American Luncheon Event at the Car barn in Georgetown, Nov. 5, 1995.

<sup>85</sup> Id.

a small reception for Ron Brown in Hong Kong. Commerce Secretary Brown appears for a picture with the group and referring to Mr. Wu, tells the President, "big business, helps us everywhere." Brown continues, "This is part of the Trie Team," as Charlie Trie, Ng Lap Seng, several Asian businessmen, Ernie Green and Richard Mays, among others, line up to have their picture taken with Commerce Secretary Brown and President Clinton.<sup>86</sup> From the setting and circumstances, one can infer that Brown was referring to Trie's fundraising prowess. The tape also shows the intimate relationship Trie had with high-level administration officials. The tape on this event was particularly important because the official records for this event do not show these individuals as attending the event. The videotape tells a different story than the paper record.

Although these three videos represent only a small sampling of those the Committee has reviewed, they demonstrate the type of information which can be gleaned from them. Although many of the individuals central to the Committee's investigation refuse to cooperate, the videotapes provide insight into the interaction between individuals and the familiarity some witnesses have with high level government officials.

#### D. HISTORICAL PERSPECTIVE

Although all congressional Committees involved in investigating the Clinton White House have complained about delays, specious claims of privileges, and general stonewalling tactics, the Committee hoped that the White House would be more cooperative under the new White House Counsel's Office headed by Charles Ruff.<sup>87</sup> Unfortunately, despite the promises, the level of cooperation was no different under the new leadership of Mr. Ruff.

The Committee reviewed reports from investigations of prior administrations to determine whether the White House's conduct was consistent with that of Republican administrations. The Iran-Contra report stated:

Once our investigation commenced, the White House rose above partisan considerations in cooperating with our far-reaching requests and in ensuring the cooperation of other agencies and departments of the Executive Branch. . . . Consequently, in compliance with our requests, over 250,000 documents were produced by the White House alone. . . .<sup>88</sup>

During the Iran-Contra investigation, the Reagan White House produced a total of 250,000 documents in approximately 6 months and claimed no privileges, although many of the documents involved matters of national security.<sup>89</sup> Likewise, during the October Surprise investigation, all Bush administration executive agencies

<sup>86</sup> Id.

<sup>87</sup> Senate Special Committee to Investigate Whitewater Development Corp. and Related Matters, S. Rept. No. 280, 104th Cong., 2d sess., 11-17 (1996); House Committee on Government Reform and Oversight, Investigation of the White House Travel Office Firings and Related Matters, H. Rept. No. 461, 104th Cong., 2d sess., 3 (1996); House Committee on Government Reform and Oversight, Investigation into the White House and Department of Justice on Security of FBI Background Investigation Files, H. Rept. No. 469, 104th Cong., 2d sess., 4 (1996).

<sup>88</sup> Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, S. Rept. No. 216, 100th Cong., 1st sess., 637 (1987).

<sup>89</sup> Id.

cooperated fully, and President Bush did not claim any privileges.<sup>90</sup> In contrast, the Clinton White House took over 6 months to produce less than 60,000 pages of heavily redacted documents related to fundraising, some of which the President claimed were privileged. The White House produced responsive documents over a year and a half into the investigation, and noted in a letter that it continues to search for relevant documents.<sup>91</sup>

During the Iran-Contra investigation, senior White House, Justice Department and National Security officials testified at length without claiming privileges. Even Attorney General Edwin Meese testified about actions taken at the Justice Department regarding Iran-Contra. This cooperation was ongoing even while the White House and Reagan Justice Department had to respond to a massive independent counsel investigation of Iran-Contra matters.

### III. THE DEMOCRATIC NATIONAL COMMITTEE

The DNC's refusal to produce relevant information in a timely manner acted as an additional restraint on the Committee's efforts. The Democratic National Committee blamed painfully slow document production on more urgent obligations to other investigations and grand jury subpoenas.<sup>92</sup> When productions finally arrived, the Committee staff was often met with the challenge of decoding illegible documents resulting from the poor quality of photocopying.

In addition, production logs for many documents were never provided to the Committee despite repeated requests. This has made it impossible to ascertain the origin of many key documents. Documents with consecutive Bates numbers were produced weeks apart and were separated by thousands of pages. The DNC offered no reasonable explanation and left the Committee to simply wonder how and why this occurred. The DNC continued to extend promises of cooperation but time and time again the Committee encountered delay after delay. Over a year and a half after receiving the Committee's March 4, 1997, subpoena (preceded by a January 15, 1997 document request), the DNC continues to produce documents with no clear final production date in sight. As late as September 28, 1998, the Committee received a production of four boxes from the DNC.

#### A. DNC'S INABILITY TO MEET DEADLINES

The Committee first requested documents from the DNC in January 1997.<sup>93</sup> From the beginning the DNC chose to ignore the Committee's requests and indicated that compliance with the Com-

<sup>90</sup>The Joint Task Force did not request many records directly from the White House. The majority of the information came from the National Security Agency, Department of Defense, Department of Justice, Federal Bureau of Investigation, and other departments and agencies. In addition, many records came from private individuals. Task Force to Investigate Certain Allegations Concerning the Holding of American Hostages by Iran in 1980, H. Rept. No. 1102, 102d Cong., 2d sess., 15-18 (1993).

<sup>91</sup>Letter to Barbara Comstock, chief investigative counsel, from Lanny A. Breuer, Special Counsel to the President, July 28, 1998.

<sup>92</sup>Letter to Chairman Dan Burton, House Government Reform and Oversight Committee, from Judah Best, Counsel to the DNC, Nov. 17, 1997.

<sup>93</sup>Letter request to Senator Christopher J. Dodd and Mr. Donald Fowler, from Chairman Dan Burton, House Government Reform and Oversight Committee, Jan. 15, 1997 (requesting documents relating to the Asian Pacific American Working Group and the Asian Pacific American Leadership Council).

mittee's due dates would be impossible.<sup>94</sup> After no signs of cooperation were forthcoming, the Committee was forced to issue a subpoena for DNC documents on March 4, 1997, with a due date of March 24, 1997.<sup>95</sup>

By April 22, 1997, the DNC had produced little more than nine boxes of documents. The DNC's rate of production was surprising, as it was on notice since before the November 1996 elections that Congress would be investigating the fundraising issues involved in the 1996 federal elections. Nevertheless, partial productions followed, accompanied by constant excuses that resources and staff were needed elsewhere, implying that the Committee's inquiry was labeled a low priority. The Committee was not provided with an indication of when the DNC intended to comply with the subpoena. Over the course of the following 6 months, the DNC provided 127 boxes, which represented a small percentage of the overall production requested by the Committee.<sup>96</sup> This left the Committee with no real sense that anyone was taking responsibility for complying with the Committee's request.

On September 8, 1997, the Committee sent interrogatories to the DNC regarding the return of certain contributions.<sup>97</sup> Even though the Committee was entitled to accurate answers to these questions, DNC counsel suggested the information "may largely if not entirely" be found among documents already in the Committee's possession.<sup>98</sup> This response was unacceptable and unrealistic because the Committee was not provided with production logs; therefore, it would be difficult and extraordinarily time consuming for staff to locate these relevant documents. It was November 1997 before the DNC addressed this issue and agreed to respond to the Committee's interrogatories by November 21, 1997.<sup>99</sup> To date, the DNC continues to tell the Committee that it cannot estimate when its document production will be completed.

The DNC displayed a propensity to produce significant information just prior to depositions or just after a deposition had been completed. The most glaring example, also reported by the press, was the late "discovery" of significant material from the filing cabinet of DNC Finance Director, Richard Sullivan.<sup>100</sup> The DNC originally claimed that boxes of documents found sitting in a filing cabinet in Richard Sullivan's office were generic Finance Division documents that no one had bothered to search.<sup>101</sup> However, these documents proved to be some of the most significant produced, containing Sullivan's handwritten notes, files on Democratic contributors

<sup>94</sup> Letter to Tim Griffin, senior investigative counsel, from Joseph Sandler, Counsel to the DNC, Jan. 22, 1997.

<sup>95</sup> Subpoena to Democratic National Committee from Government Reform and Oversight Committee, U.S. House of Representatives, Mar. 4, 1997 (Exhibit 13).

<sup>96</sup> Letter to Judah Best, Counsel to the DNC from Chairman Dan Burton, House Government Reform and Oversight Committee, July 16, 1997 (expressing concern over the slow rate of production exhibited by the DNC).

<sup>97</sup> Letter to Judah Best, Counsel to the DNC, from Chairman Dan Burton, Sept. 8, 1997.

<sup>98</sup> Letter to Chairman Dan Burton from Judah Best, Counsel for the DNC, Sept. 15, 1997.

<sup>99</sup> Letter to Chairman Dan Burton from Judah Best, Nov. 17, 1997.

<sup>100</sup> Bob Woodward, "Senate Probes DNC Files Delay," the Washington Post, Aug. 8, 1997, p. A1.

<sup>101</sup> On Friday, Aug. 1, 1997, a DNC attorney called the Senate Committee on Governmental Affairs and informed it that a number of the boxes were actually from Richard Sullivan's files. Mr. Sullivan was deposed in May and again in June, and had been the Senate Committee's first witness in public hearings on July 9-10.

Roger Tamraz and Johnny Chung, and fundraising call sheets prepared for Hillary Rodham Clinton.

Shortly after the DNC produced these documents, the Committee deposed Sullivan. At the time, DNC Chairman Roy Romer stated that the failure to discover the documents earlier was the result of “pure, innocent oversight.”<sup>102</sup> However, Richard Sullivan himself said he told Joseph Birkenstock, a lawyer for the DNC’s Office of General Counsel, about the documents on the day of his departure from the DNC, “I pointed out to him the boxes in which I assembled the documents from my office with the exception of the file cabinet and I pointed out the file cabinet to him.”<sup>103</sup> The Committee must conclude there was an obvious lack of due diligence in the DNC’s search.

The Committee was in a similar situation when it deposed David Mercer, the Deputy Director of the Finance Division, on August 21, 1997.<sup>104</sup> The day before his deposition, the DNC produced a box of documents relevant to the questioning of Mercer. The Committee had no alternative but to suffer the inconvenience of bringing Mercer back for additional questioning. To add insult to injury, at the conclusion of the deposition, the DNC provided the Committee with three more boxes of relevant documents. Three days later, four more boxes of relevant documents arrived. On September 5, 1997, the DNC gave the Committee another eight boxes of information, including documents that came from Mercer’s own files. The arrival of documents on a serial basis made it impossible to conduct a thorough deposition of Mercer. This pattern of production continued throughout the investigation, and not only made the deposition process more difficult and time consuming, but also brought into question whether the witnesses’ testimony was thorough and reliable.

#### B. REFUSAL TO PROVIDE PRODUCTION LOGS

During the investigation, there were ongoing discussions over whether the DNC would provide production logs to the Committee. Such a log, indicating the origin of the documents produced, would provide some semblance of order to the DNC’s randomly assembled documents. In addition, a production log is of particular importance when preparing for depositions. Without a log, it is impossible to know from whose files a document, such as a calendar or phone log, came. For example, a memo in one person’s possession could be innocuous but in the hands of another it might raise questions.

The DNC continuously refused to provide the Committee with a complete production log for all documents, claiming that it could not afford to divert personnel to accomplish the task.<sup>105</sup> The Committee found the DNC’s argument of lack of personnel to be disingenuous after detailed handwritten production logs were mistak-

<sup>102</sup> Bob Woodward, “Senate Probes DNC Files Delay,” the Washington Post, Aug. 8, 1997, p. A1.

<sup>103</sup> Deposition of Richard Sullivan before the Senate Committee on Governmental Affairs, Sept. 5, 1997, p. 215.

<sup>104</sup> Deposition of David Mercer before the Committee on Government Reform and Oversight, Aug. 21, 1997.

<sup>105</sup> Letter to Chairman Dan Burton, Committee on Government Reform and Oversight, from Judah Best, Counsel to DNC, Nov. 17, 1997.

only left in a document production to the Committee.<sup>106</sup> The logs included the document identification number, the box number in which the document was located, and a detailed description of the document.<sup>107</sup> Although the DNC had the time to create logs for itself, if its arguments are to be believed, the DNC could not afford the staff time to photocopy the logs for the Committee.

Ultimately, the DNC produced an interim log of the contents of the first 66 boxes.<sup>108</sup> However, in one exchange, the Committee was informed that the DNC had no plan for providing any form of production log for material contained in boxes produced subsequent to box 66.<sup>109</sup> The DNC tried to impose an agreement on the Committee that was made by the Senate Committee on Governmental Affairs.<sup>110</sup> Although the Senate agreed to forgo production logs, it was under the imposition of a deadline and needed documents on an expedited basis. The Government Reform and Oversight Committee, however, had no such hindrance and would have benefited greatly from the DNC's cooperation.

### C. ADOPTION OF DOCUMENT PROTOCOL

The Committee formally adopted its Document Protocol on April 10, 1997.<sup>111</sup> The DNC criticized the Protocol claiming it did not provide adequate protection for sensitive documents. Such criticism ignored the provision allowing for the public release of documents only after the Chairman consulted with an Advisory Committee. Prior to the adoption of the protocol, the DNC had produced just over nine boxes of documents and refused to produce certain documents deemed confidential. These documents were under subpoena, and the DNC was legally obligated to produce them. Even though the DNC had no basis for withholding, it allowed the Committee an opportunity to review these "confidential" documents only in the office of the DNC's counsel.<sup>112</sup> At this time, there were about 30 boxes of "sensitive" documents that the Committee had not received. It was impossible for staff only to have limited access to these documents and yet be able to compare them to other documents and conduct an effective investigation. The Committee made every attempt to cooperate but the demands made by the DNC were outrageous.

Due to the necessity that the staff review such a large volume of documents, the Chairman again on May 28, 1997, requested that the DNC comply with the Committee's document request.<sup>113</sup> Ultimately, the DNC agreed to produce the confidential documents.<sup>114</sup>

<sup>106</sup>The DNC mistakenly left approximately 300 pages of production logs in the boxes of documents. A representative sample is produced as an exhibit. DNC Document Production Log, Aug. 29, 1997 (Exhibit 14) [Democratic National Committee Production Logs].

<sup>107</sup>Id.

<sup>108</sup>Letter to Barbara Comstock, chief investigative counsel, from Judah Best, Counsel to DNC, July 11, 1997.

<sup>109</sup>Letter to Paul Palmer, Counsel to the DNC, from James C. Wilson, senior investigative counsel, July 18, 1997.

<sup>110</sup>Letter to Barbara Comstock, chief investigative counsel, from Judah Best, Counsel to the DNC, July 11, 1997 (the Senate Committee agreed to accept productions after box 66 without detailed representations regarding the specific sources of all of those documents).

<sup>111</sup>Protocol for Documents, Apr. 10, 1997 (Exhibit 15).

<sup>112</sup>Letter to Committee from Judah Best, Counsel for DNC, Apr. 18, 1997.

<sup>113</sup>Letter to Judah Best, Counsel for DNC, from Chairman Dan Burton, Committee on Government Reform and Oversight, May 28, 1997.

<sup>114</sup>Letter to Chairman Dan Burton, Committee on Government Reform and Oversight, from Judah Best, May 29, 1997.

However, rather than copy the documents in its possession and send them to the committee all at one time, the DNC insisted on producing them in increments. The manner in which the DNC produced documents to this committee is yet another example of footdragging.

#### D. ALLEGED DUPLICATION OF SENATE EFFORTS

During the course of the investigation, the Committee requested to depose certain present and former employees of the DNC. The DNC raised concerns that this would be an unnecessary duplication of the Senate's efforts and suggested that the Committee staff review prior testimony and limit the inquiry to matters not previously covered.<sup>115</sup> In many cases involving certain DNC witnesses, the Committee did agree to delay depositions. Although the Committee had no desire to duplicate efforts, in many instances the Senate depositions were not available. Even more important, usually the DNC had produced additional relevant documents relating to an individual after the Senate deposition, which raised further questions. In addition, the Committee needed to interview or depose witnesses who had testified before the Senate because the two investigations had different scopes. Unlike the Senate, the Committee was not limited to the 1996 Presidential Election.<sup>116</sup> Therefore, the DNC's objection based on "duplication" was not valid and impeded the effective examination of witnesses.

The various obstruction tactics employed by the DNC hampered the Committee's investigation. The slow response to the Committee's requests and the pattern of delay undercut any promises of cooperation made by the DNC. The failure to produce documents in a timely manner burdened the taxpayers and inconvenienced the DNC's own employees. Despite the DNC's resistance, the Committee uncovered a great deal of information regarding the suspect fundraising practices of the DNC.

#### IV. FAILURE OF THE CLINTON ADMINISTRATION TO PRESS FOR FOREIGN COOPERATION AND THE FAILURE OF FOREIGN GOVERNMENTS TO COOPERATE

Shortly before the 1996 Federal elections, it was revealed that the DNC had accepted illegal foreign contributions. As time passed, the scope of the infiltration of foreign money was soon realized. Millions of dollars in foreign money were contributed to the DNC from foreign sources. When the Committee pursued its investigation, it found that cooperation stopped at the U.S. borders. In addition, it was difficult to get cooperation from U.S. citizens, many of whom invoked their Fifth Amendment right against self-incrimination, or in the alternative, fled the country. With many important witnesses in the United States obstructing the investigation, the cooperation of foreign governments was critical if the identity of the ultimate sources of contributions and the motivation for making illegal contributions were to be revealed.

The nature of the Committee's investigation into contributions from foreign sources necessarily required foreign documents, par-

<sup>115</sup> Letter to Barbara Comstock, chief investigative counsel, from Judah Best, July 3, 1997.

<sup>116</sup> House Resolution 167.

ticularly bank records, as well as the cooperation of witnesses in foreign countries. In order to gain cooperation from such foreign governments, the Committee followed established diplomatic procedures to request assistance in its investigation. Generally, all requests relating to foreign governments would be channeled through the executive branch, specifically the Department of State.

The Committee was quickly disappointed in the level of cooperation from both the Clinton Administration and the relevant foreign governments. Although the Clinton Administration adopted a public stance of cooperation, it did almost nothing to assist the Committee, or its own Department of Justice's investigations. The open refusal of some foreign governments to cooperate seems to indicate that the belief that there would be no consequences from the Clinton Administration for non-cooperation.

#### A. THE CLINTON ADMINISTRATION

In February 1997, the media reported on a Chinese plan to attempt to infiltrate the U.S. political system.<sup>117</sup> In the face of such allegations, President Clinton called for a thorough investigation.<sup>118</sup> However, it soon became apparent that the Administration would not adhere to the President's public pronouncement.

One month later in March 1997, during an official visit to China, Vice President Gore dismissed the importance of the campaign finance investigation by telling Chinese Premier Li Peng in a private meeting that, "this in no way would deflect the administration from pursuing its policy of engagement."<sup>119</sup> In fact, the Vice President did not even warn Li that there would be serious consequences if the allegations were proven true.<sup>120</sup> Foreign governments could not be faulted for interpreting Vice President Gore's words as a signal that the Administration was not expecting their cooperation.

According to news reports, allegations of the Chinese government's role in illegal foreign contributions came from electronic eavesdropping by U.S. intelligence agencies.<sup>121</sup> The Vice President, though, downplayed the significance of those interceptions when he told Li that, "unproven allegations are not significant; what are significant are the facts."<sup>122</sup> Although the Committee shares the Vice President's view, in order to obtain the facts, foreign governments must assist in acquiring documents sought by the Committee and make witnesses available for interviews.

President Clinton took Vice President Gore's statements a step further when it was publicly revealed that the FBI had evidence that top levels of the Chinese government may have been involved

<sup>117</sup> Bob Woodward and Brian Duffy, "Chinese Embassy Role in Contributions Probed," the Washington Post, Feb. 13, 1997, at A1.

<sup>118</sup> Susan Schmidt, "Clinton: New Allegations Warrant Vigorous Probe; President Says He Was Unaware of Focus on Chinese," the Washington Post, Feb. 14, 1997, at A12.

<sup>119</sup> John F. Harris, "Funds Probe Won't Mar U.S.-China Ties, Gore Says; Dispute Surfaces Over Talks With Beijing Premier," the Washington Post, Mar. 26, 1997, at A1.

<sup>120</sup> An official spokesman, who was present at the meeting between Li and the Vice President, said the Vice President never discussed what would happen if the allegations were proven true. Later, a more senior official who refused to be identified, said the first official statement was erroneous and that the Vice President did say that if the allegations were true, "it's a very serious matter." Id.

<sup>121</sup> Bob Woodward and Brian Duffy, "Chinese Embassy Role in Contributions Probed," the Washington Post, Feb. 13, 1997, at A1.

<sup>122</sup> Hilary Stout and Kathy Chen, "Gore Assures China On Bid to Bolster Ties," the Wall Street Journal, Mar. 26, 1997, at A3.

in the illegal contributions.<sup>123</sup> Although President Clinton stated that there would be serious consequences in U.S.-China relations if the allegations were true, he went on to suggest that perhaps China was simply trying to increase its lobbying presence in Washington.<sup>124</sup>

B. CHINA DENIES ANY INVOLVEMENT IN A PLAN TO FUNNEL MONEY INTO U.S. ELECTIONS

The Chinese government has steadfastly denied any role in the funneling of illegal contributions to the DNC. After it was reported that U.S. intelligence agencies acquired evidence of the Chinese government's involvement in the scheme, the Chinese State Information Department said, "[w]e express indignation at the evil actions of those persons within the U.S. government who continue to spread rumors, disrupting and sabotaging Sino-U.S. relations."<sup>125</sup> The Chinese government even went so far as to insist that U.S. officials should not allow such articles to appear in the press.<sup>126</sup>

While traveling in China this past summer, President Clinton held a joint press conference with Chinese President Jiang Zemin on June 27, 1998. During the press conference Jiang Zemin stated that his government had conducted a thorough investigation of the allegations of a Chinese plan and found that there was no such plan.<sup>127</sup> In response to questions about the Chinese government's denial, President Clinton stated:

[Jiang Zemin] said they looked into that [the campaign finance allegations] and that he was obviously certain. And I do believe him, that he had not ordered or authorized or approved any such a thing, and that he could find no evidence that anybody with governmental authority had done that.<sup>128</sup>

Although President Clinton may have full faith in the assertions of the Chinese government, other administration officials are skeptical. Louis Freeh, Director of the FBI, when asked if he believed Zemin's statement that they conducted an earnest investigation, replied, "I'd like to see his report."<sup>129</sup> Director Freeh also stated that the FBI has not accepted China's statement and has continued to investigate foreign links with the investigation.<sup>130</sup>

C. THE COMMITTEE'S ATTEMPTS TO INVESTIGATE OVERSEAS INVOLVEMENT IN ILLEGAL FOREIGN CONTRIBUTIONS

In order to conduct a proper investigation, the Committee required the assistance of foreign governments in three areas: production of documents, availability of witnesses, and overseas travel.

<sup>123</sup> John F. Harris, "Don't Prejudge China, Clinton Urges; He Says Beijing May Have Sought to Make Voice Heard Here Legally," the Washington Post, Apr. 26, 1997, at A16.

<sup>124</sup> Id.

<sup>125</sup> Marc Lacey; Jack Nelson, "Clinton Tries to Quell China Funds Impact," Los Angeles Times, Apr. 26, 1997, at A1.

<sup>126</sup> Id.

<sup>127</sup> White House Press Conference, Beijing China, Office of the Press Secretary, June 27, 1998.

<sup>128</sup> "We Can Build a Good Positive Partnership," the Washington Post, July 4, 1998, at A20.

<sup>129</sup> *The Need for an Independent Counsel in the Campaign Finance Investigation*, H. Rept. No. 105-155, 105th Cong., 2d sess., 138 (1998).

<sup>130</sup> Id.

The Committee attempted to secure the cooperation of foreign governments, through the Clinton Administration, on all three fronts.

### 1. China

#### a. Charlie Trie

The first request by the Committee came after Yah Lin “Charlie” Trie’s June 24, 1997, interview with Tom Brokaw on “NBC Nightly News.” Earlier in 1997, Trie had fled the United States after allegations of his illegal fundraising had surfaced in the press. After the broadcast of the Trie interview, the Committee asked President Clinton to formally petition the Chinese government to make Trie available to the Committee.<sup>131</sup> The Committee received nothing but a perfunctory response<sup>132</sup> to its requests until Trie made a July 27, 1997 appearance on a competing nightly news show, again from China.<sup>133</sup> According to the broadcast, Trie had been living in a hotel in Beijing for weeks, registered under his own name.<sup>134</sup> Just the week before, Chinese officials stated that they did not know whether Trie was in China.<sup>135</sup>

Shortly after the second interview of Trie was broadcast, the State Department contacted the Committee with a telephone number for a Beijing hotel where Trie was supposed to be staying.<sup>136</sup> The Committee received this information on the same day that Trie was scheduled to check-out and all attempts to contact Trie at that telephone number were unsuccessful. The phone number was absolutely useless to the Committee. Nevertheless, the administration continued to use it as an example of the great lengths it went to cooperate with the investigation.

#### b. Bank Records

Much of the Committee’s investigation is dependent upon securing records of bank accounts showing wire transfers and the general flow of money to and from accounts. In order to show that a contribution was made with foreign money or that it was a conduit payment, one must show from where the money came. In the case of foreign money, the wire transfers normally lead to an overseas account. The Committee is therefore unable to trace the source of such funds without the cooperation of the foreign government.

<sup>131</sup> Letter from Chairman Burton to President Clinton, June 27, 1997.

<sup>132</sup> The only response from the State Department thus far stated:

Consistent with the Secretary’s commitment to provide the maximum possible assistance to Congress in this matter, I am pleased to inform you that, on July 14 the Department communicated to the Chinese Embassy your request that the PRC help facilitate the return of Mr. Trie to the United States for questioning or, at a minimum, make him available for a deposition by the Committee and its staff. We also asked the Chinese Government to treat this matter as a high priority in which Secretary Albright is personally interested.

Letter from Barbara Larkin, Assistant Secretary of Legislative Affairs, to Chairman Burton, July 21, 1997.

<sup>133</sup> ABC Nightly News (ABC television broadcast, July 27, 1997).

<sup>134</sup> *Id.*

<sup>135</sup> *Id.*

<sup>136</sup> Letter from Barbara Larkin, Assistant Secretary of Legislative Affairs, to Chairman Burton, Aug. 8, 1997. Although the State Department provided the information to the Committee, it is not known how the State Department learned of Trie’s location. However, in a later letter to the Committee, the State Department seems to imply that the Chinese government originally supplied the information to the State Department. The letter states, “Chinese Embassy officials recalled, for example, that last summer Beijing provided information pursuant to your Committee’s request regarding the whereabouts of Yah Lin “Charlie” Trie. Letter from Barbara Larkin, Assistant Secretary of Legislative Affairs, to Chairman Burton, Feb. 13, 1998.

In December 1997, the Committee attempted to identify the ultimate sources of identified foreign contributions through subpoenas issued to the New York branch of the Bank of China. The subpoena requested the production of records from the Bank of China branches in Macau and Hong Kong along with those from the New York branch. Although the New York branch duly complied, the bank refused to supply records from the Macau and Hong Kong branches on the basis that the production of those documents would violate local laws.<sup>137</sup> Likewise, the Bank of China denied records requested by the Justice Department Task Force.<sup>138</sup>

### *c. Visa Requests*

In January 1998, the Committee requested visas for four investigators to enter China and Hong Kong. The Chinese Embassy in Washington informed the Committee that it had standing orders from the Chinese Foreign Ministry in Beijing to reject visa requests from any congressional entity seeking to visit China that is involved in the present campaign finance investigation.<sup>139</sup>

The Committee asked the State Department to intervene and persuade the Chinese government to reconsider its decision. The State Department responded that it had urged the Chinese government to reconsider its decision to deny Committee staff visas, and mentioned Secretary Albright's personal interest in the matter.<sup>140</sup> Not surprisingly, the Chinese government maintained its position on the visas. The State Department made no further attempts to assist the Committee or the Justice Department Task Force in obtaining visas.

In an effort to find alternative methods of meeting with witnesses in China, the Committee made several suggestions to the Administration. On March 9, 1998, Chairman Burton wrote directly to the President, requesting his assistance.<sup>141</sup> After receiving no response, the Committee wrote again on March 31, 1998, suggesting that Committee and Justice Department investigators accompany the President on his pending trip to China.<sup>142</sup> Although the President visited China with an entourage of over 1,000, the Committee and Justice Department investigators were not invited.

## *2. Taiwan*

As part of its investigation, the Committee found that it had numerous witnesses to interview in Taiwan. In January 1998, it approached the representative of Taiwan in the United States, the Taipei Economic and Cultural Representative's Office<sup>143</sup> ("TECRO") about a staff delegation visit to Taiwan. Although TECRO represented that it would assist the Committee, it subse-

<sup>137</sup> Letter from Christopher Brady to Committee Counsel, Jan. 13, 1998.

<sup>138</sup> *The Need for an Independent Counsel in the Campaign Finance Investigation*, H. Rept. No. 155, 105th Cong., 2d sess., 137 (1998).

<sup>139</sup> Letter from Chairman Burton to Secretary of State Madeleine K. Albright, Feb. 4, 1998. With the Chinese takeover of Hong Kong in July 1997, the refusal to process the visas extended to Hong Kong as well as China.

<sup>140</sup> Letter from Barbara Larkin, Assistant Secretary of Legislative Affairs, to Chairman Burton, Feb. 13, 1998.

<sup>141</sup> Letter from Chairman Burton to President Clinton, Mar. 9, 1998.

<sup>142</sup> Letter from Chairman Burton to President Clinton, Mar. 31, 1998.

<sup>143</sup> Taiwan does not have an embassy in the United States, as such, TECRO performs many of the functions of an embassy.

quently decided that the Ministry of Foreign Affairs in Taiwan would not facilitate any meetings in Taiwan. After extensive discussions with the Committee, TECRO agreed to assist the Committee conditioned upon certain “ground rules” that the delegation would follow.<sup>144</sup> The Committee agreed to the ground rules and arrived in Taiwan on March 10, 1998.

A key element of the ground rules was the Committee’s agreement that the American Institute in Taiwan<sup>145</sup> (“AIT”) would coordinate the delegation’s activities working closely with the Republic of Taiwan’s Ministry of Foreign Affairs (“MOFA”). Before the delegation’s arrival, the Committee had requested interviews with approximately 45 individuals living in Taiwan. Upon the arrival of the delegation, AIT had scheduled numerous interviews. However, although MOFA agreed to arrange all requested meetings with government or political party officials, it had not done so. The delegation raised the matter with MOFA officials its first working day. MOFA claimed that it had been unable to secure any meetings with its own government officials. At that point, the delegation obtained permission for AIT to approach Taiwanese government and party officials on its behalf. By March 13th, AIT was able to secure a number of additional meetings for the staff delegation.

The following morning, Saturday, March 14th, MOFA asserted that there had been a number of “press leaks” which made it necessary to hold a press conference for what it termed as “damage control.” However, MOFA did not notify AIT or the delegation of the planned press event. The press conference, which disclosed the names of many potential interviewees, resulted in an outcry from the opposition party and an uproar in the legislature. At that point, the delegation’s mission had been seriously compromised.

Unknown to the Committee, MOFA had written to all prospective interviewees prior to the delegation’s arrival telling them, among other things, that they were under no obligation to cooperate with the delegation and identifying a number of others with whom meetings were sought. In addition, at MOFA’s request, AIT had provided MOFA with daily updates on the delegation’s meeting schedule. Shortly after receiving the updates, the scheduled interviews would be canceled. The Committee could only conclude that MOFA contacted the interviewees to discourage meetings. Efforts by AIT to reschedule the meetings were unsuccessful.

[Supporting documentation follows:]

<sup>144</sup>The ground rules included in pertinent part: the Committee would conduct no “investigations” in Taiwan; private meetings would be referred to as “exchanges of opinions on issues of mutual concern arising out of mutual interest in combating illegal activities”; all itineraries shall be transparent; meeting with government officials would be arranged by MOFA and meetings with private individuals would be arranged by the American Institute in Taiwan [AIT]; and, no subpoenas, signing documents, audio or video recording, photographing; MOFA reserved the right to attend all meetings. Letter from Stephen Chen, TECRO Representative, to Chairman Dan Burton, Feb. 12, 1998.

<sup>145</sup>The United States does not have an embassy in Taiwan. AIT is a quasi-governmental entity which performs many of the functions of an embassy.

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**CHAPTER III**  
**THE DEMOCRATS' FAILURE TO RETURN ILLEGAL**  
**CAMPAIGN CONTRIBUTIONS**





## THE DEMOCRATS' FAILURE TO RETURN ILLEGAL CAMPAIGN CONTRIBUTIONS

### I. THE DEMOCRATIC NATIONAL COMMITTEE'S CONTRIBUTION REVIEW

On November 26, 1996, the DNC announced that it had retained the law firm of Debevoise & Plimpton<sup>1</sup> to "advise it in connection with questions that had arisen about a number of contributions to the DNC."<sup>2</sup> Just before the DNC announced its hiring of Debevoise & Plimpton, the Washington Post reported that "for now, the DNC is relying on news organizations to all but prove that the donations are not legitimate before it returns them."<sup>3</sup> In a deposition before the Committee, DNC General Counsel Joseph E. Sandler, Esq. summarized the factors—particularly heavy press scrutiny—leading to the contribution review:

COUNSEL. . . . Can you tell me what led up to this in-depth contribution review involving Debevoise & Plimpton . . . ?

SANDLER. Yes. There were many, many questions being raised in the press in October and November of 1996 about contributions that had been made by the DNC during 1994, 1995, and 1996. And rather than try to investigate these one at a time, we determined that it would be best if we did a systematic review of these—of contributions made during this period to determine which—you know, if there were, to the extent there were contributions that we accepted that should now be refunded.<sup>4</sup>

Specifically, Debevoise & Plimpton was hired to oversee a review of select contributions, represent the DNC in conjunction with the Department of Justice's ("DOJ") campaign finance investigation, and assist with an improvement of the DNC's contribution screening procedures.<sup>5</sup> According to DNC Chairman Fowler, Debevoise & Plimpton's duties were to include "preserving and producing relevant documents and preparing timely and complete responses to inquiries from applicable agencies."<sup>6</sup> Chairman Fowler pledged that:

We at the DNC are absolutely determined to correct any mistakes that have been made and to ensure that they are not repeated. . . . We will no longer go about this in a

<sup>1</sup> Serge F. Kovaleski, "Democrats Open Investigation Into Questionable Donations; Specific Queries Won't Be Answered Pending Completion," the Washington Post, Nov. 27, 1996, at A6.

<sup>2</sup> DNC Summary of In-Depth Contribution Review, at 1 (Exhibit 1).

<sup>3</sup> Ira Chinoy and Lena H. Sun, "Unwary DNC Accepted Donations at Face Value," the Washington Post, Nov. 22, 1996, at A1.

<sup>4</sup> Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 27–28.

<sup>5</sup> "DNC Hires Law Firm for Contribution Probe," Associated Press, Nov. 26, 1996.

<sup>6</sup> Id.

piecemeal fashion but will deal with this comprehensively and methodically.<sup>7</sup>

The DNC stated that it would no longer answer questions about individual contributions until the review was completed.<sup>8</sup> At the time the DNC hired Debevoise & Plimpton in November 1996, it had already returned \$1,471,800 in contributions, \$1,298,800 of which was raised by DNC Vice Chairman John Huang.<sup>9</sup> In addition, by this time a criminal investigation of Huang's fund-raising activities was underway at the Justice Department.

In late November 1996, Debevoise & Plimpton hired the accounting firm Ernst & Young, L.L.P. to assist in the review of questionable contributions.<sup>10</sup> Additionally, in early December 1996, Debevoise & Plimpton hired the Investigative Group International ("IGI"), a private investigative firm, to assist in the contribution review.<sup>11</sup>

The DNC's initial contribution review began in late November 1996—after the Presidential election—and continued through February 1997.<sup>12</sup> Contributions falling into any one of the following seven categories—taken directly from DNC guidelines—were reviewed:

1. Contributions from any contributor who contributed \$10,000 or more in any of the years 1994, 1995 or 1996.
2. Contributions in 1996 for which 430 S. Capitol Street (address of the DNC's headquarters) had been listed as an address.
3. Contributions solicited by Mr. John Huang where the donor contributed a total of \$2,500 or more in the aggregate where the donor was not well known to the DNC.
4. Contributions made in connection with the April 29, 1996 event at the Hsi Lai Buddhist Temple in California.
5. Contributions made or solicited by Mr. Charles Trie, his wife or his company, Daihatsu International.
6. Contributions by Mr. Johnny Chung or his company, Automated Intelligence Systems.
7. Contributions above \$5,000 made in connection with any DNC fundraising event targeting the Asian Pacific American community.<sup>13</sup>

Contributions falling into category 1 were reviewed in-house by the DNC using standard public databases such as Nexis and Lexis to verify "basic information"<sup>14</sup> such as corporate status, address, etc.<sup>15</sup> Category 2 contributions were evidently also reviewed in-

<sup>7</sup> Id.

<sup>8</sup> Serge F. Kovaleski, "Democrats Open Investigation Into Questionable Donations; Specific Queries Won't Be Answered Pending Completion," the Washington Post, Nov. 27, 1996, at A6.

<sup>9</sup> Exhibit 1 DNC Summary of In-Depth Contribution Review, at 4–5; see "DNC Hires Law Firm for Contribution Probe," Associated Press, Nov. 26, 1996.

<sup>10</sup> Id.; see also, Exhibit 1 DNC Summary of In-Depth Contribution Review, at 1.

<sup>11</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Deposition of Terry F. Lenzner, 43–47, June 23, 1997.

<sup>12</sup> The DNC's Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 7; see "DNC Hires Law Firm for Contribution Probe," Associated Press, Nov. 26, 1996; see also, Exhibit 1 DNC Summary of In-Depth Contribution Review, at 1.

<sup>13</sup> DNC's Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 7–8.

<sup>14</sup> Exhibit 1 DNC Summary of In-Depth Contribution Review, at 2.

<sup>15</sup> Id.

house by the DNC.<sup>16</sup> In contrast, contributions falling into categories 3–7 were forwarded to Debevoise & Plimpton which reviewed them in conjunction with Ernst & Young.<sup>17</sup> IGI was utilized to review a select group of contributions after Ernst & Young was unable to obtain sufficient information to determine the legality or appropriateness of the contribution.<sup>18</sup>

The DNC's in-house contribution review consisted primarily of public database searches and attempts to contact contributors.<sup>19</sup> In contrast, the review conducted by Ernst & Young under the auspices of Debevoise & Plimpton was considerably more extensive. Ernst & Young utilized professionals from four different areas: Financial Advisory Services-Dispute Resolution & Litigation Services, Financial Advisory Services-International Financial Services, the Chinese Business Group, and the Assurance and Advisory Business Services, as well as translators.<sup>20</sup> As described in a DNC memorandum:

[Ernst & Young] prepared two questionnaires (one for individuals and one for corporate donors) that it used in telephone interviews. Individual donors were asked to confirm the donor's citizenship, permanent residence status, social security number, the source of the donation and other relevant information. Corporate donors were asked about any possible foreign ownership, the source of the funds (from a domestic U.S. company or from abroad) and other relevant information. Searches of standard databases containing publicly available information were also conducted to verify additional information about the donor. Where the donor requested it, [Ernst & Young] sent a written questionnaire. . . . Where [Ernst & Young] was not able to contact the donor or to obtain sufficient information, further research was conducted under the supervision of Debevoise & Plimpton.<sup>21</sup>

The Ernst & Young auditors kept detailed notes of contacts and attempted contacts with contributors and "other significant information obtained"<sup>22</sup> in conjunction with telephone interviews.<sup>23</sup> The research work performed by Ernst & Young and the Investigative Group International produced an impressive amount of concrete information upon which the DNC could base its decisions.

Based on the result of the Ernst & Young interviews, contributors' files were categorized as:

1. *Dead End Research* ("DER") if no contact with the contributor was made.<sup>24</sup> In this case, Alternative Procedures were em-

<sup>16</sup>Id. at 2–3.

<sup>17</sup>Id.

<sup>18</sup>See Id., at 3; see generally *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Deposition of Terry F. Lenzner, 43–47, June 23, 1997.

<sup>19</sup>See Exhibit 1 DNC Summary of In-Depth Contribution Review, at 2–3.

<sup>20</sup>Letter from Daniel G. Lentz of Ernst & Young, L.L.P. to Debevoise & Plimpton, Feb. 26, 1997, app. 1, DNC 4298600–DNC 4298601 (Exhibit 2).

<sup>21</sup>Exhibit 1 DNC Summary of In-Depth Contribution Review, at 2.

<sup>22</sup>Exhibit 2 Letter from Daniel G. Lentz of Ernst & Young, L.L.P. to Debevoise & Plimpton, Feb. 26, 1997, DNC 4298595.

<sup>23</sup>Id.

<sup>24</sup>Id. at 3, DNC 4298597.

ployed consisting of mailing an interview short form to the contributor via mail to the “best available address;”<sup>25</sup>

2. *Terminated* if the contact information was confirmed as “good”<sup>26</sup> but contact with the contributor could not be made after “reasonable efforts.”<sup>27</sup> In this case, Alternative Procedures were employed consisting of mailing an interview short form to the contributor via mail to the “best available address;”<sup>28</sup>

3. *Survey Unsuccessful* if the interview had been initiated with the actual contributor . . . but had been terminated by the contributor after either none or a portion of the interview had been completed.”<sup>29</sup> In this case, Alternative Procedures were employed consisting of mailing an interview short form to the contributor via mail to the “best available address;”<sup>30</sup>

4. *Substantially Completed* “where the Interviewer obtained as much information as possible from the Contributor on the majority of the questions asked;”<sup>31</sup> and

5. *Completed* if “all steps through the completion of the interview have been performed.”<sup>32</sup>

In certain circumstances, what the DNC termed “Additional Procedures” were used, such as obtaining a credit report when a contributor signed and returned an authorization form.<sup>33</sup>

The DNC pledged to return any contribution that: (1) may not satisfy applicable legal and regulatory requirements, (2) may be inappropriate for the DNC to accept under the circumstances as the DNC understands them, or (3) for which the DNC has been unable to obtain sufficient information to verify its legality or appropriateness.<sup>34</sup> In short, the DNC pledged to return contributions in instances of *illegality, inappropriateness, or insufficient information.*

Pursuant to category 1, if the DNC—in conjunction with Ernst & Young—determined that a contribution was made in violation of the Federal Election Campaign Act of 1971, as Amended (“the Act”), it was to be deemed illegal and returned to the contributor or disgorged to the U.S. Treasury.<sup>35</sup> For example, DNC records indicate that contributions made by foreign nationals in violation of

<sup>25</sup> Id. at 4, DNC 4298598.

<sup>26</sup> Id. at 3, DNC 4298597.

<sup>27</sup> Id.

<sup>28</sup> Id. at 4, DNC 4298598.

<sup>29</sup> Id. at 3, DNC 4298597.

<sup>30</sup> Id. at 4, DNC 4298598.

<sup>31</sup> Id. at 3, DNC 4298597.

<sup>32</sup> Id.

<sup>33</sup> Id. at 4, DNC 4298598.

<sup>34</sup> Exhibit 1 DNC Summary of In-Depth Contribution Review, at 1; statement of Judah Best, Debevoise & Plimpton, DNC press conference, Feb. 28, 1997, at 1–2 (Exhibit 3).

<sup>35</sup> FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; see generally Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997, DNC 4298856–DNC 4298857 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39) (enclosures omitted) (Exhibit 4); see also Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998 (Exhibit 5); see Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998 (enclosures omitted) (Exhibit 6); DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9 (Exhibit 7).

2 U.S.C. § 441e(a) of the Act<sup>36</sup> were returned to the donor,<sup>37</sup> while contributions made in the name of another in violation of 2 U.S.C. § 441f<sup>38</sup> were returned to the U.S. Treasury<sup>39</sup> as explained by the DNC:

In accordance with F[ederal] E[lection] C[ommission] guidelines, in those cases in which a donor specifically indicated that he or she did not make the contribution, but the real source of the contribution is not known to the DNC, the contribution has been refunded to the U.S. Treasury.<sup>40</sup>

For example, foreign national Gilberto Pagan's contribution was returned to him while conduit contributions made in coordination with Maria Hsia and the International Buddhist Progress Society were disgorged to the U.S. Treasury.<sup>41</sup> This policy is consistent with Federal regulations.<sup>42</sup>

If a contribution was determined illegal, the DNC generally did not reach the issue of appropriateness. But, pursuant to category 2, a contribution could have been deemed inappropriate notwithstanding the fact that it was legal. In a Committee deposition, DNC General Counsel Sandler explained the distinction between legality and appropriateness:

SANDLER. Legality goes to the question of whether it is lawful under the Federal Election Campaign Act, under the rules of the Federal Election Commission, for the DNC to accept a contribution. And appropriateness goes to the question of whether a contribution that is legal to accept is nonetheless inappropriate because of the circumstances, background situation, or other factors relating to the particular contributor.

COUNSEL. Is it fair to say that the appropriateness standard is fuzzier than the legal standard?

SANDLER. [The a]ppropriateness standard definitely involves matters of judgment on a case-by-case basis.<sup>43</sup>

<sup>36</sup> 2 U.S.C. § 441e(a) provides that:

It shall be unlawful for a foreign national directly or through any other person to make any contribution of money or other thing of value, or to promise expressly or impliedly to make any such contribution, in connection with an election to any political office or in connection with any primary election, convention, or caucus held to select candidates for any political office; or for any person to solicit, accept, or receive any such contribution from a foreign national.

<sup>37</sup> See generally Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>38</sup> 2 U.S.C. § 441f provides that:

No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person.

<sup>39</sup> See generally Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9; FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998.

<sup>40</sup> DNC press release, "DNC Refunds Contributions," June 27, 1997, at 2 (Exhibit 8).

<sup>41</sup> Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 6 and 8.

<sup>42</sup> See 11 CFR § 103.3(b) (1) and (2).

<sup>43</sup> Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 6–7.

Whether a contribution was appropriate was an entirely subjective *ad hoc* determination.<sup>44</sup> Current DNC guidelines regarding compliance with campaign finance laws provide examples of contributions that may be deemed inappropriate including those made by individuals:

1. Convict[ed] of a felony of any nature or of a misdemeanor involving fraud or moral turpitude, or civil judgment or finding involving fraud perpetrated against the government;
2. [Under a] [p]ending active investigation for criminal misconduct involving fraud or moral turpitude, or civil fraud involving the government;
3. Convict[ed] for or [under an] active pending criminal investigation into alleged misconduct involving dealing with the government or elected officials, or campaign finance violations;
4. [Involved in an] [u]nresolved bankruptcy proceeding; and/or
5. [Who has] [s]ubstantial unsatisfied tax liability or other obligations to the government not being actively contested in good faith.<sup>45</sup>

When a “substantial question” regarding the “appropriateness of [a] contribution” was raised, “a committee (consisting of the DNC’s Executive Director, General Counsel, Press Spokesperson, Compliance Director, and Research Director) made the final determination of whether to return it.”<sup>46</sup> DNC records indicate that contributions deemed inappropriate were returned to the contributor or the contributor’s counsel.<sup>47</sup>

The DNC has returned at least 70 contributions that it “deemed inappropriate,”<sup>48</sup> most notably the contributions of Praitun Kanchanalak (attributed to her daughter-in-law Pauline Kanchanalak),<sup>49</sup> Arief and Soraya Wiradinata<sup>50</sup> (the son-in-law and daughter of Lippo Group co-founder Hashim Ning),<sup>51</sup> Yah Lin “Charlie” and Wang Mei Trie,<sup>52</sup> Daihatsu International Trading, Inc.<sup>53</sup> (a company controlled by Yah Lin “Charlie” Trie)<sup>54</sup> and the Cheyenne Arapaho Tribes.<sup>55</sup> The precise reason why these contributions were “deemed inappropriate” is unclear. However, at the time they were returned, the common thread connecting these contributors was intense press scrutiny.<sup>56</sup>

<sup>44</sup>Id. at 7.

<sup>45</sup>Policies and Procedures of the DNC Regarding Compliance with Campaign Finance Laws, at 18–19 (Exhibit 9).

<sup>46</sup>Exhibit 1 DNC Summary of In-Depth Contribution Review, at 3.

<sup>47</sup>Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>48</sup>Id.

<sup>49</sup>Id. at 2.

<sup>50</sup>Id. at 2–3.

<sup>51</sup>Notes of DNC General Counsel Joseph E. Sandler, Esq., DNC 0829497–DNC 0829535, at 12 (Exhibit 10); see also Glenn R. Simpson and Jill Abramson, “Legal Loopholes Let Overseas Contributors Fill Democrats’ Coffers—Asian Interests Are Providing Huge Campaign Gifts, Gaining Political Clout—A Bust of President Clinton,” *Wall Street Journal*, Oct. 8, 1996; see generally Committee Deposition of Charles DeQuejoe, June 9, 1998, 136–137.

<sup>52</sup>Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 7.

<sup>53</sup>Id. at 5.

<sup>54</sup>Daihatsu International Trading, Inc. Business Card of President Yah Lin Trie (Exhibit 11).

<sup>55</sup>Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 4.

<sup>56</sup>See, e.g. P. Kanchanalak (her contributions were returned in the wake of numerous articles questioning their legality); Arief and Soraya Wiradinata (their contributions were returned in the wake of numerous articles questioning their legality); Cheyenne Arapaho Tribes (Their con-

Pursuant to category 3, whether insufficient information was obtained pursuant to the contribution review was generally a subjective determination, however, the DNC established some objective criteria to assist with that determination:

In general, for an individual who had not been interviewed, the minimum test was a social security number, the length of time since it had been issued (which would be indicative of whether the person was a citizen or permanent resident), his or her ownership or possession of a residence or other property and other information that he or she had the wherewithal to make the contribution in question.<sup>57</sup>

In the case of corporations:

[T]he minimum generally consisted of a confirmation of the company's corporate existence and standing, its revenue from U.S. operations, whether the individuals who participated in the decision to make the contributions possessed social security numbers and for how long, or other information establishing their status as U.S. citizens or permanent residents.<sup>58</sup>

According to the DNC's attorney, Judah Best, Esq. of Debevoise & Plimpton, sufficient information was information upon which the DNC could make an "informed determination"<sup>59</sup> as to the legality or appropriateness of a contribution.<sup>60</sup> In the absence of sufficient information, the DNC—pursuant to its own policy—was required to return the contribution.<sup>61</sup> The critical test was whether the source of funds used to make the contribution was verifiable.<sup>62</sup>

The "insufficient information" category is particularly important because the DNC sometimes faced resistance from contributors in response to its contribution review.<sup>63</sup> Moreover, federal authorities have been thwarted in obtaining information from contributors regarding their contributions. Even requests for basic information such as a contributor's address were sometimes refused.<sup>64</sup> At least 120 individuals have fled the country and/or refused to cooperate with investigators in the course of the House, Senate and DOJ campaign finance investigations.<sup>65</sup> Of these, at least 79 individuals have invoked their Fifth Amendment privilege against self-incrimi-

tributions were returned on Mar. 13, 1997, in the wake of the Washington Post articles, Susan Schmidt, "Tribes Disappointed After Gifts to DNC; Land-Seeking Indians Who Gave Cite Pressure to Hire Consultants, Donate More," the Washington Post, Mar. 10, 1997, at A1.).

<sup>57</sup> Exhibit 1 DNC Summary of In-Depth Contribution Review, at 3.

<sup>58</sup> *Id.*

<sup>59</sup> Exhibit 3 Statement of Judah Best, Debevoise & Plimpton, DNC press conference, Feb. 28, 1997, at 4.

<sup>60</sup> See generally Exhibit 1 DNC Summary of In-Depth Contribution Review, at 1.

<sup>61</sup> *Id.*

<sup>62</sup> John King, "Chairman Acknowledges More Money Will Be Returned, Urges Reform," Associated Press, Feb. 21, 1997.

<sup>63</sup> See, e.g., Discussion of J & M International, Inc., *infra*.

<sup>64</sup> See, e.g., Ernst & Young Contribution Review Materials for Helen Chien, DNC 1805309, DNC 1805313, DNC 1805315–DNC 1805316, DNC 1805321, DNC 1805326–DNC 1805327, DNC 1805329–DNC 1805331, DNC 1805333–DNC 1805336, at 4 (Exhibit 12).

<sup>65</sup> "Witnesses Who Have Fled or Plead the 5th," <http://www.house.gov/reform/oversight/finance/fled.htm>, Committee on Government Reform and Oversight, U.S. House of Representatives; see also Nathan Abse, "Campaign Finance Probe: 94 Who Aren't Talking," Washington Post, June 9, 1998, at A13; "10 New Witnesses Take the Fifth, Total Now at 104, Government Reform and Oversight Investigators Move Forward in Foreign Money Probe Despite Stonewalling by Crucial Witnesses," Committee press release, June 23, 1998.

nation.<sup>66</sup> As a result, an inability to obtain sufficient information is more often the rule rather than the exception.

The DNC reviewed the information gathered by Debevoise & Plimpton in conjunction with Ernst & Young and IGI and then made the final decision as to which contributions to retain, return, or disgorge.<sup>67</sup> According to the DNC, “the final decision on which contributions should be returned was *solely* that of the DNC.”<sup>68</sup> Although “Debevoise & Plimpton made recommendations with respect to the disposition of contributions, . . . in no instance did the DNC take any action inconsistent with counsel’s recommendations.”<sup>69</sup>

In addition to the \$1,471,800 returned or disgorged in late 1996 prior to the contribution review,<sup>70</sup> on February 28, 1997, the DNC announced its intention to disgorge or return an additional \$1,492,051 as a result of its contribution review.<sup>71</sup> DNC Chairman Roy Romer concluded: “[i]t is clear that we did not monitor the contribution process adequately enough in the recent past. The DNC made mistakes. Today’s actions correct those mistakes. . . .”<sup>72</sup>

During the period March 13, 1997, through June 26, 1997, the DNC returned an additional \$123,092, including \$107,672 to the Cheyenne Arapaho Tribes.<sup>73</sup> On June 27, 1997, the DNC returned or disgorged \$1,353,800—the DNC announced its intention to return \$1,348,200 of this \$1,353,800 on February 28, 1997, as discussed below—based on its continuing review of contributions.<sup>74</sup> According to a DNC press release, the June 27, 1997, disbursements brought the total contributions returned or disgorged to \$2,825,600.<sup>75</sup> However, Committee calculations based on records provided by the DNC indicate that the DNC returned at least \$1,943,024 prior to June 27, 1997, and \$3,296,824 through June 27, 1997.<sup>76</sup>

Of the \$1,492,051 the DNC identified as improper or illegal on February 28, 1997, at least \$1,348,200 was not returned until June 27, 1997, 4 months later, in violation of Federal regulations.<sup>77</sup> A political committee cannot return or disgorge prohibited contributions on its own timetable.<sup>78</sup> Federal Election Commission (“FEC”) regulations provide in pertinent part that:

If a treasurer [of a political committee] discovers that a previously deposited contribution came from a prohibited source, he or she must refund the contribution *within 30 days of making the discovery*. This situation might arise,

<sup>66</sup> Id.

<sup>67</sup> See generally Exhibit 1 DNC Summary of In-Depth Contribution Review, at 1.

<sup>68</sup> Id. (emphasis added).

<sup>69</sup> Id.

<sup>70</sup> Id. at 4.

<sup>71</sup> Id.

<sup>72</sup> “DNC Chairs Romer and Grossman Announce New Compliance Procedures and Results of DNC Internal Review,” DNC press release, Feb. 28, 1997, at 2 (Exhibit 13).

<sup>73</sup> Exhibit 1 DNC Summary of In-Depth Contribution Review, at 4.

<sup>74</sup> Exhibit 8 DNC press release, “DNC Refunds Contributions,” June 27, 1997, at 1.

<sup>75</sup> Id. at 1.

<sup>76</sup> Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>77</sup> Cf. Sharon LaFraniere and Lena H. Sun “DNC Returns Another \$1.5 Million; Refunds to Include Donations from Foreigners and a Deceased Woman,” the Washington Post, Mar. 1, 1997, at A1; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>78</sup> See 11 C.F.R. § 103.3(b)(1)–3.

for example, if the treasurer learned that a past contribution was made by a *foreign national*. . . . If the committee does not have sufficient funds to refund the contribution when the illegality is discovered, the treasurer must use the next funds the committee receives.<sup>79</sup>

Despite the air of contrition and self-reformation on display at the February 1997, press conference, according to then-DNC spokeswoman Amy Weiss Tobe, the DNC had no intention of immediately returning the contributions at the time the announcement was made:

The lights are on and [our employees] are still getting paychecks. . . . As we can give back donations, we will. . . .<sup>80</sup> We hope to do it within the next several months. . . . We've decided the right thing to do is to raise the money and return it when we can.<sup>81</sup>

To the Committee's knowledge, the FEC has taken no action regarding the DNC's failure to return or disgorge prohibited contributions in a timely manner.

From June 28, 1997, through October 30, 1997, the DNC returned or disgorged an additional \$286,300,<sup>82</sup> including two illegal contributions from Manlin Foung, Yah Lin "Charlie" Trie's sister, totaling \$22,500<sup>83</sup> and a \$100,000 contribution from Global Resource Management, Inc. of Dublin, Ohio, due to concerns that it may have originated with a foreign source.<sup>84</sup>

In a letter to the FEC dated March 25, 1998, the DNC disgorged an additional \$78,200 to the U.S. Treasury in the wake of the Federal grand jury indictments of Yah Lin "Charlie" Trie and Maria Hsia.<sup>85</sup> The DNC indicated that ". . . certain contributions that, at the time they were received, did not appear to be unlawful, were in fact contributions made in the name of another."<sup>86</sup> Contributions returned included those of David Wang and Daniel Wu,<sup>87</sup> both of whom made conduit contributions at the request of Antonio

<sup>79</sup>FEC Campaign Guide for Political Party Committees, Aug. 1996, at 21 (citing 11 C.F.R. § 103.3(b)(2) (emphasis added) (italics in original)).

<sup>80</sup>Glenn F. Bunting and Ralph Frammolino, "Democratic Party Lacks Funds to Repay Donors Finances: DNC Keeps Finding Contributions It Must Return Even As It Runs Up at Least \$10 Million in Debt," Los Angeles Times, Mar. 2, 1997, at A1.

<sup>81</sup>Connie Cass, "Cash-Strapped Democrats Haven't Returned Tainted Checks Yet," Associated Press, Mar. 12, 1997.

<sup>82</sup>This figure does not include \$1,900 returned pursuant to the DNC's self-imposed \$100,000 contribution limit. See Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 8-9; Letter from Judah Best, Esq., to Richard D. Bennett, Esq., Mar. 13, 1998 (confirming the DNC's return of Global Resources Management, Inc.'s \$100,000 contribution) (Exhibit 14).

<sup>83</sup>Letter from Joseph E. Sandler, Esq., to Lawrence M. Noble, Esq., Oct. 20, 1997 (enclosures omitted) (disgorging Manlin Foung's contributions to the DNC totaling \$22,500) (Exhibit 15).

<sup>84</sup>Exhibit 14 Letter from Judah Best, Esq., to Richard D. Bennett, Esq., Mar. 13, 1998 (confirming the DNC's return of Global Resources Management, Inc.'s \$100,000 contribution); Karen Gullo, "Democratic Party Returns \$100,000 Donation from Ohio Firm," Associated Press, Oct. 29, 1997.

<sup>85</sup>Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; see also Federal Grand Jury Indictment of Yah Lin "Charlie" Trie, U.S. District Court for the District of Columbia, Jan. 28, 1998; Federal Grand Jury Indictment of Maria Hsia, U.S. District Court for the District of Columbia, Feb. 28, 1998.

<sup>86</sup>Id.

<sup>87</sup>Id.

Y.P. Pan,<sup>88</sup> an ex-Lippo executive<sup>89</sup> and business associate of Trie.<sup>90</sup>

On July 24, 1998, after the federal grand jury indictments of Pauline Kanchanalak and Duangnet “Georgie” Kronenberg, the DNC returned \$105,000 of Kronenberg’s \$114,000 in contributions.<sup>91</sup> This brings the total of returned or disgorged contributions to at least \$3,766,324.

Although the DNC’s contribution review ignored the 1992 election cycle,<sup>92</sup> the review—conducted by Debevoise & Plimpton, Ernst & Young and IGI at the direction of the DNC—gathered or attempted to gather relevant information to assist the DNC in determining whether to return a particular contribution. At a minimum, the DNC’s review resulted in a much needed revamping of the DNC’s compliance and fundraising guidelines.<sup>93</sup>

The efficacy of the DNC’s review notwithstanding, the DNC has failed to abide by its self-imposed and publicly professed guidelines regarding the return of contributions. This failure is disturbing and raises serious questions regarding the sincerity of the DNC’s desire to police itself. Particularly troubling is the fact that the DNC in many instances—detailed below—has given itself the benefit of the doubt regarding the legality or appropriateness of a contribution without justification. It must be remembered that the DNC did not embark on the contribution review as a self-initiated act of reform. The context is critical: the review was initiated only after hundreds (if not thousands) of press articles closely scrutinizing the Democrats fund-raising excesses.

For example, as a matter of DNC practice, the fact that a contributor has invoked his or her Fifth Amendment privilege against self-incrimination to the House, Senate or the DOJ has absolutely no bearing on whether the DNC retains or disgorges a contribution,<sup>94</sup> notwithstanding the fact that—as a matter of common sense—an individual’s invocation of the Fifth Amendment regarding a contribution at a minimum casts doubt on the legality of that contribution.<sup>95</sup>

On several occasions, when the DNC could not obtain sufficient information to confirm the legality or appropriateness of a contribution, the contribution was retained. Initially, the DNC represented that it was placing the burden on itself to demonstrate why a contribution should be *retained*, but in actuality, the DNC

<sup>88</sup> *Conduit Payments to the Democratic National Committee Before the House Committee on Government Reform and Oversight*, 105th Cong., 1st sess., 252–259 (1997) (Testimony of David Wang, Oct. 9, 1997).

<sup>89</sup> Tati Group (a company controlled by the Lippo Group) Business Card of Antonio Pan (Exhibit 16).

<sup>90</sup> Daihatsu International Trading, Inc. Business Card of Chief Executive Officer Antonio Pan (Exhibit 17).

<sup>91</sup> Letter from Joseph E. Sandler, Esq., to Lawrence M. Noble, Esq., July 24, 1998 (Exhibit 18); see also Amy Keller, “Burton Eyes Unreturned DNC Cash,” Roll Call, July 20, 1998; cf. Federal Grand Jury Indictment of Pauline Kanchanalak and Duangnet Kronenberg, U.S. District Court for the District of Columbia, July 13, 1998.

<sup>92</sup> See Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 27–28.

<sup>93</sup> Exhibit 13 “DNC Chairs Romer and Grossman Announce New Compliance Procedures and Results of DNC Internal Review,” DNC press release, Feb. 28, 1997, at 2.

<sup>94</sup> See, e.g., John Huang, Jane Huang, Duangnet Kronenberg, David Wang, and Bie Chuan Ong.

<sup>95</sup> Duangnet Kronenberg, David Wang, and Bid Chuan Ong—just to name a few—invoked their fifth amendment privilege against self-incrimination to the Committee, but that invocation did not result in the return of their contributions by the DNC in response to the invocation. All of their contributions were illegal.

has repeatedly shifted the burden to the press and congressional investigators to demonstrate why a contribution should be *returned*.

## II. ILLEGAL AND SUSPECT CONTRIBUTIONS RETAINED OR BELATEDLY DISGORGED BY THE DEMOCRATIC NATIONAL COMMITTEE AND STATE DEMOCRATIC PARTIES

The following enumerates and discusses contributions retained or belatedly disgorged by the DNC, Democratic Senatorial Campaign Committee (“DSCC”), Democratic Congressional Campaign Committee (“DCCC”) and state Democratic parties. Almost all of the contributions at issue are presently in the coffers of the original recipients. However, a few of the contributions discussed in this report were belatedly disgorged to the U.S. Treasury long after publicly available information should have put the recipient on notice of the contribution’s questionable origins.

Contributions to Republican causes are notably absent from the following discussion for good reason. While it is safe to assume that mistakes are made during every election cycle by both the Democratic and Republican parties, it is no fluke that the Republican party has returned only \$150,000 in contrast to the approximately \$3,766,324 returned by the Democratic party. These Republican foreign contributions were immediately returned by the RNC when identified, in contrast to the months and even years it has taken the DNC to return suspect contributions. There were no such foreign contributions in the 1996 election cycle at the RNC.

The fact is, after almost 2 years of investigating the foreign money scandal, it is clear that the problem of foreign money being funneled into elections was largely—overwhelmingly—focused on the Democratic party. It is not only the committee which has focused on the foreign money in the Democratic party—the press and even the Justice Department task force has overwhelmingly focused on the illegal foreign money in the Democratic party. Attempts by defensive Democrats to shift attention from this fact ignore the simple truth that if you follow the foreign money trail, all roads lead overwhelmingly to Democratic coffers.

What explains the vast disparity between the illegal money received by Republicans and Democrats? Some of the blame most certainly lies with the contribution vetting procedures—and lack thereof—employed by the DNC from mid-1994 through the 1996 Presidential election. The failings of that system have been well documented in other forums.<sup>96</sup> Perhaps more importantly, as evidenced by the DNC’s own contribution review and the congressional campaign finance investigations, the overwhelming majority of all contributions determined illegal or inappropriate by the DNC can be tied—to varying degrees—to a handful of players who were welcomed by the DNC and the White House into their inner circle of fund-raisers and contributors including: Yah Lin “Charlie” Trie, Pauline Kanchanalak, Maria Hsia, Johnny Chien Chuen Chung and, most notably, James Riady and his protégé, John Huang.

<sup>96</sup> See, e.g., Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs, S. Rept. No. 167, 195th Cong., 2d sess., vol. 1, 167–190 (1998).

As discussed in the following excerpt of DNC General Counsel Joseph Sandler's deposition, John Huang was hired by the DNC at the direct request of President Clinton in response to James Riady's complaint that Huang was not being properly utilized at the Department of Commerce:

SANDLER. Mr. Huang told me that there was a meeting in the fall of 1995 at the White House that was attended by himself, Mr. James Riady, the President, Bruce Lindsey, and C. Joseph Giroir; and that during that meeting Mr. Riady made the point that Mr. Huang's talents and abilities were not being well utilized in his then current position at the Commerce Department and he could be helpful in some other way. Mr. Huang told me that someone suggested—and he wasn't sure if it was himself or Riady or somebody else in the room—that Mr. Huang's capacity to help the administration and re-election effort could be best used if he was given a position at the DNC. And then I was told—well, there were various reports of this, but I was told at some point—I don't remember exactly by who [sic]—*that the President spoke to Mr. Rosen and suggested that Mr. Huang be hired by the DNC.* . . . Mr. Ickes advised [the DNC] through White House counsel that his recollection was that . . . that Mr. Lindsey spoke to Mr. Ickes following this meeting, and that Mr. Ickes then spoke to Mr. Rosen and Mr. Fowler about the hiring of Mr. Huang. The recollection of others differs on that score. . . .

SANDLER. . . . Mr. Fowler indicated to me . . . that essentially Marvin Rosen and Richard Sullivan showed up in his office with John Huang, and maybe having previously mentioned it to him or talked to him, and talked about the hiring of John Huang and the terms of his employment position and so forth, and that the Chairman [Fowler] agreed to hire him at that point. . . .

COUNSEL. All right. Did Mr. Huang tell you what else was discussed at that particular meeting?

SANDLER. [Huang] indicated to me that the basic purpose of the meeting was to visit, social in nature, and that the main substantive point that he recalled being discussed—he gave me the impression that the point that Mr. Riady wanted to convey to the President was what I've already testified to, that Mr. Huang's abilities were being wasted at Commerce. In effect, he said something to the effect that he was a pencil pusher and that he should be utilized in some other way.

COUNSEL. Mr. Riady told the President that?

SANDLER. Yes.

COUNSEL. All right. Did Mr. Riady initiate the meeting? Was the meeting held at the behest of Mr. Riady?

SANDLER. Yes.

COUNSEL. I presume—the meeting was held at the White House; correct?

SANDLER. Yes.

COUNSEL. Was the discussion of Mr. Huang moving from the Department of Commerce to the DNC the primary purpose of the meeting?

SANDLER. Mr. Huang gave me the impression that, apart from just a social chit-chat, visiting and so forth, that that was the principal substantive discussion that Mr. Riady wanted—had and wanted to have with the President.<sup>97</sup>

Even his position and title were specifically created for him. DNC General Counsel Sandler testified of his concern:

SANDLER. There was a discussion. . . . John Huang had requested business cards with the title, Vice Chair, Finance, of the Democratic National Committee. Our administrative person, . . . came to me, because this was an unusual request, and said is this proper, is this—you know, can we do this, and I raised a question. . . . I had some concerns about whether it was appropriate to give somebody a title for a position that did not, in fact, exist, and I was concerned because there are Vice Chairs of the Democratic National Committee who are elected or who have official positions under our Charter. . . . We also have a National Finance Chair, and we also have Chairs of various Donor Councils, and those are lay positions. I was concerned about a staff person having this position. . . . No staff person has such a title. . . .

SANDLER. And I also discussed it with Richard Sullivan.

COUNSEL. All right. And what was the substance of those conversations?

SANDLER. My recollection is that I raised concerns, you know, these concerns with Mr. Watson and with Mr. Sullivan; that Mr. Sullivan indicated that this was important that Mr. Huang have this title for his work in the Asian-Pacific-American community; and, you know, it was my feeling that it wasn't so—my concerns were not of a legal nature or otherwise so compelling as to insist that the cards not be printed with that title in view of Mr. Sullivan's belief that it was important that Mr. Huang have the business cards.

COUNSEL. All right. So, having voiced your concern, you ultimately acceded to the request of Mr. Sullivan—

SANDLER. Yes.

COUNSEL. . . . that . . . Mr. Huang be given that title, correct?

SANDLER. Yes, or have business cards with that title.<sup>98</sup>

John Huang began his employ at the DNC as Vice Chairman for Finance, on December 4, 1995.<sup>99</sup>

<sup>97</sup> Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs, 105th Cong., 1st sess., Deposition of Joseph E. Sandler, Esq., May 15, 1997, 16–17 and 21–23 (emphasis added).

<sup>98</sup> Id. at 93–95.

<sup>99</sup> DNC Personnel Change Authorization for John Huang, Dec. 4, 1995, D 0000005 (Exhibit 19). When allegations of illegal fund-raising surfaced in Oct. 1996, regarding Huang, he fled Washington, DC. He later sought and received reimbursement from the DNC for his travel expenses during this period. In his DNC expense report covering Oct. 11, 1996, through Oct. 15,

John Huang raised \$3,422,850 during the 1996 election cycle.<sup>100</sup> Prior to the launching of the DNC's contribution review in late November 1996, the DNC returned \$1,298,800 in contributions raised by Huang<sup>101</sup> and on February 28, 1997, announced the return of an additional \$324,550 raised by Huang.<sup>102</sup>

Huang's fund-raising prowess was beyond question as early as 1993, 2 years before Huang began his employ at the DNC. Then-Lippo executive Huang attended the September 27, 1993, DNC reception/fund-raiser in Los Angeles and received high praise from Vice President Gore for his fund-raising:

And to my friend John Huang and his wife Jane, thank you for being a long time friend and ally. We go back a long time. . . . We are long time friends, and John has been a very faithful and meaningful, productive supporter of the efforts being made by our party, and I want to publicly thank you.<sup>103</sup>

President Clinton similarly praised Huang for his organization of the February 19, 1996, DNC fund-raiser held at the Hay Adams Hotel in Washington, DC:

I am virtually overwhelmed by this event tonight. I should have learned by now, I have known John Huang a very long time. At least to be as young as we are, we have known each other a long time. And when he told me this event was going to unfold as it has tonight, I wasn't quite sure I believed him, but he has never told me anything that didn't come to pass, and all of you have made it possible, and I want you to know I am very grateful to you.<sup>104</sup>

Of the approximately \$706,000 raised at this event, the DNC has already returned or disgorged at least \$190,000, 27 percent of the total raised.<sup>105</sup> This report enumerates an additional \$152,500 raised in conjunction with the Hay Adams event that should be returned or disgorged by the DNC, bringing the total to at least 49 percent of the total raised.

The willingness—perhaps eagerness—of the DNC and the President to employ and entrust John Huang as a key fund-raiser is of particular import. The behind the scenes machinations of Huang are not completely known at this point. However, one thing is

1996, Huang described the purpose of his travel as "stayed away from D.C. return home for materials." See generally DNC Expense Report of John Huang, Oct. 20, 1996, 0000053 (Exhibit 20); E Ticket Receipt and Itinerary, 0000054 (Exhibit 21).

<sup>100</sup> Exhibit 1 DNC Summary of In-Depth Contribution Review, at 5.

<sup>101</sup> Id.

<sup>102</sup> Id.; see generally DNC Note from DNC Chairman Donald Fowler to John Huang, July 4, 1996, DNC 0662886 (praising him for his fund-raising work and encouraging him to do more) (Exhibit 22).

<sup>103</sup> WHCA Audiotape of Karatz Residence/DNC Reception, Sept. 27, 1993.

<sup>104</sup> WHCA Videotape of Hay Adams Event, Feb. 19, 1996. It is unclear when the President had the conversation with John Huang referenced in the excerpt, but from the context of the President's statement it appears that Huang estimated the dollar amount to be raised at the Feb. 19, 1996, event. Huang was involved in the following Asian American fund-raisers: Feb. 19, 1996, President of the United States ("POTUS"), Washington, DC.; Apr. 29, 1996, Vice President of the United States ("VPOTUS"), Los Angeles, CA; May 13, 1996, POTUS, Washington, DC.; July 22, 1996, POTUS, Los Angeles; July 30, 1996, POTUS, Washington, DC.; Sept. 18, 1996, VPOTUS, San Francisco, CA; August 1996, POTUS, Washington, DC. See DNC Memorandum from Richard Sullivan to Chairman Fowler, Oct. 21, 1996 DNC 1227104 (Exhibit 23).

<sup>105</sup> Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

clear: of all the individuals implicated in the fund-raising scandal, John Huang's name surfaces more than any other. (The fact that the DOJ does not appear to have actively pursued Huang is equally troubling and is not altogether an unrelated issue.)<sup>106</sup> In fact, the check tracking forms completed by Huang for each contribution raised by him provided Committee investigators with a blueprint for the campaign finance investigation.<sup>107</sup> In sum, the Republican party has not suffered equally in the campaign finance scandal because it did not employ an equivalent of John Huang—the individual around which the current campaign finance scandal revolves<sup>108</sup>—with direct ties to the President's close friend James Riady and the President himself.

Most of the individuals and entities referenced in the following discussion have previously been the subject of the DNC's contribution review or the campaign finance investigations of the DOJ. In some instances, the information referenced was obtained by Committee subpoena and was, of course, unavailable to the DNC—and other political committees—for its benefit during the contribution review. Committee interviews and depositions have also been referenced. This information is intended to assist political committees in their review of contributions. Some of the information provided was produced to the Committee by the DNC itself. Finally, much of the information is accessible from publicly available databases similar to the ones employed by the DNC during its contribution review.

Since many of the key fund-raisers involved have refused to cooperate with the investigation, the committee has in large part focused on following the money. While this is a more labor intensive effort than having a cooperative witness who might explain the various funding schemes and conduit efforts, the committee has uncovered hundreds of thousands of dollars in political contributions which should be returned because of the illegal or questionable sources of such funds. Much of this money should have been returned months—even years ago. The Committee's investigation continues and has come a long way since the early days of the campaign finance scandal when the DNC and Democratic Members of Congress cynically deflected the legitimate inquiries regarding illegal foreign money as "Asian bashing" and said there were no illegalities involved.

The contributions addressed below are divided into two separate categories: illegal and suspect. In the following context, illegal contributions are those that the Committee has sufficient evidence to conclude—100 percent certainty is not the operative standard of the DOJ, the Committee or the DNC—were made in violation of

<sup>106</sup> See generally Roberto Suro, "Prosecutors' Approach to Huang Signals Shift in Campaign Probe," the Washington Post, Oct. 2, 1998, at A17.

<sup>107</sup> See, e.g., DNC Check Tracking Form for the July 19, 1996, Contribution of Dae Hee Hong, 001034 (Exhibit 24); DNC Check Tracking Form for the Aug. 1, 1994, Contributions of Kenneth R. Wynn, DNC 1276339 and DNC 1276340 (Exhibit 25).

<sup>108</sup> See generally Roberto Suro, "Prosecutors' Approach to Huang Signals Shift in Campaign Probe," the Washington Post, Oct. 2, 1998, at A17 ("Following the 1996 election, however, the DNC returned \$1.6 million raised by Huang because it came from foreign nationals, who are ineligible to make campaign contributions, or because the origin of the money was cloudy. *Since then, Huang has been at the center of allegations ranging from the relatively minor claim that the DNC failed to adequately screen donations to the still-unsubstantiated charges that the government of China attempted to influence the 1996 election by directing money to the Clinton campaign.*").

the Act. Illegal contributions should be disgorged to the U.S. Treasury pursuant to FEC regulations and DNC practice.<sup>109</sup> Suspect contributions are those that fall under one of two categories derived from DNC policy: (1) contributions for which the Committee has been unable to obtain sufficient information to verify its legality or appropriateness as defined by the DNC and/or (2) contributions which may be inappropriate—as defined by the DNC—for the recipient to retain. Suspect contributions should be returned to the contributor or disgorged to the U.S. Treasury pursuant to Federal regulations and DNC practice.<sup>110</sup> The Committee welcomes any information—consistent with or contradictory to information gathered to date—that may assist it in determining the legality or appropriateness of a contribution.

#### LIPPO GROUP RELATED CONTRIBUTIONS DURING THE 1992 ELECTION CYCLE

##### A. CONTRIBUTIONS BY JAMES RIADY, JOHN HUANG AND THEIR SPOUSES DURING THE 1992 ELECTION CYCLE

###### James Riady \$325,000 and Aileen Riady \$125,000 (Suspect)

On August 12, 1992, the Lippo Group through Hip Hing Holdings, Ltd. (“Hip Hing Holdings”), a Lippo Subsidiary,<sup>111</sup> contributed \$50,000 to the DNC.<sup>112</sup> Five days later, on August 17, 1992, John Huang and Agus Setiawan, then-Lippo/Hip Hing Holdings employees, co-authored a memo to fellow Lippo employee Mrs. Ong Bwee Eng requesting that she “[p]lease kindly wire” a reimbursement from Lippo Group Indonesia in the amount of \$50,000 specifically for the DNC contribution.<sup>113</sup> (The DNC returned this \$50,000 contribution in 1997 after it was detailed in a Senate hearing.)<sup>114</sup>

On August 13, 1992, Lippo Group Deputy Chairman James Riady<sup>115</sup> and his wife Aileen contributed a total of \$30,000 to the DNC<sup>116</sup> and \$10,000 to the California Democratic party.<sup>117</sup> The following day, then-Governor Bill Clinton—on his way to a fund-raiser—took a 5 minute car ride with James Riady as discussed in an

<sup>109</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>110</sup> *Id.*

<sup>111</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st sess., part II, S. Hrg. 105–300, 3 (1998) (Testimony of Juliana Utomo, July 15, 1997).

<sup>112</sup> LippoBank Check No. 2397 from Hip Hing Holdings to the DNC Victory Fund Non-Federal Account in the Amount of \$50,000, Aug. 12, 1992, HHH 1263 (Exhibit 26).

<sup>113</sup> Memorandum from John Huang and Agus Setiawan to Mrs. Ong Bwee Eng, Aug. 17, 1992, HHH 0238 (Exhibit 27).

<sup>114</sup> James Rowley, “The Senate Investigation of Campaign Fund-raising Abuses,” Associated Press, July 15, 1997; Lynn Sweet, “Democrats to Return \$50,000 Foreign Contribution,” Chicago Sun-Times, July 16, 1997, at 31.

<sup>115</sup> Memorandum from Melinda Yee to Governor Bill Clinton, Aug. 14, 1992 (Exhibit 28).

<sup>116</sup> LippoBank Checks from James T. and Aileen Riady to the DNC, Aug. 13, 1992, HHH 1360 (Exhibit 29); see also <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from Federal Election Commission [FEC] Data, Last Updated Sept. 10, 1998.

<sup>117</sup> Exhibit 29 LippoBank Checks from James T. and Aileen Riady to the California Democratic party, Aug. 13, 1992, HHH 1360; <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from Federal Election Commission [FEC] Data, Last Updated Sept. 10, 1998 (attributing James T. Riady’s \$5,000 contribution to the California Democratic party to Aileen Riady).

August 14, 1992, memorandum from then-campaign aide Melinda Yee to then-Governor Bill Clinton which states:

James Riady is the Deputy Chairman of Lippogroup [sic] and a long-time acquaintance of yours. The group is in financial services in the U.S. and throughout Asia. Mr. Riady lived in Arkansas from 1985-1987 when he was president of Worthen Bank in Little Rock.

*He has flown all they [sic] way from Indonesia, where he is now based, to attend the fundraiser. He will be giving \$100,000 to this event and has the potential to give much more. He will talk to you about banking issues and international business. This is primarily a courtesy call.*<sup>118</sup>

Over the following weeks leading up to the November election, James and Aileen Riady contributed an additional \$410,000 to state Democratic parties<sup>119</sup> bringing the total to \$450,000 as detailed below:

Name	Check Date <sup>120</sup>	FEC Date <sup>121</sup>	Recipient	Amount
James T. Riady .....	08/13/92	09/04/92	California Democratic Party .....	\$5,000
James T. Riady .....	08/13/92	08/17/92	DNC .....	15,000
James T. Riady .....	09/30/92	.....	Michigan Democratic Party .....	75,000
James T. Riady .....	10/05/92	.....	Ohio Democratic Party .....	75,000
James T. Riady .....	10/08/92	.....	Arkansas Democratic Party .....	5,000
James T. Riady .....	10/08/92	10/27/92	Arkansas Democratic Party .....	75,000
James T. Riady .....	10/12/92	.....	Louisiana Democratic Party .....	75,000
Aileen Riady .....	08/13/92	09/04/92	California Democratic Party .....	5,000
Aileen Riady .....	08/13/92	08/17/92	DNC .....	15,000
Aileen Riady .....	10/08/92	10/27/92	Arkansas Democratic Party .....	5,000
Aileen Riady .....	10/12/92	.....	Georgia Democratic Party .....	50,000
Aileen Riady .....	10/15/92	10/29/92	North Carolina Democratic Party .....	50,000

<sup>120</sup> Throughout this document, the "Check Date" is taken directly from the contribution check.

<sup>121</sup> The "FEC Date" is taken from FEC data as provided at <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. See also [www.tray.com](http://www.tray.com). Experience demonstrates that the date on the contribution check usually leads the FEC date by anywhere from one day to a month.

After the election, the Riadys contributed \$286,000 to the Presidential Inaugural Committee,<sup>122</sup> \$86,000 of which was given through John Huang,<sup>123</sup> then-Lippo executive and co-director of Hip Hing Holdings, Ltd.<sup>124</sup> The Riadys and the Lippo Group con-

<sup>118</sup> Exhibit 28 Memorandum from Melinda Yee to Governor Bill Clinton, Aug. 14, 1992, CG92B 00543 (emphasis added); see also Schedule of Governor Bill Clinton, Aug. 14, 1992, CG92B 01461 (Exhibit 30).

<sup>119</sup> LippoBank Checks from James and Aileen Riady to Various State Democratic Parties, Sept. 30, 1992, through Oct. 15, 1992, HHH 1363 (Exhibit 31); see also <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>122</sup> LippoBank Checks from James T. and Aileen Riady to the Presidential Inaugural Committee, Nov. 20, 1992, HHH 1361 (Exhibit 32); LippoBank Checks from John and Jane Huang to the Presidential Inaugural Committee, Jan. 5, 1993, 001298, 001300, 001302, and 001304 (John Huang accidentally dated check no. 1117 Jan. 5, 1992, instead of Jan. 3, 1992.) (Exhibit 33); LippoBank Check from Bank of Trade to John Huang in the Amount of \$86,000, Jan. 12, 1993, and LippoBank Deposit Ticket of John Huang in the Amount of \$86,000, Jan. 13, 1993, L 003318-L 003319 (Exhibit 34).

<sup>123</sup> Exhibit 33 LippoBank Checks from John and Jane Huang to the Presidential Inaugural Committee, Jan. 5, 1993, 001298, 001300, 001302, and 001304 (John Huang accidentally dated check no. 1117 Jan. 5, 1992, instead of Jan. 3, 1992.); Exhibit 34 LippoBank Check from Bank of Trade to John Huang in the Amount of \$86,000, Jan. 12, 1993, and LippoBank Deposit Ticket of John Huang in the Amount of \$86,000, Jan. 13, 1993, L 003318-L 003319. The Presidential Inaugural Committee is not bound by the same contribution restrictions as political committees such as the DNC and state Democratic parties.

<sup>124</sup> Hip Hing Holdings Certificate of Incorporation, State of California, HHH 0243 (Exhibit 35).

tributed a total of \$786,000 to Democratic causes during the closing months of 1992.<sup>125</sup>

DNC officials testified that the 1992 vetting system involved an entire group of DNC staff of 6 to 10 people and DNC General Counsel Joseph Sandler testified that “for the 1992 election a procedure known as Major Donor Screening Committee” was in place.<sup>126</sup> However, the Committee has received no evidence to indicate that certain large contributions were vetted in 1992, notably those from the Riadys and their related companies and employees. Because the Riadys’ contributions were made in 1992, they were not subject to the DNC’s contribution review.<sup>127</sup> None of the Riady contributions have been returned by the DNC or the state parties.<sup>128</sup>

During his years as a Lippo employee, John Huang determined where the Riadys should direct their political contributions. In a February 17, 1993, memorandum to then-Deputy Assistant to the President and Deputy Director of Presidential Personnel John Emerson, then-DNC Executive Committee member Maeley Tom wrote:

<sup>125</sup> It should be noted that the ethnic-Chinese Riady family, whose future is very closely tied to the Most Favored Nation [MFN] trading privilege for China and the development of Asian markets, made these contributions at a time when then-Presidential candidate Clinton was linking the grant of MFN privilege for China to human rights. Several months after Bill Clinton was settled in the White House, Mochtar Riady sent him a confidential letter dated Mar. 9, 1993, in which he implored the President to reverse his campaign stance on MFN. The letter states in pertinent part:

You have continued to positively surprise . . . close friends like me. I appreciate the many kind attention [sic] and courtesies that you have extended to me, my family, and my son, James. I also very much enjoyed and appreciated the very private personal time you and Hillary gave to my family during your busy schedule on Inauguration day.

Riady urged President Clinton to:

Normalize relations with Vietnam. As we speak, I have two of my managers in Vietnam exploring business opportunities. They have been rubbing shoulders with American businessmen, who can now sign deals with Vietnam, but are still prevented from implementing those contracts. . . . Continue economic engagement with China. Washington has implemented over the past decade a policy of promoting Chinese economic reforms while, on a parallel track, pushed for political reforms. If Most Favored Nation status is withdrawn from, or other negative policies are adopted for China by the U.S., it was argued, Chinese entrepreneurs in effect, those pushing hardest for reforms would be hurt the most. I subscribe to the logic behind this argument, and would urge that these basic principles be maintained. We strongly believe, as do many others, that the best way of achieving political reform in China is through capitalist interaction.

Letter from Dr. Mochtar Riady to President Bill Clinton, Mar. 9, 1993, EOP 003036–EOP 003039 (Exhibit 36). Of course, President Clinton softened his position soon after taking office in early 1993; President Clinton approved MFN for China on May 27, 1993. In 1994 he completely “de-linked” China’s MFN trading privilege from its human rights record. While many would certainly argue that there are sound policy reasons for the extension of MFN status for China, President Clinton is one of the rare politicians to have so dramatically altered his position on this controversial issue. See generally Choi Hak Kim, “Mochtar Riady, a Man of Insight,” *Forbes* (Chinese Language Edition), October 1993; David Lauter, “Clinton Blasts Bush’s Foreign Policy Record,” *Los Angeles Times*, Aug. 14, 1992, at A1; Jim Mann, “Clinton Ties China’s Trade in Future to Human Rights, Asia: He Extends Favored-nation Status; Legislators Back Demand That Beijing Improve Policies by Next Year,” *Los Angeles Times*, May 29, 1993, at A1; “Clinton Says China’s Favored Trade Status Will Be Renewed for 1 Year,” *Chicago Tribune*, May 28, 1993, at 4; John M. Broder and Jim Mann, “Clinton Reverses His Policy, Renews China Trade Status, Commerce: President ‘De-Links’ Most-Favored-Nation Privilege from Human Rights. He Admits Failure of Earlier Course and Says Broader Strategic Interests Justify Switch,” *Los Angeles Times*, May 27, 1994.

<sup>126</sup> Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs, S. Rept. No. 167, 105th Cong., 2d sess., vol. 1, 169 (1998).

<sup>127</sup> See Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 27–28.

<sup>128</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

John Huang, Executive Vice President of Lippo Bank [sic], is the political power that advises the Riady family on issues and *where to make contributions*. [The Riadys] invested heavily in the Clinton campaign. John is the Riady family's top priority for placement because he is like one of their own.<sup>129</sup>

Huang was eventually placed at the Department of Commerce.<sup>130</sup> FEC data does not record any political contributions by the Riadys in their personal capacities after 1992.<sup>131</sup> However, DNC

<sup>129</sup> Letter from Maeley Tom to John Emerson, Feb. 17, 1993 (emphasis added) (Exhibit 37).

<sup>130</sup> John Huang began his employ at the Department of Commerce on July 18, 1994. See Memorandum from Charles F. Meissner to Ann Hughes, et al., July 15, 1994 (Exhibit 38).

<sup>131</sup> <http://wv1.ewg.org>. Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. The Wiriadianas' illegal conduit contributions to the DNC during the 1996 election cycle appear to be linked to the Riadys:

Bank records received by the Committee provide strong evidence that Hasjim Ning, co-founder of Lippo and longtime friend of Mochtar and James Riady, or James Riady directed \$450,000 in foreign money to the DNC and Democratic campaigns through Dr. Ning's daughter Soraya Wiriadinata and her husband Arief Wiriadinata, a landscape architect in northern Virginia. These payments followed correspondence between President Clinton and Mr. Ning and preceded a visit by Arief Wiriadinata with President Clinton at the White House on Dec. 15, 1995, at which time he told that President that "*James Riady sent me.*" WHCA videotape of White House Coffee, Dec. 15, 1995; White House WAVES Record for Arief Wiriadinata (Exhibit 39). President Clinton responded, "Yes, I'm glad to see you. Thank you for being here." Id.

In June 1995, Dr. Ning suffered a heart attack while visiting the Washington, DC, area and as a result was hospitalized in northern Virginia. Alan C. Miller, "Controversy Swirls Over Donation to Democrats," Los Angeles Times, Oct. 14, 1996, at A1. During Dr. Ning's hospitalization, James Riady personally requested that President Clinton send Ning a "get well" card. Ruth Marcus and Charles R. Babcock, "Visit Spurred Indonesians' Gift, Says DNC; Party Offers Explanation for \$425,000 Donation From Couple Who Never Gave Before," the Washington Post, Oct. 12, 1996, at A21. Mark Middleton hand delivered the requested card dated June 19, 1995 to Dr. Ning which stated: "I was so sorry to learn of your health problems. You are in my thoughts and prayers during this difficult time." Id.; Letter from President Bill Clinton to Dr. Hasjim Ning, June 19, 1995, DNC 1227204 (Exhibit 40). After recuperating and returning to Indonesia, Dr. Ning responded to President Clinton in a letter dated Sept. 5, 1995 which stated in part: ". . . I thank you for your prayers and concern. I also thank you for sending Mr. Mark Middleton to visit me at that time. . . ." Letter from Dr. Hasjim Ning to President Bill Clinton, Sept. 5, 1995, DNC 1227205 (Exhibit 41). In a letter dated Nov. 8, 1995, President Clinton again wrote Dr. Ning: "You have been in my thoughts, and Hillary joins me in sending best wishes for your continued recovery." Letter from President Bill Clinton to Dr. Hasjim Ning, Nov. 8, 1995, DNC 1227206 (Exhibit 42). John Huang, who knew Dr. Ning from their mutual association with Lippo, also visited him during his hospitalization. Alan C. Miller, "Controversy Swirls Over Donation to Democrats," Los Angeles Times, Oct. 14, 1996, at A1; Richard T. Cooper, "How DNC Got Caught in a Donor Dilemma," Los Angeles Times, Dec. 23, 1996, at A1. During his visit, Huang met Arief and Soraya Wiriadinata. Huang recalls that the Wiriadinatas subsequently "expressed an interest in supporting the Democratic party and the President, and [he] suggested that they contribute to the DNC." Id. The contributions from the Wiriadinatas began in the fall of 1995.

On Nov. 2, 1995, Arief and Soraya Wiriadinata opened separate checking accounts at the First Union National Bank of Virginia (First Union). First Union Account Statement of Arief Wiriadinata, Nov. 2, 1995 (Exhibit 43); First Union of Virginia Account Statement of Soraya Wiriadinata, Nov. 2, 1995 (Exhibit 44). The next day, on Nov. 3, 1995, Ms. Soraya Wiriadinata received a \$250,000 wire transfer from Dr. Ning in Djakarta, Indonesia. Exhibit 44 First Union of Virginia Account Statement of Soraya Wiriadinata, Nov. 2, 1995. Similarly, Mr. Arief Wiriadinata received a \$250,000 wire transfer from Dr. Ning on Nov. 7, 1995. Exhibit 43 First Union of Virginia Account Statement of Arief Wiriadinata, Nov. 2, 1995.

From Nov. 1995–July 1996, Mr. Wiriadinata and Ms. Wiriadinata each contributed \$1,000 to Jackson for Congress and \$226,000 to the DNC from their personal checking accounts at First Union. First Union Check from Arief Wiriadinata to the DNC in the amount of \$15,000, Nov. 8, 1995 (Exhibit 45); First Union Check No. 1001 from Arief Wiriadinata to Jackson for Congress in the amount of \$1,000, Nov. 20, 1995 (Exhibit 46); First Union Check No. 1005 from Arief Wiriadinata to the DNC in the amount of \$25,000, Dec. 11, 1995 (Exhibit 47); First Union Check No. 1010 from Arief Wiriadinata to the DNC in the amount of \$10,000, Dec. 15, 1995 (Exhibit 48); First Union Check No. 1015 from Arief Wiriadinata to the DNC in the amount of \$25,000, Feb. 15, 1996 (Exhibit 49); First Union Check No. 1016 from Arief Wiriadinata to the DNC in the amount of \$25,000, May 22, 1996 (Exhibit 50); First Union Check No. 1020 from Arief Wiriadinata to the DNC in the amount of \$25,000, May 12, 1996 (Exhibit 51); First Union Check No. 1023 from Arief Wiriadinata to the DNC in the amount of \$25,000, June 25, 1996 (Exhibit 52); First Union Check No. 1025 from Arief Wiriadinata to the DNC in the amount of \$25,000, June 6, 1996 (Exhibit 53); Exhibit 43 First Union Account Statement of Arief

Continued

documents suggest that the Riadys *may* have contributed—indirectly perhaps through conduits—to the DNC as late as 1994 and 1996.<sup>132</sup> A June 11, 1994, DNC memorandum from David Mercer to then-DNC Finance Director Richard Sullivan and Fran Wakem discusses an invitation for James Riady to the June 21, 1994, Business Leadership Forum (“BLF”)/White House event (which Riady later attended).<sup>133</sup> After listing James Riady as a current member of the BLF—a DNC fund-raising organization and “the principal organization of the nation’s top business leaders supporting the Democratic Party”<sup>134</sup>—and one of the “Members to Confirm,” the memorandum describes Riady and his relationship with Huang: “FOB; Former president, Wortham [sic] Bank in Little Rock; *Clin-*

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Wiriadinata, Nov. 2, 1995; First Union Account Statement of Arief Wiriadinata, Nov. 16, 1995 (Exhibit 54); First Union Account Statement of Arief Wiriadinata, Dec. 15, 1995 (Exhibit 55); First Union Account Statement of Arief Wiriadinata, Jan. 18, 1996 (Exhibit 56); First Union Account Statement of Arief Wiriadinata, Feb. 15, 1996 (Exhibit 57); First Union Account Statement of Arief Wiriadinata, Mar. 16, 1996 (Exhibit 58); First Union Account Statement of Arief Wiriadinata, May 16, 1996 (Exhibit 59); First Union Account Statement of Arief Wiriadinata, June 15, 1996 (Exhibit 60); First Union Account Statement of Arief Wiriadinata, July 18, 1996 (Exhibit 61); First Union Check from Soraya Wiriadinata to the DNC in the amount of \$15,000, Nov. 8, 1995 (Exhibit 62); First Union Check No. 1004 from Jackson for Congress in the amount of \$1,000, Nov. 20, 1995 (Exhibit 63); First Union Check No. 1008 from Soraya Wiriadinata to the DNC in the amount of \$25,000, Dec. 11, 1995 (Exhibit 64); First Union Check No. 1012 from Soraya Wiriadinata to the DNC in the amount of \$25,000, Dec. 13, 1995 (Exhibit 65); First Union Check No. 1015 from Soraya Wiriadinata to the DNC in the amount of \$10,000, Dec. 15, 1995 (Exhibit 66); First Union Check No. 1016 from Soraya Wiriadinata to the DNC in the amount of \$10,000, Dec. 18, 1995 (Exhibit 67); First Union Check No. 1022 from Soraya Wiriadinata to the DNC in the amount of \$25,000, month and day illegible, 1996 (Exhibit 68); First Union Check No. 1024 from Soraya Wiriadinata to the DNC in the amount of \$25,000, June 7, 1996 (Exhibit 69); First Union Check No. 1026 from Soraya Wiriadinata to the DNC in the amount of \$25,000, May 10, 1996 (Exhibit 70); First Union Check No. 1028 from Soraya Wiriadinata to the DNC in the amount of \$25,000, May 10, 1996 (Exhibit 71); DNC Check Tracking Form for First Union Check No. 1029 from Soraya Wiriadinata to the DNC in the amount of \$25,000, June 27, 1996 (Exhibit 72); Exhibit 44 First Union Account Statement of Soraya Wiriadinata, Nov. 2, 1995; First Union Account Statement of Soraya Wiriadinata, Nov. 16, 1995 (Exhibit 73); First Union Account Statement of Soraya Wiriadinata, Dec. 15, 1995 (Exhibit 74); First Union Account Statement of Soraya Wiriadinata, Jan. 18, 1996 (Exhibit 75); First Union Account Statement of Soraya Wiriadinata, Feb. 15, 1996 (Exhibit 76); First Union Account Statement of Soraya Wiriadinata, Mar. 16, 1996 (Exhibit 77); First Union Account Statement of Soraya Wiriadinata, Apr. 17, 1996 (Exhibit 78); First Union Account Statement of Soraya Wiriadinata, May 16, 1996 (Exhibit 79); First Union Account Statement of Soraya Wiriadinata, June 15, 1996 (Exhibit 80); First Union Account Statement of Soraya Wiriadinata, July 18, 1996 (Exhibit 81); First Union Account Statement of Soraya Wiriadinata, Aug. 16, 1996 (Exhibit 82); First Union Account Statement of Soraya Wiriadinata, Sept. 17, 1996 (Exhibit 83); see also <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. Copies of check nos. 1007 and 1013 to the DNC in the totaling \$50,000 were unavailable to the committee. Account statements have been provided in their stead. A copy of check no. 1029 to the DNC in the amount of \$25,000 was unavailable to the Committee. An account statement has been provided in its stead. The political contributions appear to be the primary reason for the establishment of both Arief and Soraya Wiriadinatas’ First Union accounts. In sum, Dr. Ning wired a total of \$500,000 to the Wiriadinata’s First Union accounts, \$452,000 of which was directed to Democratic causes within 7 months.

Dr. Ning died on Dec. 26, 1995. Arief and Soraya Wiriadinata are currently residing in Indonesia.

<sup>132</sup>With regard to the 1996 election cycle, the ultimate source of the \$200,000 in Bank Central Asia Travelers Checks discovered by the Committee—at least \$50,000 of which was funneled illegally into the DNC—is yet undetermined, but they were disseminated at least in part by former Lippo executive Antonio Pan and Yah Lin “Charlie” Trie, an associate of John Huang, and were purchased by a yet undetermined individual in Djakarta, Indonesia, the international headquarters of the Lippo Group. See Discussion of J & M International, Manlin Fong, and Joseph Landon, *infra*; see generally Letter from Christopher M. Curran, Esq., Attorney for Bank Central Asia, to senior investigative counsel, Tim Griffin, Esq., July 20, 1998 (Exhibit 84).

<sup>133</sup>DNC Memorandum from David Mercer to Richard Sullivan and Fran Wakem, June 11, 1994, DNC 1276431–DNC 1276433 (Exhibit 85). John Huang began his employ at the Department of Commerce on July 18, 1994. See Exhibit 38 Memorandum from Charles F. Meissner to Ann Hughes, et al., July 15, 1994; see also U.S. Secret Service Records for Entry into White House Complex, EOP 055316–EOP 055318 (showing attendance of Riady at June 21, 1994, White House event) (Exhibit 86).

<sup>134</sup>DNC BLF Document, GROC 000644 (Exhibit 87). According to the DNC, “[m]embership in the [Business Leadership] Forum requires a \$10,000 annual contribution for individuals, or \$15,000 for corporations or PACs. Individuals memberships are non-transferable.” Id.

ton/DNC donor thru [sic] John Huang; Huang requested his invitation and that we send it to Huang's address."<sup>135</sup> Huang was not employed by the DNC at this time;<sup>136</sup> he was still at Lippo. Why was a foreign national who was ineligible to legally contribute under Federal election law listed as a DNC donor through John Huang?

On a June 17, 1994, DNC list of "Positive Responses" for the Trustee Gala Reservations, James T. Riady is confirmed for 2 reservations including his guest Aileen Riady and is listed as a member of the BLF.<sup>137</sup>

On June 10, 1996, the DNC held a fund-raiser/dinner at the home of Edie and Lew Wasserman in Los Angeles.<sup>138</sup> The DNC "commit list" prepared in conjunction with that event lists the individuals who pledged to contribute and the amount pledged.<sup>139</sup> The commit list indicates that Aileen and James Riady pledged to contribute \$15,000 in conjunction with the Wasserman dinner.<sup>140</sup>

On September 16, 1996, DNC Chairman Donald L. Fowler wrote James Riady a letter—addressed to the Lippo Village in Tangerrang, Indonesia—which provides in pertinent part that:

Thank you very much for sending me the basket of fruit and snacks. It was a wonderful surprise, and I greatly enjoyed its contents.

*Your friendship is tremendously important to me in this crucial time. As you know, all of us are working diligently to bring about a huge Democratic victory in November, and your gift reminded me of the support of good Democrats for these efforts.*

Thanks again for the thoughtful gift and for all your kindness to Cissy. I look forward to seeing you soon.<sup>141</sup>

And on September 18, 1996, DNC Chairman Fowler wrote a thank you letter to both Aileen and James Riady in the wake of a dinner with the President.<sup>142</sup> The letter provides in pertinent part that:

*It was a pleasure seeing you at the dinner with the President recently. Your support enables us to continue assisting the Administration in achieving its ambitious agenda. On behalf of the DNC, I am sincerely grateful for your work.*

As you know, we are 7 weeks away from the 1996 Presidential Election. We at the DNC are working to strengthen our cooperation with the State Parties, businesses and local leaders. *I am confident that with the help of friends*

<sup>135</sup> Exhibit 85 DNC Memorandum from David Mercer to Richard Sullivan and Fran Wakem, June 11, 1994, DNC 1276433 (emphasis added).

<sup>136</sup> Exhibit DNC Personnel Change Authorization for John Huang, Dec. 4, 1995, D 0000005.

<sup>137</sup> DNC List of Positive Responses for Trustee Gala Reservations, June 17, 1994, DNC 1727213-DNC 1727217 (Exhibit 88). Of note is the fact that of all the 55 individuals listed as "Positive Responses" on this list, the only individuals for whom no address, phone number or contact information is listed is James T. Riady. *Id.* at 4.

<sup>138</sup> See DNC Commit List for June 10, 1996, Dinner at the Wasserman Residence, June 3, 1996, DNC 3088330-DNC 3088334, at 1-5 (Exhibit 89).

<sup>139</sup> *Id.*

<sup>140</sup> *Id.* at 4.

<sup>141</sup> Letter from Donald L. Fowler to James Riady, Sept. 16, 1996, DNC 1728039 (emphasis added) (Exhibit 90). The Committee's copy of the letter is unsigned.

<sup>142</sup> Letter from Donald L. Fowler to James and Aileen Riady, Sept. 18, 1996, F 0040618 (emphasis added) (Exhibit 91). The Committee's copy of the letter is signed.

*like you, we will be victorious in '96 and will continue to move this country forward into the 21st century.*

My door is always open to you; please do not hesitate to call on me if I can be of assistance. *I look forward to working closely with you in the months ahead.*<sup>143</sup>

It deserves mention that letters—even form letters—thanking individuals for their support are generally sent in response to a political contribution. Additionally, though not conclusive of possible post-1992 contributions to the DNC by the Riadys, on March 6, 1996, DNC Chairman Fowler wrote what appears to be a form fund-raising letter to James Riady asking for his support.<sup>144</sup>

Although there is no FEC record of Riady contributions after 1992, these documents and the Riadys' attendance at numerous fund-raising events<sup>145</sup> raise logical questions concerning whether and through whom the Riadys contributed to the DNC during the 1994 and 1996 election cycles and who had knowledge of any such schemes.

Due to the fact that neither James nor Aileen Riady are U.S. citizens,<sup>146</sup> the legality of their 1992 contributions is questionable. The Act provides in pertinent part that:

It shall be unlawful for a *foreign national* directly or through any other person to make any contribution of money . . . , in connection with an election to any political office or in connection with an election to any political office . . . ; or for any person to solicit, accept, or receive any such contribution from a *foreign national*.<sup>147</sup>

In other words, foreign nationals are prohibited from making political contributions. Unlike most of the other provisions of the Act, this prohibition found in 2 U.S.C. § 441e(a), “applies to any election for any political office, *including state and local offices.*”<sup>148</sup>

Although some might argue that 2 U.S.C. § 441e is inapplicable to “soft money”<sup>149</sup> and thus, in large part, may be inapplicable to the Riadys' contributions, the DNC refuses to accept *any* contributions from foreign nationals as a matter of policy as explained by DNC General Counsel Sandler:

COUNSEL. —What makes all contributions from foreign nationals to the DNC illegal?

<sup>143</sup> Id.

<sup>144</sup> Letter from Donald L. Fowler to James Riady, Mar. 6, 1996, DNC 1761242 (Exhibit 92).

<sup>145</sup> James Riady is believed to have attended the May 10, 1995, DNC breakfast with Vice President Gore. See DNC Memorandum from Adam Crain to David Mercer, Apr. 20, 1995, DNC 3169174 (Exhibit 93); see also Letter from Mack McLarty to James T. Riady, Aug. 2, 1996, EOP 008591 (“I certainly enjoyed seeing you and John Huang at the Winston Bryant reception with the President.”) (Exhibit 94).

<sup>146</sup> See generally Deposition of James T. Riady, *Stephens Group, Inc. v. United States*, Case No. 91-1458T (U.S. Ct. Fed. Claims), Mar. 5, 1993, 2; John Solomon, “Investigators Turn Up First Evidence of Clinton Link to Foreign Money,” Associated Press, June 9, 1998. The Committee would like to cite to Immigration and Naturalization Service [INS] records regarding the Riadys' permanent resident status. However, despite requesting them as early as Feb. 5, 1997, Aug. 13, 1997, and Sept. 26, 1997, and as recently as Oct. 1, 1998, the INS through the DOJ has yet to produce the Riadys' immigration records to the Committee. See Letter from Chairman Dan Burton to the Honorable Doris Meissner, Feb. 5, 1997 (Exhibit 95); Letter from Chairman Dan Burton to Johnny Stokes, Aug. 13, 1997 (Exhibit 96); Letter from Chairman Dan Burton to the Honorable Doris Meissner, Sept. 26, 1997 (Exhibit 97).

<sup>147</sup> 2 U.S.C. § 441e(a) (emphasis added).

<sup>148</sup> FEC Advisory Opinion No. 1992-16 (emphasis added); see also Id.

<sup>149</sup> “Campaign Finance Reform: A Sourcebook,” Brookings Institution, 1997.

SANDLER. —Foreign nationals as defined in section 441e of the Federal Election Campaign Act are illegal. In our view, it is illegal—that section applies to contributions to all of the DNC’s accounts; probably as a matter of law does not apply to contributions to the building fund but as a policy matter that’s what we instructed our finance staff, all DNC staff, for that matter.

COUNSEL. —And by “all contributions,” did you mean contributions to both the DNC Federal and non-Federal accounts?

SANDLER. —Correct.

COUNSEL. —Is that still the policy of the DNC today?

SANDLER. —Yes.<sup>150</sup>

The Committee is unaware of any attempts by State parties to argue the legality of accepting a contribution—regardless of its technical classification as soft or hard—from foreign nationals as defined in the Act.

The definition of the term “foreign national” is divided into two separate and distinct parts as excerpted below in pertinent part:

(b) As used in this section, the term “foreign national” means—

(1) a foreign principal, as such term is defined by section 611(b) of Title 22, except that the term “foreign national” shall not include any individual who is a citizen of the United States; or

(2) an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence . . .<sup>151</sup>

An individual or entity meeting either definition constitutes a “foreign national” for purposes of 2 U.S.C. § 441e(a).<sup>152</sup> The term “foreign national” does not include a U.S. citizen under any circumstances.<sup>153</sup>

Addressing subsection (b)(2) first, an individual who is neither a U.S. citizen nor a permanent resident is a “foreign national” and is unable to contribute.<sup>154</sup> The Riadys were permanent residents at the time of their contributions.<sup>155</sup> So, applying this definition of a “foreign national” without further analysis, the Riadys were not prohibited from making political contributions during the 1992 election cycle. The White House and the DNC evidently agree: White House spokesman James Kennedy indicated that “[i]n 1992, [James Riady] was a lawful permanent resident and eligible to contribute to any political party. Thus there was no basis for anyone to believe that Mr. Riady’s contributions to the DNC might be ille-

<sup>150</sup> Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 25.

<sup>151</sup> 2 U.S.C. § 441e(b) (1) and (2).

<sup>152</sup> 2 U.S.C. § 441e(b) employs the disjunctive “or” between subsections (1) and (2).

<sup>153</sup> 2 U.S.C. § 441e(b) (1) and (2).

<sup>154</sup> 2 U.S.C. § 441e(a) and (b)(2).

<sup>155</sup> John Solomon, “Investigators Turn Up First Evidence of Clinton Link to Foreign Money,” Associated Press, June 9, 1998. The Committee would like to cite to INS records regarding the Riadys’ permanent resident status. However, despite requesting them as early as Feb. 5, 1997, Aug. 13, 1997, and Sept. 26, 1997, and as recently as Oct. 1, 1998, the INS through the DOJ has yet to produce the Riadys’ immigration records to the Committee. Exhibit 95 Letter from Chairman Dan Burton to the Honorable Doris Meissner, Feb. 5, 1997; Exhibit 96 Letter from Chairman Dan Burton to Johnny Stokes, Aug. 13, 1997; Exhibit 97 Letter from Chairman Dan Burton to the Honorable Doris Meissner, Sept. 26, 1997.

gal.”<sup>156</sup> DNC spokesman Rick Hess said even “the most careful vetting procedures” would not have raised questions about Mr. Riady’s contributions.<sup>157</sup>

However, the definition of a “foreign national” includes more than individuals who are neither U.S. citizens nor permanent residents.<sup>158</sup> Under subsection (b)(1) the term “foreign national” also includes a somewhat broader definition which includes permanent residents under certain circumstances.<sup>159</sup> The term “foreign national” must be read in conjunction with the term “foreign principal” as defined by 22 U.S.C. § 611(b).<sup>160</sup> A “foreign principal” includes “a person outside of the United States, unless it is established that such person is an individual and a citizen of and domiciled within the United States . . .”<sup>161</sup> So, a permanent resident who is “outside of the United States” is a foreign national under the Act and is prohibited from making political contributions.<sup>162</sup>

Both Federal jurisprudence and the statutory context suggest that an individual residing and domiciled in a foreign country is “a person outside of the United States,” a temporary visit to the United States notwithstanding.<sup>163</sup> It would be nothing short of a ludicrous and disturbing result if a permanent resident “outside of the United States” were able to circumvent the statutory prohibition against political contributions by flying to the United States and stepping off the plane. Trevor Potter, a former Commissioner of the FEC, agrees. According to Potter, the issue of green-card holders who donate while outside the United States is untested, but “a careful reading of the law suggests a green-card holder must be *residing* in the country to donate.”<sup>164</sup> The privilege of contributing to political campaigns and thereby influencing elections is not granted to permanent residents who are residing “outside of the United States.”<sup>165</sup>

In this case, applying the statutory definition of a “foreign national,” the operative question is: were James and Aileen Riady “outside of the United States?”<sup>166</sup> Despite the Riadys’ alleged permanent resident status at the time of their contributions, the aforementioned August 14, 1992, memorandum from then-campaign aide Melinda Yee to then-Governor Bill Clinton indicates that they were residing in Indonesia: “Mr. Riady lived in Arkansas from 1985–1987 when he was president of Worthen Bank in Little Rock. . . . He has flown all they [sic] way from Indonesia, *where he is now based*, to attend the fund-raiser.”<sup>167</sup> Deposition testimony

<sup>156</sup> Id.

<sup>157</sup> Id.

<sup>158</sup> 2 U.S.C. § 441e(b)(1).

<sup>159</sup> Id.; 22 U.S.C. § 611(b).

<sup>160</sup> 2 U.S.C. § 441e(b)(1).

<sup>161</sup> 22 U.S.C. § 611(b) (emphasis added).

<sup>162</sup> 2 U.S.C. § 441e(a) and (b)(1); 22 U.S.C. ( 611(b).

<sup>163</sup> See generally *Levy v. I.R.S. Commissioner*, 76 T.C. 228 (1981) (rejecting literal interpretation of “a person outside of the United States” in tax law context); 22 U.S.C. § 611(b) (requiring U.S. citizenship as well as a U.S. domiciliary to be excluded from definition of “foreign principle;” citizenship and physical presence not sufficient).

<sup>164</sup> John Solomon, “Investigators Turn Up First Evidence of Clinton Link to Foreign Money,” Associated Press, June 9, 1998 (emphasis added).

<sup>165</sup> See generally 2 U.S.C. § 441e(a) and (b)(1); 22 U.S.C. § 611(b).

<sup>166</sup> See generally Id.

<sup>167</sup> Exhibit 28 Memorandum from Melinda Yee to Governor Bill Clinton, Aug. 14, 1992 (emphasis added).

from former Lippo executive Charles DeQueljo is consistent with the August 14 memo as indicated by the following excerpt:

COUNSEL. –When did James Riady live in California, if you know?

DEQUELJOE. –I’d be guessing if I told you. I don’t really know.

COUNSEL. –Do you know when Mr. Riady moved back to Jakarta?

DEQUELJOE. –Well, I was in Jakarta starting in April of 1991; and my impression was that James, although he traveled a lot, that his base was Jakarta.<sup>168</sup>

The Riadys were “based” in Indonesia at the time of their contributions;<sup>169</sup> a temporal physical presence to attend a fund-raiser or two does not change that. Additionally, in a proceeding held on March 5, 1993, unrelated to campaign finance, James Riady testified under oath as follows:

COUNSEL. What is your citizenship, Mr. Riady?

RIADY. Indonesian.

COUNSEL. Do you live in Indonesia?

RIADY. Yes.

COUNSEL. What is your address?

RIADY. Jalan Madiun 15, Jakarta.<sup>170</sup>

The Senate campaign finance investigation concluded that the Riadys permanently returned to Indonesia in 1991.<sup>171</sup> The evidence leads to the almost inescapable conclusion that the Riadys, although permanent residents, were “outside of the United States” in 1992 and 1993 and thus, as foreign nationals, were prohibited from making political contributions during this period.

Despite repeated demands, the Riadys have refused to cooperate with Committee investigators. The Committee is continuing its review of the Riadys’ contributions. In any event, the Riadys’ contributions are highly suspect and probably illegal and, therefore, should be disgorged to the U.S. Treasury.<sup>172</sup> Moreover, James Riady is believed to be the subject of an “active pending criminal investigation into alleged misconduct involving . . . campaign finance violations.”<sup>173</sup> Therefore, in the alternative, the Riady’s contributions should be returned based on the DNC’s standard of appropriateness.

<sup>168</sup> Committee Deposition of Charles DeQueljo, June 9, 1998, 43–44.

<sup>169</sup> Exhibit 28 Memorandum from Melinda Yee to Governor Bill Clinton, Aug. 14, 1992; Committee Deposition of Charles DeQueljo, June 9, 1998, 43–44.

<sup>170</sup> Deposition of James T. Riady, *Stephens Group, Inc. v. United States*, Case No. 91–1458T (U.S. Ct. Fed. Claims), Mar. 5, 1993, 2.

<sup>171</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 1, 1120 and 1125 (1998).

<sup>172</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>173</sup> See generally Exhibit 9 Policies and Procedures of the DNC Regarding Compliance with Campaign Finance Laws, at 18–19. Given the DOJ investigation of John Huang’s fund-raising activities, it is reasonable to assume that the Riadys’ contributions are included in that investigation.

## John Huang \$13,800 and Jane Huang \$22,000 (Suspect)

During the 1992 election cycle, John and his wife, Jane Huang, contributed a total of \$35,800 to the DNC, the DSCC and the California Democratic party as detailed below:<sup>174</sup>

Name	Check Date	FEC Date	Recipient	Amount
John Huang		02/04/92	California Democratic Party	\$500
John Huang		06/01/92	DNC	800
John Huang		07/28/92	DNC	5,000
John Huang	08/31/92	09/04/92	California Democratic Party	1,500
John Huang	09/08/92	09/23/92	DSCC	1,500
John Huang	09/16/92	09/28/92	California Democratic Party	1,000
John Huang		10/27/92	Democratic National Committee	2,500
John Huang	10/31/92	11/10/92	DSCC	1,000
Jane Huang	08/12/92	08/19/92	DNC	5,000
Jane Huang	08/10/92	09/04/92	California Democratic Party	5,000
Jane Huang	09/01/92	09/09/92	DNC	1,000
Jane Huang	09/15/92	09/22/92	DNC	5,000
Jane Huang	09/15/92	09/22/92	DNC	5,000
Jane Huang	09/16/92	09/28/92	California Democratic Party	1,000

In addition to the contributions listed above, during the period 1992–1996, John and Jane Huang contributed a total of \$76,872 to the DNC,<sup>175</sup> \$21,500 to the DSCC,<sup>176</sup> \$8,000 to the DCCC,<sup>177</sup>

<sup>174</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998; *see also* LippoBank Account Statement of John and Jane Huang, Aug. 31, 1992, L 004886 (Exhibit 98); LippoBank Check No. 1036 from John and Jane Huang to the DNC Victory Fund in the amount of \$5,000, Aug. 12, 1992, L 004909 (Exhibit 99); LippoBank Account Statement of John and Jane Huang, Sept. 30, 1992, L 004915 (Exhibit 100); LippoBank Check No. 1034 from John and Jane Huang to the California Democratic party in the amount of \$5,000, Aug. 10, 1992, and LippoBank Check No. 1050 from John and Jane Huang to the California Democratic party in the amount of \$1,500, Aug. 31, 1992, L 004919 (Exhibit 101); LippoBank Check No. 1052 from John and Jane Huang to the DNC Victory Fund in the amount of \$5,000, Sept. 15, 1992, L 004939 (Exhibit 102); LippoBank Check No. 1053 from John and Jane Huang to the California Democratic party in the amount of \$1,000, Sept., day illegible, 1992, L 004941 (Exhibit 103); LippoBank Account Statement of John and Jane Huang, Sept. 30, 1992, L 010715 (Exhibit 104); LippoBank Check No. 324 from John and Jane Huang to the Democratic Victory Fund in the amount of \$1,000, Sept. 1, 1992, L 010723 (Exhibit 105); LippoBank Check No. 325 from John and Jane Huang to the DSCC in the amount of \$1500, Sept. 8, 1992, L 010724 (Exhibit 106); LippoBank Check No. 326 from John and Jane Huang to the DNC Victory Fund in the amount of \$5,000, Sept. 15, 1992, L 010725 (Exhibit 107); LippoBank Check No. 327 from John and Jane Huang to the California Democratic party in the amount of \$1,000, L 010726 (Exhibit 108); LippoBank Account Statement of John and Jane Huang, Oct. 30, 1992, L 004945 (Exhibit 109); LippoBank Check No. 1081 from John and Jane Huang to the DNC in the amount of \$2,500, Oct. 27, 1992, L 004969 (Exhibit 110); LippoBank Account Statement of John and Jane Huang, Nov. 30, 1992, L 004971 (Exhibit 111); LippoBank Check No. 1087 from John and Jane Huang to the DSCC in the amount of \$1,000, Oct. 31, 1992, L 004987 (Exhibit 112); On Nov. 2, 1992, Aileen Riady issued a check to John Huang in the amount of \$5,000 which Huang deposited on Nov. 4, 1992. LippoBank Check from Aileen Riady to John Huang in the amount of \$5,000, Nov. 2, 1992, and LippoBank Deposit Ticket of John Huang in the amount of \$5,000, Nov. 4, 1992, L 004975 (Exhibit 113); Exhibit 111 LippoBank Account Statement of John and Jane Huang, Nov. 30, 1992, L 004971.

<sup>175</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. John Huang: June 25, 1993, \$10,000 to the DNC; Dec. 14, 1993, \$10,000 to the DNC; Mar. 16, 1994, \$10,000 to the DNC. Jane Huang: Dec. 14, 1993, \$15,000 to the DNC; Mar. 16, 1994, \$10,000 to the DNC; Apr. 29, 1994, \$5,000 to the DNC; Aug. 11, 1994, \$5,000 to the DNC; Dec. 22, 1994, \$5,000 to the DNC.

<sup>176</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. John Huang: May 7, 1993, \$2,500 to the DSCC; June 15, 1993, \$1,000 to the DSCC; Oct. 21, 1993, \$6,750 to the DSCC. Jane Huang: May 7, 1993, \$2,500 to the DSCC; June 15, 1993, \$1,000 to the DSCC; Oct. 21, 1993, \$6,750 to the DSCC; Nov. 14, 1995, \$1,000 to the DSCC.

<sup>177</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. Jane Huang: May 16, 1994, \$3,000 to the Democratic Congressional Dinner Committee; Nov. 17, 1995, \$5,000 to the DCCC.

\$12,500 to the California Democratic party<sup>178</sup> and in excess of \$50,000 to congressional and senatorial candidates.<sup>179</sup>

Representatives Richard Gephardt,<sup>180</sup> Howard Berman, Joseph Kennedy, Nancy Pelosi, and Senators Carol Moseley-Braun, Alfonse D'Amato, John Kerry, Edward Kennedy, and Barbara Mikulski have all returned contributions received from either John or Jane Huang.<sup>181</sup> Despite the prompt return of the Huang contributions by Representatives and Senators, the DNC has retained their contributions and appears determined to keep them.<sup>182</sup> In recent interrogatories to the DNC, the Committee requested information regarding contributions made by John Huang. The DNC responded:

All information available to the DNC indicates that Mr. Huang is and at all relevant times has been a U.S. citizen and had a substantial income at this time. *No information has been brought to our attention calling into question the legality or appropriateness of the referenced contribution.*<sup>183</sup>

The same response was given regarding Jane Huang's contributions.<sup>184</sup>

It has been widely reported that John Huang is presently the subject of the DOJ's "active pending criminal investigation into alleged misconduct involving . . . campaign finance violations."<sup>185</sup> Pursuant to the DNC's own guidelines, this information is sufficient to call into question the appropriateness of Huang's contributions.<sup>186</sup> The DNC should be aware of the investigation into Huang's fund-raising activities as a result of the widely-reported DOJ investigation of the DNC. Furthermore, the investigation into Huang's fund-raising activities has been widely reported in the press.

A contribution's link to John Huang is one of the DNC's seven categories of contributions applied to determine which contributions to review.<sup>187</sup> "Contributions solicited by Mr. John Huang"—as the DNC put it—were suspicious from the inception of the DNC's self-imposed review.<sup>188</sup> John Huang has pled the Fifth Amendment to the Committee<sup>189</sup> and—except for a limited production of documents—both John and Jane Huang have refused to co-

<sup>178</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. John Huang: Feb. 4, 1992, \$500 to the California Democratic party. Jane Huang: Apr. 17, 1994, \$2,000 to the California Democratic party; Apr. 26, 1994, \$10,000 to the California Democratic party; LippoBank Check No. 1426 from John and Jane Huang to the California Democratic party-Victory 94 in the amount of \$10,000, L 003843 (Exhibit 114).

<sup>179</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>180</sup> Contributions to House Minority Leader Richard A. Gephardt (D—MO—3) referenced in this report were made either to his campaign or to his Political Action Committee under the name "The Effective Government Committee." "Politicians and Their PACs," Associated Press, Dec. 13, 1997.

<sup>181</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>182</sup> The DNC's Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 26–29. FEC data indicates that the DNC returned \$15,000 to John Huang on Feb. 15, 1994, and \$5,000 to Jane Huang on Feb. 15, 1994, apparently for administrative reasons.

<sup>183</sup> *Id.* at 28. (emphasis added).

<sup>184</sup> *Id.* at 27.

<sup>185</sup> See generally Exhibit 9 Policies and Procedures of the DNC Regarding Compliance with Campaign Finance Laws, at 18–19.

<sup>186</sup> *Id.*

<sup>187</sup> The DNC's Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 7.

<sup>188</sup> *Id.*

<sup>189</sup> Letter from Ty Cobb, Esq., to Chairman Dan Burton, Feb. 18, 1997 (Exhibit 115).

operate with Committee investigators. The DNC returned the contributions individuals solicited by Huang, including Kanchanalak, the Wiriadinatas, and the Tries as previously indicated but not the Huangs.<sup>190</sup> Setting aside for the moment the issue of legality, if there has ever been a case to question the “appropriateness” of a contribution, this is it. Otherwise, the appropriateness standard is rendered meaningless. Furthermore, it is clear from statements of both DNC and White House officials that John Huang was dishonest with the DNC regarding his contribution vetting procedures and information he claimed to have obtained from various individuals who were the source of illegal foreign contributions.

It is beyond dispute that John Huang is at the center of the current campaign finance scandal and under investigation by the DOJ. Much of the money he raised has been determined illegal by the DNC itself, DOJ, and House and Senate campaign finance investigations. Furthermore, many Members of Congress—both Democrat and Republican—have returned John and Jane Huang’s contributions. In any event, the Huangs’ contributions are highly suspect and, therefore, should be disgorged to the U.S. Treasury or returned to the Huangs based on the DNC’s own criteria of appropriateness.<sup>191</sup>

#### B. CONTRIBUTIONS BY OTHER LIPPO EMPLOYEES AND THEIR SPOUSES DURING THE 1992 ELECTION CYCLE

Shortly before the 1992 Presidential election, in addition to James and Aileen Riady and John and Jane Huang, at least 11 other individuals with direct ties to the Riadys and the Lippo Group contributed a total of \$200,000 to a variety of Democratic causes during September and October 1992. The contributions were made in 10 \$20,000 blocks, 1 or 2 \$20,000 blocks per family. In every instance, the individuals were either a Lippo employee or the spouse of a Lippo employee.

The DNC supposedly trains its finance staff to look for indicia of contributions in the name of another—conduit contributions in violation of 2 U.S.C. § 441f. Specifically, according to DNC General Counsel Sandler:

[T]he [indicia] that we typically call [our finance staff’s] attention to would be *multiple contributions from members—employees of the same corporation*; contributions from low-level employees of a corporation or any indication by a donor that a corporation—an individual donor purporting to make a personal contribution, that he or she was going to be reimbursed by a corporation. These are typical indicia of contributions in the name of another.<sup>192</sup>

As detailed in the following discussion, the timing, amount and recipients of the contributions by Lippo employees and their spouses

<sup>190</sup> See generally Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 2–5 and 7.

<sup>191</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>192</sup> Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 23–24 (emphasis added).

suggest that the contributions may have been coordinated in some fashion. Notably, many of the contributions were directed to the same state—all “swing states” except Arkansas—Democratic parties, *e.g.*, California, Georgia, Louisiana, Michigan, North Carolina, and Ohio. Whether they were illegally coordinated remains unanswered. However, at least \$40,000 of the \$200,000 was contributed illegally by Bie Chuan Ong and Lucy Jao Ong as discussed below. Given the close proximity of the contributions, the existence of troubling deposits by some of these contributors immediately prior to the contributions, and the fact that most have left the country, the Committee believes that there is a sufficient pattern to consider all of the contributions illegal or inappropriate. Any good faith effort to disgorge illegal or return inappropriate contributions would have to include these.

#### Bie Chuan Ong \$20,000 and Lucy Jao Ong \$20,000 (Illegal)

Bie Chuan Ong is the former Chairman of the Board of LippoBank/Bank of Trade<sup>193</sup> who, in conjunction with his wife, Lucy Jao Ong, contributed \$40,000 to the DSCC and state Democratic parties—some of the same ones targeted by the Riadys—during the 1992 election cycle.<sup>194</sup> In 1991, Bie Chuan Ong began serving as a co-director with James Riady and John Huang at Hip Hing Holdings.<sup>195</sup> Bie Chuan Ong’s responsibilities at Hip Hing Holdings included filing quarterly and annual reports pertaining to its real estate activities. Hip Hing Holdings owned only one asset, a vacant parking lot on Hughes Street in Los Angeles.<sup>196</sup> His annual salary as an executive of Hip Hing Holdings was \$24,000.<sup>197</sup>

At the same time he was employed by Hip Hing Holdings, Bie Chuan Ong was also a shareholder in Inn Holdings, Inc. (“Inn Holdings”),<sup>198</sup> a California corporation<sup>199</sup> based in San Francisco that serves as the holding company for Marina Inn, an inn located in the San Francisco area.<sup>200</sup> Inn Holdings was owned by 23 shareholders at the close of 1992, including Bie Chuan Ong and his wife Lucy Jao Ong in addition to John Huang’s sons, Isaac and Christopher Huang.<sup>201</sup> As of February 11, 1996, John Huang owned stock in Inn Holdings valued between \$15,000–\$50,000.<sup>202</sup>

In late September 1992, Four Sisters, a California management company, issued a check to Inn Holdings in the amount of \$40,000 which was deposited into Inn Holdings’ checking account on Sep-

<sup>193</sup> Committee Interview of Steve Richmond, July 22, 1997.

<sup>194</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>195</sup> Exhibit 35 Hip Hing Holdings, Inc. Certificate of Incorporation, State of California, HHH 0243; Hip Hing Holdings Payroll Records, HHH 5761, HHH 5758, and HHH 0266 (Exhibit 116); Committee Interview of Lucy Jao Ong, Aug. 15, 1997; Committee Interview of Bie Chuan Ong, Sept. 9, 1997.

<sup>196</sup> Committee Interview of Bie Chuan Ong, Sept. 9, 1997; James Warren, “Funds Hearings Focus on China’s Links to Indonesian Conglomerate,” Chicago Tribune, July 16, 1997, at A10.

<sup>197</sup> Exhibit 116 Hip Hing Holdings Payroll Records, HHH 5761, HHH 5758, and HHH 0266.

<sup>198</sup> 1992 U.S. Income Tax Return of Inn Holdings (Exhibit 117). These tax records have been heavily redacted due to confidentiality concerns.

<sup>199</sup> Inn Holdings, Corporate Records, State of California.

<sup>200</sup> Committee Interview of Dr. Gilbert Lee, June 19, 1998.

<sup>201</sup> Exhibit 117 1992 U.S. Income Tax Return of Inn Holdings Bie Chuan Ong is no longer a stockholder in Inn Holdings according to Dr. Gilbert Lee, Inn Holdings’ registered agent. Committee Interview of Dr. Gilbert Lee, June 19, 1998.

<sup>202</sup> Executive Branch Personnel Public Financial Disclosure Report of John Huang, Feb. 11, 1996, D 0000840–D 0000851, at 6, D 0000846 (Exhibit 118).

tember 29, 1992.<sup>203</sup> On October 20, 1992, Inn Holdings issued check numbers 1103 and 1104 in the amount of \$20,000 each to Lucy Jao Ong and Bie Chuan Ong respectively.<sup>204</sup> The checks were allegedly issued so that the Ongs could bid on real estate on behalf of Inn Holdings.<sup>205</sup> The memo section of each check bears the notation “Real Estate Auction.”<sup>206</sup>

Bank records indicate that Bie and Lucy Ong on October 22, 1992, deposited the Inn Holdings checks into their personal accounts at First Interstate Bank and Security Pacific Bank respectively.<sup>207</sup> And, on or about October 20, 1992, Bie Chuan Ong and Lucy Jao Ong then issued a total of eight checks to Democratic causes totaling exactly \$40,000 as detailed below:<sup>208</sup>

Name	Check Date	FEC Date	Recipient	Amount
Bie Chuan Ong .....	10/09/92	10/21/92	Arkansas Democratic Party .....	\$5,000
Bie Chuan Ong .....	10/19/92	10/21/92	California Democratic Party .....	5,000
Bie Chuan Ong .....	.....	10/23/92	DSCC .....	5,000
Bie Chuan Ong .....	.....	10/23/92	Michigan Democratic Party .....	5,000
Lucy Jao Ong .....	10/10/92	10/21/92	Arkansas Democratic Party .....	5,000
Lucy Jao Ong .....	.....	10/21/92	California Democratic Party .....	5,000
Lucy Jao Ong .....	.....	10/22/92	DSCC .....	5,000
Lucy Jao Ong .....	.....	10/23/92	Michigan Democratic Party .....	5,000

Notwithstanding the purported purpose—as reflected in the memo section of the checks—of the \$40,000 from Inn Holdings, no real estate was ever purchased with the funds despite the passage of 6 years.<sup>209</sup> Dr. Gilbert Lee, Inn Holdings’ registered agent, initially described the \$40,000 as an advance for the purchase of real estate on behalf of Inn Holdings consistent with the notation on the checks but subsequently during the same interview described the funds as a loan which remains outstanding in its entirety.<sup>210</sup>

According to Andrew Wong, President of Inn Holdings, he approved and signed the checks to Bie Chuan Ong and Lucy Jao Ong

<sup>203</sup>LippoBank Account Statement for Inn Holdings, Oct. 20, 1992 (Exhibit 119); Committee Interview of Andrew Wong, July 23, 1998.

<sup>204</sup>LippoBank/Bank of Trade Check No. 1103 from Inn Holdings to Lucy Jao in the amount of \$20,000, Oct. 20, 1992, and LippoBank/Bank of Trade Check No. 1104 from Inn Holdings to Bie C. Ong in the amount of \$20,000, Oct. 20, 1992 (Exhibit 120); LippoBank Account Statement of Inn Holdings, Nov. 20, 1992 (Exhibit 121).

<sup>205</sup>Committee Interview of Dr. Gilbert Lee, June 19, 1998; Committee Interview of Andrew Wong, June 24, 1998; Committee Interview of Andrew Wong, July 23, 1998.

<sup>206</sup>Exhibit 120 LippoBank/Bank of Trade Check No. 1103 from Inn Holdings to Lucy Jao [Ong] in the amount of \$20,000, Oct. 20, 1992, and LippoBank/Bank of Trade Check No. 1104 from Inn Holdings to Bie C. Ong in the amount of \$20,000, Oct. 20, 1992.

<sup>207</sup>Id.; First Interstate Bank Checking Account Statement of Lucy Jao and Bie Chuan Ong, Nov. 5, 1992 (Exhibit 122); First Interstate Bank Deposit Ticket in the amount of \$20,000 of Lucy Jao Ong and Bie Chuan Ong, Oct. 20, 1992 (Exhibit 123).

<sup>208</sup>Exhibit 122 First Interstate Bank Checking Account Statement of Lucy Jao and Bie Chuan Ong, Nov. 5, 1992; First Interstate Bank Check No. 558 from Lucy Jao and Bie Chuan Ong to the Michigan State Democratic party in the amount of \$5,000, Sept. 30, 1992 (Exhibit 124); First Interstate Bank Check No. 559 from Lucy Jao and Bie Chuan Ong to the Arkansas State Democratic party in the amount of \$5,000, Oct. 19, 1992 (Exhibit 125); First Interstate Bank Check No. 561 from Lucy Jao and Bie Chuan Ong to the California State Democratic party in the amount of \$5,000, Oct. 9, 1992 (Exhibit 126); Security Pacific Bank Check No. 622 from Lucy Jao to the Arkansas State Democratic party in the amount of \$5,000, Oct. 10, 1992 (Exhibit 127); <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998; It should be noted that Bie Chuan Ong listed his employer as “Tons of Toys” in conjunction with his contributions. According to Tiang Hua Ga, Tons of Toys was a company co-owned by Ong and a fellow Lippo employee, Joseph Chiang. Committee Interview of Tiang Hua Gan, Aug. 15, 1997; see also, Committee Interview of Michael Chi, Aug. 28, 1997.

<sup>209</sup>Committee Interview of Andrew Wong, June 24, 1998.

<sup>210</sup>Committee Interview of Dr. Gilbert Lee, June 19, 1998.

but is unaware what happened to the money.<sup>211</sup> However, Wong informed a Committee counsel that he had recently spoken with Bie Chuan Ong, at which time Ong indicated his intent to repay the loan, almost 6 years after its issuance.<sup>212</sup> Bie Chuan Ong never received a salary from and is no longer affiliated with Inn Holdings.<sup>213</sup> Neither Dr. Lee nor Wong were aware of any political contributions made by Bie Chuan Ong or Lucy Jao Ong.<sup>214</sup>

On September 9, 1997, Committee majority and minority counsel interviewed Bie Chuan Ong in the presence of his attorney regarding his and his wife's political contributions totaling \$40,000.<sup>215</sup> He indicated that he knows both John Huang and James Riady, with whom he had frequent contact during his employ at Hip Hing Holdings.<sup>216</sup>

When asked if he was aware of Hip Hing Holdings' fundraising activities, Ong responded that he "stayed away from that business" and denied ever having a conversation with John Huang regarding fundraising.<sup>217</sup> According to Ong, he never attended a political fundraising event.<sup>218</sup>

Bank records and FEC data establish that Bie Chuan Ong and Lucy Jao Ong contributed \$40,000 to the DSCC and various state Democratic parties. However, during the Committee interview, Bie Chuan Ong said he did not recall making any political contributions in October 1992 even when shown FEC data indicating he and his wife had done so.<sup>219</sup> The \$40,000 in contributions documented by the Committee did not refresh his recollection, but he did claim to have made a \$10,000 contribution with his wife to Dianne Feinstein in early or mid-1992.<sup>220</sup> FEC data does not indicate a contribution in any amount by Bie Chuan Ong or Lucy Jao Ong to then-Senatorial candidate Feinstein in 1992.<sup>221</sup> It should be noted that it is illegal under the Act for an individual to contribute more than \$1,000 to a U.S. Senate candidate per election, \$1,000 primary and \$1,000 general.<sup>222</sup>

During the interview, Ong also advised that he knew former Lippo employees Joseph Chiang, Ricor Da Silveira and David Yeh, but was unaware of any fund-raising activities by any of these individuals and was unaware of their current employment.<sup>223</sup> Ong denied knowing former Lippo employees Felix Ma and Joseph Sund.<sup>224</sup> However, a Tati Group, Ltd.—a Lippo controlled company<sup>225</sup>—memorandum from Joseph Sund to John Huang

<sup>211</sup> Exhibit 120 LippoBank/Bank of Trade Check No. 1103 from Inn Holdings to Lucy Jao [Ong] in the amount of \$20,000, Oct. 20, 1992, and LippoBank/Bank of Trade Check No. 1104 from Inn Holdings to Bie C. Ong in the amount of \$20,000, Oct. 20, 1992; Committee Interview of Andrew Wong, June 24, 1998.

<sup>212</sup> Committee Interview of Andrew Wong, June 24, 1998.

<sup>213</sup> Committee Interview of Dr. Gilbert Lee, June 19, 1998.

<sup>214</sup> *Id.*; Committee Interview of Andrew Wong, June 24, 1998.

<sup>215</sup> Committee Interview of Bie Chuan Ong, Sept. 9, 1997.

<sup>216</sup> *Id.*

<sup>217</sup> *Id.*

<sup>218</sup> *Id.*

<sup>219</sup> *Id.*

<sup>220</sup> *Id.*

<sup>221</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>222</sup> 2 U.S.C. § 441a.

<sup>223</sup> Committee Interview of Bie Chuan Ong, Sept. 9, 1997.

<sup>224</sup> *Id.*

<sup>225</sup> Adela Ma, "Lippo Opts for Leasing," South China Morning Post, Nov. 16, 1995, at 2.

dated March 23, 1993, specifically refers to a “Bie Ong,” presumably the Bie Chuan Ong at issue here.<sup>226</sup>

A review of the contributions made by Bie Chuan Ong and Lucy Jao Ong totaling \$40,000 indicates the following:

1. The funds used for the contributions were provided by Inn Holdings, a company owned in part by John Huang and his sons. Ong’s attorney Thomas Zaccarro recently indicated that Ong may have relied on advice from Huang in making the contributions.<sup>227</sup> “I’m sure there was some coordination . . . It’s likely that [Huang] may have said to some of his friends, ‘I think you should contribute to these particular causes,’” Zaccarro opined;<sup>228</sup>

2. The funds were received almost 6 years ago and still have not been used for the purported purpose of purchasing real estate;

3. Neither Wong nor Dr. Gilbert offered any documentary evidence to indicate that the funds were part of a loan agreement. In fact, the notation on the checks themselves and Committee interviews indicate the contrary;

4. In a Committee interview, Bie Chuan Ong could not recall having contributed \$40,000 in political contributions in conjunction with his wife during the 1992 cycle or ever for that matter. The only contribution Bie Chuan Ong recalled making is not in the FEC’s records and, regardless, would have been illegal if actually made;

5. Bie Chuan Ong’s annual salary at the time of the contributions was \$24,000, making it unlikely that the \$40,000 in contributions were made with his own money;

6. Roger Post, a Four Sisters executive and onetime-Inn Holdings stockholder, has failed to return telephone calls made by Committee investigators; and

7. Bie Chuan Ong invoked his Fifth Amendment privilege against self-incrimination recently in response to the Committee’s request to depose him under oath.

Contributions in the name of another—conduit contributions—are illegal. The Act provides that:

No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person.<sup>229</sup>

In this case, Mr. Ong claimed not to have made contributions which originate from his personal bank accounts and were made shortly after deposits totaling \$40,000 were provided by a company with ties to John Huang. Apparently, Inn Holdings through Bie Chuan and Lucy Jao Ong contributed \$40,000 to Democratic causes in violation of the Act.

While the ultimate source of and reason for the conduit contributions remains a mystery, there are logical conclusions to be drawn:

<sup>226</sup> Memorandum from Joseph Sund to John Huang, Mar. 23, 1993, HHH 4578 and HHH 4579 (Exhibit 128).

<sup>227</sup> Byron York, “Roots of a Scandal,” *American Spectator*, October 1998, at 31.

<sup>228</sup> *Id.*

<sup>229</sup> 2 U.S.C. § 441f.

Bie Chuan Ong and Lucy Jao Ong were given \$20,000 each to be used for illegal campaign contributions to the DSCC, the Arkansas Democratic party, the California Democratic party, and the Michigan Democratic party in violation of 2 U.S.C. § 441f. The Ongs' contributions have thus far been retained by all recipients, but they should be disgorged to the U.S. Treasury in accordance with Federal regulations and DNC practice.<sup>230</sup>

Joseph Chiang \$20,000 and Donna Chiang \$20,000 (Suspect)

Joseph Chiang is a Lippo executive who, in conjunction with his wife, Donna Chiang, contributed \$40,000 to the DNC during the 1992 election cycle.<sup>231</sup> As of November 25, 1992, Joseph Chiang was the executive director of China Consortium, Ltd., the Lippo Group's vehicle for investments in mainland China.<sup>232</sup> A memorandum from John Huang to Jim H. Tuvin dated July 9, 1993, listed Felix Ma and Joseph Chiang as points of contact at the Lippo controlled Tati Development Limited based at the Lippo Centre in Hong Kong.<sup>233</sup>

On or about September 22, 1992, Joseph and Donna Chiang issued four checks to the DNC totaling \$40,000 in conjunction with the Gore Economic Event on September 25, 1992, as detailed below:<sup>234</sup>

Name	Check Date	FEC Date	Recipient	Amount
Joseph Chiang .....	09/18/92	09/28/92	DNC .....	\$10,000
Joseph Chiang .....	09/22/92	10/07/92	DNC .....	\$10,000
Donna Chiang .....	09/18/92	09/28/92	DNC .....	\$10,000
Donna Chiang .....	09/22/92	10/07/92	DNC .....	\$10,000

<sup>230</sup> See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

<sup>231</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>232</sup> "Asian Pacific Brief: Lippo to Take Key Stake in Chinese Venture," *The Asian Wall Street Journal*, Nov. 25, 1992, at 4.

<sup>233</sup> Memorandum from John Huang to Jim H. Tuvin, July 9, 1993 (Exhibit 129).

<sup>234</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998; Bank of America Check No. 7583 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 22, 1992 (Exhibit 130); DNC Check Tracking Form for Bank of America Check No. 7583 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 22, 1992, DNC 3310331 (Exhibit 131); Bank of America Check No. 7576 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 18, 1992, Bank of America Check No. 7876 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 22, 1992, Bank of America Check No. 7872 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 18, 1992 (Exhibit 132); DNC Check Tracking Form for Bank of America Check No. 7876 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 22, 1992, DNC 3310330 (Exhibit 133); Exhibit 150 List of DNC Contributors for Sept. 25, 1992, Gore Economic Event, DNC 4125867.2. It should be noted that Joseph Chiang listed his employer as "Merchants West" in conjunction with his Oct. 7, 1992, contribution to the DNC. Merchants West is a company specializing in the export of various materials from China. Merchants West purchased Tons of Toys, a company co-owned by Bie Chuan Ong. Committee Interview of Steve Richmond, July 22, 1997. All of Joseph and Donna Chiang's contributions for which the Committee has obtained DNC contribution information were solicited by Bob Burkett. Exhibit 131 DNC Check Tracking Form for Bank of America Check No. 7583 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 22, 1992, DNC 3310331; Exhibit 133 DNC Check Tracking Form for Bank of America Check No. 7876 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 22, 1992, DNC 3310330.

On September 25, 1992, the day of the Gore fund-raiser, L & W Supply Global, Inc. (“L & W Supply”) of Anaheim, California,<sup>235</sup> issued a check to Donna Chiang in the amount of \$40,000,<sup>236</sup> the precise amount of the Chiangs’ contributions to the DNC. Ms. Chiang deposited the check into her joint account with her husband, Joseph Chiang—the same account out of which the four contributions to the DNC were made<sup>237</sup>—that same day,<sup>238</sup> 6 days before any of the contributions checks cleared their account.<sup>239</sup> At the time of the deposit, the Chiangs’ checking account balance was \$8,014.64.<sup>240</sup> In sum, the funds for the Chiangs’ contributions were provided by L & W Supply Global and thus appear to be conduit contributions in violation of 2 U.S.C. § 441f.

The Chiangs are believed to be residing in Hong Kong. The Committee has been unable to contact Joseph and Donna Chiang or identify the ultimate source of the funds used for the contributions but is continuing its review.

Again, the Chiangs’ 1992 contributions were made at the same time as the Riadys’ contributions and other illegal contributions from Lippo related individuals, e.g., Bie and Lucy Jao Ong. The DNC has retained the Chiangs’ contributions totaling \$40,000.<sup>241</sup> However, the Chiangs’ contributions appear to be conduit contributions in violation of 2 U.S.C. § 441f and, therefore, should be disgorged to the U.S. Treasury.<sup>242</sup>

<sup>235</sup> Donna Chiang listed L & W Supply as her employer at the time of her 1992 contributions to the DNC. <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>236</sup> Bank of America Check No. 121 from L & W Supply to Donna Chiang in the amount of \$40,000, Sept. 25, 1992, and Bank of America Deposit Ticket of Joseph S. or Donna Chiang in the amount of \$40,000, Sept. 25, 1992 (Exhibit 134). Donna Chiang also received a check from L & W Supply in the amount of \$8,000, Aug. 25, 1992, for an unknown reason. Bank of America Check No. 1281 from L & W Supply to Donna Chiang in the amount of Aug. 25, 1992, and Bank of America Deposit Ticket of Joseph S. or Donna Chiang in the amount of \$8,000, Aug. 25, 1992 (Exhibit 135).

<sup>237</sup> Exhibit 130 Bank of America Check No. 7583 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 22, 1992; Exhibit 131 DNC Check Tracking Form for Bank of America Check No. 7583 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 22, 1992, DNC 3310331; Exhibit 132 Bank of America Check No. 7576 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 18, 1992, Bank of America Check No. 7876 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 22, 1992, and Bank of America Check No. 7872 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 18, 1992; Exhibit 133 DNC Check Tracking Form for Bank of America Check No. 7876 from Joseph S. or Donna Chiang to the DNC Victory Fund in the amount of \$10,000, Sept. 22, 1992, DNC 3310330; Bank of America Account Statement of Joseph, Donna and Josephine Chiang, Oct. 29, 1992 (Exhibit 136).

<sup>238</sup> Exhibit 134 Bank of America Check No. 121 from L & W Supply to Donna Chiang in the amount of \$40,000, Sept. 25, 1992, and Bank of America Deposit Ticket of Joseph S. or Donna Chiang in the amount of \$40,000, Sept. 25, 1992; Bank of America Account Statement of Joseph or Donna Chiang, Sept. 29, 1992 (Exhibit 137).

<sup>239</sup> Exhibit 136 Bank of America Account Statement of Joseph, Donna and Josephine Chiang, Oct. 29, 1992.

<sup>240</sup> Exhibit. 137 Bank of America Account Statement of Joseph or Donna Chiang, Sept. 29, 1992.

<sup>241</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>242</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

Ricor Da Silveira \$15,000 and Brenda Da Silveira \$5,000 (Suspect)

Ricor Da Silveira is a Lippo executive who, in conjunction with his wife, Brenda Da Silveira, contributed \$20,000 to the DSCC and state Democratic parties—many of the same ones targeted by the Riadys-during the 1992 election cycle.<sup>243</sup> Ricor Da Silveira has served as an executive for several Lippo controlled companies.<sup>244</sup> In 1992, he served as an executive at Hip Hing Holdings, but became Morning Star, Inc.'s finance director after its acquisition by Lippo on December 28, 1992.<sup>245</sup> After Lippo sold its interest in Morning Star on December 8, 1993, he became a director of Lippo Asia, Ltd.<sup>246</sup> As early as November 3, 1996, and as recent as August 12, 1997, he was serving as the managing director of Lippo Investments Management based in Hong Kong and a director in other Lippo related companies including Guo Tai Lippo Securities, Edmund de Rothschild Lippo Company, Ltd., and Weyfang Yongchange Food Industries in China.<sup>247</sup>

During the period October 19–22, 1992, Ricor and Brenda DaSilveira issued four checks to Democratic causes totaling \$20,000 as detailed below:<sup>248</sup>

Name	Check Date	FEC Date	Recipient	Amount
Ricor Da Silveira .....	10/19/92	10/27/92	DSCC .....	\$5,000
Ricor Da Silveira .....	10/21/92	10/27/92	Michigan Democratic Party .....	\$5,000
Ricor Da Silveira .....	10/22/92	10/27/92	Arkansas Democratic Party .....	\$5,000
Brenda Da Silveira .....	10/19/92	10/27/92	DSCC .....	\$5,000

Ricor Da Silveira's annual salary as an executive of Hip Hing Holdings was between \$63,000 and \$88,200 at the time of the 1992 contributions.<sup>249</sup>

Within days of issuing the checks, Ricor and Brenda Da Silveira received two wire transfers in the amount of \$9,500 and \$9,300, on October 27, 1992, and October 28, 1992, respectively into their joint account at LippoBank.<sup>250</sup> Both wire transfers originated from Ricor

<sup>243</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>244</sup> Although it is unclear whether Ricor Da Silveira was employed by James Riady in Arkansas, it appears from press reports that Ricor and Brenda Da Silveira owned property in 1985, during the period that James Riady was involved with Stephens, Inc. "Deeds," Arkansas Gazette, June 23, 1985, at D7.

<sup>245</sup> Rosa Ocampo, "Morning Star Trying to Rise As China Play," South China Morning Post, Dec. 29, 1992, at 3.

<sup>246</sup> Amy Chew, "MUI accepts Lippo explanation," South China Morning Post, June 4, 1994, at 2; "HK's Lippo Unit/China/Fund—Full Investment by 7th Year," Dow Jones International News, July 12, 1995.

<sup>247</sup> Tan Lee Hock, "Indonesia Has Made It Harder to Punt on the Currency, But Many Still See Worthwhile Gains," South China Morning Post, Nov. 3, 1996, at 9.

<sup>248</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. LippoBank Checking Account Statement of Ricor F. Da Silveira and Brenda W. Da Silveira, Nov. 16, 1992, L 010807 (Exhibit 138); LippoBank Check No. 2203 from Ricor F. or Brenda W. Da Silveira to the DSCC in the amount of \$5,000, Oct. 19, 1992, and LippoBank Check No. 2206 from Ricor F. or Brenda W. Da Silveira to the DSCC in the amount of \$5,000, Oct. 19, 1992, L 010816 and L 010817 (Exhibit 139); LippoBank Check No. 2224 from Ricor F. or Brenda W. Da Silveira to the DSCC in the amount of \$5,000, Oct. 22, 1992, L 010818 and L 010819 (Exhibit 140); LippoBank Check No. 2209 from Ricor F. or Brenda W. Da Silveira to the Michigan State Democratic party in the amount of \$5,000, Oct. 21, 1992, L 010820 and L 010821 (Exhibit 141). In addition, Ricor DaSilveira contributed \$1,000 to Sen. Edward M. Kennedy in March 1993.

<sup>249</sup> Exhibit 116 Hip Hing Holdings Payroll Records, HHH 5761, HHH 5758, and HHH 0266.

<sup>250</sup> LippoBank Wire Transfer Records of Ricor F. Da Silveira, Oct. 27, 1992 (Exhibit 142) and LippoBank Wire Transfer Records of Ricor F. Da Silveira, Oct. 28, 1992 (Exhibit 143).

DaSilviera's bank account at the Hong Kong Chinese Bank,<sup>251</sup> a bank located in Hong Kong and controlled by the Riadys and the Chinese government.<sup>252</sup> To date, the Committee has received no cooperation from any foreign banks or foreign governments in obtaining bank records which would enable to the Committee to trace the ultimate origin of the funds.

The Committee has been unable to contact Ricor and Brenda Da Silveira or identify the ultimate source of the funds used for the contributions but is continuing its review. The DSCC, the Arkansas Democratic party, and the Michigan Democratic party have retained the Da Silveiras' contributions.<sup>253</sup> However, the Da Silveiras' contributions are suspect and, therefore, the contributions should be disgorged to the U.S. Treasury.<sup>254</sup>

David Yeh \$20,000 and Christina Yeh \$20,000 (Suspect)

David Yeh is a Lippo executive who, in conjunction with his wife, Christina Yeh, contributed \$40,000 to the DNC during the 1992 election cycle.<sup>255</sup> David Yeh's relationship with the Riadys predates 1984 at which time the directors of Worthen Bank based in Little Rock, Arkansas, named James Riady president.<sup>256</sup> Worthen then allowed Riady to bring some of his Lippo employees from Asia to Little Rock.<sup>257</sup> One member of that team was David Yeh who was placed in charge of Worthen's international division with offices in New York and Los Angeles.<sup>258</sup> In that position, Yeh earned \$187,000, one of the five highest paid officers at Worthen.<sup>259</sup> In late 1986, Yeh was fired by the Worthen board, and the Worthen international unit was dissolved.<sup>260</sup>

In the early 1990s, David Yeh served as the president of LippoBank, Los Angeles,<sup>261</sup> and in September 1993, he served as the Managing Director of Lippo Realty, Ltd. believed to be located in Hong Kong.<sup>262</sup>

On or about August 18, 1992, David and Christina Yeh issued eight checks to the DNC totaling \$40,000 in conjunction with the

<sup>251</sup> Id.

<sup>252</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 1, 1120 (1998).

<sup>253</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>254</sup> See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

<sup>255</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>256</sup> Paul Sperry, "National Issue Worthen: A Riady Piggy Bank?," *Investor's Business Daily*, Dec. 30, 1996, at A1.

<sup>257</sup> Id.

<sup>258</sup> Id.

<sup>259</sup> Id.

<sup>260</sup> Id.

<sup>261</sup> Committee Interview of Bie Chuan Ong, Sept. 9, 1997.

<sup>262</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998; see generally Susan Schmidt and Sharon LaFraniere, "Counsel Probes Lippo Links at White House," *the Washington Post*, Mar. 5, 1997, at A1.

Gore Economic Event fund-raiser held on September 29, 1992, as detailed below:<sup>263</sup>

Name	Check Date	FEC Date	Recipient	Amount
David Yeh .....	08/03/92	09/29/92	DNC .....	\$5,000
David Yeh .....	08/08/92	09/29/92	DNC .....	\$5,000
David Yeh .....	08/18/92	10/07/92	DNC .....	\$5,000
David Yeh .....	08/18/92	10/07/92	DNC .....	\$5,000
Christina Yeh .....	.....	09/29/92	DNC .....	\$5,000
Christina Yeh .....	.....	09/29/92	DNC .....	\$5,000
Christina Yeh .....	.....	10/07/92	DNC .....	\$5,000
Christina Yeh .....	.....	10/07/92	DNC .....	\$5,000

On September 21, 1992—before any of his 1992 contribution checks to the DNC cleared his account<sup>264</sup>—David Yeh received a wire transfer in the amount of \$19,985 into his checking account at Bank of America.<sup>265</sup> His account balance was \$3,368.63 at the time of the transfer.<sup>266</sup> The wire transfer originated from an unidentified account within the United States.<sup>267</sup>

<sup>263</sup> Bank of America Check No. 206 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 3, 1992, Bank of America Check No. 207 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 8, 1992, and Bank of America Check No. 209 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 18, 1992 (Exhibit 144); Bank of America Check No. 249 from David and Christina M.K. Yeh to Woo for Mayor in the amount of \$1,000, May 23, 1993, Bank of America Check No. 245 from David and Christina M.K. Yeh to Woo for mayor in the amount of \$1,000, May 22, 1993, and Bank of America Check No. 208 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 18, 1992 (Exhibit 145); DNC Check Tracking Form for Bank of America Check No. 208 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 18, 1992, DNC 3310341 (Exhibit 146); DNC Check Tracking Form for Bank of America Check No. 209 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 18, 1992, DNC 3310342 (Exhibit 147); DNC Check Tracking Form for LippoBank Check No. 943 from David and Christina M. K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 23, 1992, DNC 3310339 (Exhibit 148); DNC Check Tracking Form for LippoBank Check No. 944 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 28, 1992, DNC 3310340 (Exhibit 149); List of DNC Contributors for Sept. 29, 1992, Gore Economic Event, DNC 4125867.2 and DNC 4125867.3 (Exhibit 150); <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. All of David and Christina Yeh's 1992 contributions for which the Committee has obtained DNC contribution information were solicited by Bob Burkett. Exhibit 146 DNC Check Tracking Form for Bank of America Check No. 208 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 18, 1992, DNC 3310341; Exhibit 147 DNC Check Tracking Form for Bank of America Check No. 209 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 18, 1992, DNC 3310342; Exhibit 148 DNC Check Tracking Form for Bank of America Check No. 943 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 23, 1992, DNC 3310339; Exhibit 149 DNC Check Tracking Form for Bank of America Check No. 944 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 28, 1992, DNC 3310340. David Yeh's annual salary as an executive of Hip Hing Holdings was \$73,333 as of Dec. 28, 1990. Exhibit 116 Hip Hing Holdings Payroll Records, HHH 5761 and HHH 5758.

<sup>264</sup> Bank of America Account Statement for David and Christina M.K. Yeh, Oct. 8, 1992 (Exhibit 151); Bank of America Account Statement for David and Christina M.K. Yeh, Nov. 5, 1992 (Exhibit 152).

<sup>265</sup> Exhibit 151 Bank of America Account Statement for David and Christina M.K. Yeh, Oct. 8, 1992. In addition to David and Christina Yeh, Lippo employee Ricor Da Silveira is a signatory on the personal checking account of the Yehs held at Bank of America. Bank of America Master Agreement (Exhibit 153).

<sup>266</sup> *Id.*

<sup>267</sup> Bank of America was unable to locate the wire transfer report for this transaction. Bank of America Subpoena Processing Department No. 5473 List of Requested Items Not Produced to the Committee, Sept. 29, 1998 (Exhibit 154). As a result, the only information available to the Committee regarding this \$19,985 wire transfer is detailed on the account statement. The wire transfer appears to be a domestically initiated transaction rather than an internationally initiated transaction because it is described as a "fedwire" rather than an "international money transfer," the description given to wire transfers originating abroad. Exhibit 151 Bank of America Account Statement for David and Christina M.K. Yeh, Oct. 8, 1992; cf. Bank of America Account Statement for David and Christina M.K. Yeh, Oct. 7, 1993 (Exhibit 155).

Christina Yeh made her 1992 contributions from her and David Yeh's checking account at LippoBank.<sup>268</sup> The Committee has subpoenaed her bank records and is awaiting their delivery.

In addition to the foregoing, the Yehs contributed an additional \$20,000 to the DNC<sup>269</sup> and \$12,000 to congressional and senatorial candidates between 1990 and 1994.<sup>270</sup>

The Yehs' 1993 contributions to the DNC totaling \$20,000 were made in conjunction with the September 27, 1993, dinner featuring Vice President Al Gore.<sup>271</sup> Both David and Christina Yehs' \$10,000 contributions were solicited by John Huang.<sup>272</sup> According to DNC documents relating to that event, David Yeh was a "permanent U.S. citizen living abroad" at the time of the contribution.<sup>273</sup>

<sup>268</sup> See Exhibit 148 DNC Check Tracking Form for LippoBank Check No. 943 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 23, 1992, DNC 3310339; Exhibit 149 DNC Check Tracking Form for LippoBank Check No. 944 from David and Christina M.K. Yeh to the DNC Victory Fund in the amount of \$5,000, Aug. 28, 1992, DNC 3310340.

<sup>269</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. On Sept. 28, 1993—before his Sept. 27, 1993, check to the DNC cleared his account, David Yeh received a wire transfer in the amount of \$20,000 into his checking account at the Bank of America. Bank of America Check No. 0104 from David and Christina M.K. Yeh to the DNC in the amount of \$10,000, Sept. 27, 1993, and Bank of America Check No. 0105 from David and Christina M.K. Yeh to the DNC in the amount of \$10,000, Sept. 27, 1993 (Exhibit 156); Exhibit 155 Bank of America Account Statement for David and Christina M.K. Yeh, Oct. 7, 1993; Bank of America Account Statement of David and Christina M.K. Yeh, Nov. 5, 1993 (Exhibit 157); Bank of America Wire Transfer Report of David and Christina M.K. Yeh, Sept. 28, 1993 (Exhibit 158). His account balance was \$13,050.47 at the time of the transfer. Exhibit 155 Bank of America Account Statement for David and Christina M.K. Yeh, Oct. 7, 1993. The wire transfer originated from what appears to be David Yeh's bank account at the Hong Kong Chinese Bank, a bank located in Hong Kong and controlled by the Riadys and the Chinese Government. Exhibit 158 Bank of America Wire Transfer Report of David and Christina M.K. Yeh, Sept. 28, 1993; *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 195th Cong., 2d sess., vol. 1, 1120 (1998).

<sup>270</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998; David Yeh: Sept. 28, 1990, \$1,000 to Senator Harvey B. Gantt; June 10, 1993, \$1,000 to Senator Charles S. Robb; Oct. 15, 1993, \$10,000 to the DNC; Oct. 25, 1993, \$1,000 to Senator James R. Sasser (D-TN); Dec. 23, 1993, \$1,000 to Senator Larry Pressler (R-SD); May 23, 1994, \$1,000 to Representative Joseph P. Kennedy (D-MA-8); Sept. 30, 1994, \$1,000 to Representative Mark Takano (D-CA-43); Oct. 11, 1994, \$2,000 to the Effective Government Committee. Christina Yeh: June 10, 1993, \$1,000 to Senator Charles S. Robb (D-VA); Oct. 15, 1993, \$10,000 to the DNC; Oct. 25, 1993, \$1,000 to Senator James R. Sasser (D-TN); Dec. 23, 1993, \$1,000 to Senator Larry Pressler (R-SD); May 23, 1994, \$1,000 to Representative Joseph P. Kennedy (D-MA-8); Exhibit Bank of America Check No. 0104 from David and Christina M.K. Yeh to the DNC in the amount of \$10,000, Sept. 27, 1993, and Bank of America Check No. 0105 from David and Christina M.K. Yeh to the DNC in the amount of \$10,000, Sept. 27, 1993; DNC Check Tracking Form for Bank of America Check No. 0104 from David and Christina M.K. Yeh to the DNC in the amount of \$10,000, Sept. 27, 1993, DNC 0039320 (Exhibit 159); DNC Check Tracking Form for Bank of America Check No. 0105 from David and Christina M.K. Yeh to the DNC in the amount of \$10,000, Sept. 27, 1993, DNC 0039322 (Exhibit 160). See also Bank of America Check No. 283 from David and Christina M.K. Yeh to Citizens for Joe Kennedy in the amount of \$1,000, Apr. 18, 1994, Bank of America Check No. 285 from David and Christina M.K. Yeh to Citizens for Joe Kennedy in the amount of \$1,000, Apr. 18, 1994, and Bank of America Check No. 0112 from David and Christina M.K. Yeh to Gray Davis 1994 Committee in the amount of \$1,000, Nov. 30, 1993 (Exhibit 161); Bank of America Check No. 0115 from David and Christina M.K. Yeh to Friends of Larry Pressler in the amount of \$1,000, Dec. 1, 1993, Bank of America Check No. 0117 from David and Christina M.K. Yeh to Friends of Larry Pressler in the amount of \$1,000, Dec. 1, 1993, and Bank of America Check No. 0114 from David and Christina M.K. Yeh to Gray Davis 1994 Committee in the amount of \$1,000, Nov. 30, 1993 (Exhibit 162); Bank of America Check No. 0101 from David and Christina M.K. Yeh to Sasser for Senate Committee in the amount of \$1,000, Sept. 16, 1993, Bank of America Check No. 246 from David and Christina M.K. Yeh to Friends of Robb for Senate in the amount of \$1,000, May 22, 1993, and Bank of America Check No. 250 from David and Christina M.K. Yeh to Robb for Senate in the amount of \$1,000, May 23, 1993 (Exhibit 163).

<sup>271</sup> Exhibit 159 DNC Check Tracking Form for Bank of America Check No. 0104 from David and Christina M.K. Yeh to the DNC in the amount of \$10,000, Sept. 27, 1993, DNC 0039320; Exhibit 160 DNC Check Tracking Form for Bank of America Check No. 0105 from David and Christina M.K. Yeh to the DNC in the amount of \$10,000, Sept. 27, 1993, DNC 0039322.

<sup>272</sup> Id.

<sup>273</sup> Id.

Former Lippo executive Bie Chuan Ong told Committee counsels that he knows David Yeh but is unaware of any fund-raising activities by Yeh and is unaware of his current employment.<sup>274</sup> The Committee believes that David and Christina Yeh are currently residing in Hong Kong and have been there since 1992.<sup>275</sup> According to press accounts and former Lippo executive Charles DeQueljo, as of June 1998, David Yeh was serving as executive director of Lippo Limited in Hong Kong.<sup>276</sup>

In recent interrogatories to the DNC, the Committee requested information regarding contributions made by David Yeh. The DNC responded:

To our knowledge, the referenced contribution from David Yeh does not fall into any of the seven categories involved in the DNC's review of prior contributions. . . . Further, no information has been brought to our attention calling into question the legality or appropriateness of Mr. Yeh's contribution.<sup>277</sup>

The same response was given regarding Christina Yeh's contributions.<sup>278</sup> The DNC has retained the Yehs' contributions.

The Committee has been unable to identify the ultimate source of the funds used for the contributions because the Yehs are residing outside the United States, but the Committee is continuing its review of their contributions. That fact notwithstanding, on March 19, 1997, House Minority Leader Dick Gephardt returned \$22,000 in campaign contributions, which included \$2,000 contributed by Lippo executive David Yeh.<sup>279</sup> Gephardt returned an additional \$10,500 contributed by other individuals with ties to Lippo, including Agus Setiawan, \$2,000; Joseph Sund, \$2,500; Susanto Widjaja, \$1,000; and Charles and Susan DeQueljo, \$5,000.<sup>280</sup> According to Gephardt's press secretary, Laura Nichols, "[Gephardt] didn't feel it would be appropriate to retain those contributions. . . . *There is a question about the actual source of these funds.*"<sup>281</sup>

FEC data indicates that David and Christina Yeh each contributed \$1,000 to Senator Larry Pressler in December 1993.<sup>282</sup> Senator Pressler returned the Yehs' contributions in October 1996,<sup>283</sup> apparently upon learning of their potential link to the Lippo Group.<sup>284</sup> In May 1994, Representative Joseph Kennedy received \$1,000 contributions from both David and Christina Yeh but returned the contributions in February and March 1997 respectively.<sup>285</sup>

As previously indicated, the DNC has retained the Yehs' contributions totaling \$60,000. However, applying the DNC's own

<sup>274</sup> Committee Interview of Bie Chuan Ong, Sept. 9, 1997.

<sup>275</sup> Committee Interview of Betty Wong, Aug. 18, 1997.

<sup>276</sup> Joseph Lo, "Lippo Chief Rules Out Expansion," South China Morning Post, June 30, 1998, at 2; see also, Committee Deposition of Charles DeQueljo, 53-54.

<sup>277</sup> DNC Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, 19-20.

<sup>278</sup> Id. at 18-19.

<sup>279</sup> "Gephardt Returns \$22,000," Associated Press, Mar. 19, 1997.

<sup>280</sup> Id.

<sup>281</sup> Id. (emphasis added).

<sup>282</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>283</sup> Id.

<sup>284</sup> Rapid City Journal, Mar. 16, 1997.

<sup>285</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

standards of review, given the unavailability of the Yehs and the questionable status of these contributions, the DNC should follow the practice of House Minority Leader Richard Gephardt, Representative Joseph Kennedy and Senator Pressler: the Yehs' contributions are suspect and, therefore, should be disgorged to the U.S. Treasury.<sup>286</sup>

#### Felix Ma \$15,000 and Mary Ma \$25,000 (Suspect)

During August and September 1992, Felix Ma, a Lippo executive,<sup>287</sup> in conjunction with his wife, Mary Ma, issued eight checks to the DSCC and various state Democratic parties—many of the same ones targeted by the Riadys—totaling \$40,000 as detailed below:<sup>288</sup>

Name	Check Date	FEC Date	Recipient	Amount
Felix Ma .....	08/30/92	10/23/92	DSCC .....	\$5,000
Felix Ma .....	09/10/92	10/23/92	Michigan Democratic Party .....	5,000
Felix Ma .....	09/30/92	10/23/92	Ohio Democratic Party .....	5,000
Mary Ma .....	09/15/92	10/27/92	Michigan Democratic Party .....	5,000
Mary Ma .....	09/25/92	10/22/92	DSCC .....	<sup>289</sup> 5,000
Mary Ma .....	09/30/92	.....	DSCC .....	<sup>290</sup> 5,000
Mary Ma .....	.....	10/23/92	Missouri Democratic Party .....	<sup>291</sup> 5,000
Mary Ma .....	.....	10/28/92	Ohio Democratic Party .....	5,000

<sup>289</sup> Contrary to FEC data, bank records indicate that this contribution was made by Mary Ma not Felix Ma. This discrepancy appears to be an administrative error. Exhibit 168 LippoBank Check No. 195 from Felix or Mary L.M. Ma to the DSCC in the amount of \$5,000, Sept. 25, 1992.

<sup>290</sup> The FEC data does not list Mary Ma's \$5,000 contribution to the DSCC although her bank records indicate that she did contribute to the DSCC, and the DSCC did negotiate the check. This appears to be an administrative error. See Ex. 168 LippoBank Check No. 196 from Felix or Mary L.M. Ma to the DSCC in the amount of \$5,000, Sept. 30, 1992.

<sup>291</sup> The FEC data indicates that Felix Ma contributed \$5,000 to the Missouri Democratic party, but the Mas' bank records do not confirm that. This appears to be an administrative error. <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

On the DNC's information card for Felix Ma's contribution to the Ohio Democratic party, he described himself as the director of

<sup>286</sup> See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Exhibit Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

<sup>287</sup> See Memorandum from John Huang to M.C. Lee and Felix Ma, Aug. 24, 1993 (Exhibit 164).

<sup>288</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998; DNC Check Tracking Form for LippoBank Check No. 189 from Felix or Mary L.M. Ma to the Ohio State Democratic party Federal Account in the amount of \$5,000, Sept. 30, 1992 (Exhibit 165); Ohio State Democratic party Check Tracking Form for Check No. 239 from Felix or Mary L.M. Ma to the Ohio State Democratic party in the amount of \$5,000, Sept. 20, 1992 (Exhibit 166); LippoBank Check No. 239 from Felix or Mary L.M. Ma to the Ohio State Democratic party in the amount of \$5,000, Sept. 20, 1992 (Exhibit 167); LippoBank Check No. 195 from Felix or Mary L.M. Ma to the DSCC in the amount of \$5,000, Sept. 25, 1992, and LippoBank Check No. 196 from Felix or Mary L.M. Ma to the DSCC in the amount of \$5,000, Sept. 30, 1992 (Exhibit 168); LippoBank Check No. 194 from Felix or Mary L.M. Ma to the Michigan State Democratic party in the amount of \$5,000, Sept. 15, 1992 (Exhibit 169); LippoBank Check No. 189 from Felix or Mary L.M. Ma to the Ohio State Democratic party in the amount of \$5,000, Sept. 30, 1992, LippoBank Check No. 186 from Felix or Mary L.M. Ma to the DSCC in the amount of \$5,000, Aug. 30, 1992, and LippoBank Check No. 187 from Felix or Mary L.M. Ma to the Michigan State Democratic party in the amount of \$5,000, Sept. 10, 1992 (Exhibit 170); LippoBank Checking Account Statement of Felix Ma or Mary L.M. Ma, Sept. 25, 1992 (Exhibit 171); LippoBank Checking Account Statement of Felix Ma or Mary L.M. Ma, Oct. 26, 1992 (Exhibit 172); LippoBank Checking Account Statement of Felix Ma or Mary L.M. Ma, Nov. 25, 1992 (Exhibit 173).

Lippo Hong Kong<sup>292</sup> and as of March 1993, continued to serve in that position.<sup>293</sup>

The funds used for the \$40,000 in contributions detailed above appear to have originated, at least in part, with California Land Merchants, a company currently under review by the Committee.<sup>294</sup> A check issued by California Land Merchants totaling \$15,000 was deposited into the LippoBank account of Felix and Mary Ma on September 10, 1992.<sup>295</sup> An additional \$15,000 from an unidentified source was deposited in that same account on September 2, 1992.<sup>296</sup>

On August 24, 1993, John Huang wrote a memorandum to Felix Ma which states in pertinent part:

Senator Larry Pressler is coming to Shanghai. See if we might be able to arrange a dinner in Shanghai for him on Tuesday, August 31, 1993 at 6:00 p.m.<sup>297</sup>

FEC data indicates that Felix and Mary Ma each contributed \$1,000 to Senator Larry Pressler in December 1993.<sup>298</sup> Senator Pressler returned the Mas' contributions in October 1996<sup>299</sup> apparently upon learning of their link to the Lippo Group.<sup>300</sup> In addition to the foregoing, the Mas contributed \$20,000 to the DNC and \$15,500 to congressional and senatorial candidates between 1993 and 1995.<sup>301</sup>

<sup>292</sup> Exhibit 165 DNC Check Tracking Form for LippoBank Check No. 189 from Felix or Mary L.M. Ma to the Ohio State Democratic party Federal Account in the amount of \$5,000, Sept. 30, 1992.

<sup>293</sup> Kenneth Ko, "Henderson in \$2.43b Yantai deal," South China Morning Post, Mar. 27, 1993, at 2.

<sup>294</sup> A deposit of check no. 295 from California Land Merchants in the amount of \$15,000 was deposited into the LippoBank account of Felix and Mary Ma on Sept. 3, 1992. The check bounced and was re-deposited on Sept. 10, 1992. Exhibit 171 LippoBank Checking Account Statement of Felix Ma or Mary L.M. Ma, Sept. 25, 1992; LippoBank Deposit Ticket in the amount of \$15,000 of Felix Ma or Mary L.M. Ma, Sept. 3, 1992, and Sierra National Bank Check No. 295 from California Land Merchants to Felix and Mary Ma in the amount of \$15,000, Sept. 1, 1992, (Exhibit 174); LippoBank Deposit Ticket of Felix Ma or Mary L.M. Ma in the amount of \$15,000, Sept. 10, 1992, and Sierra National Bank Check from California Land Merchants to Felix and Mary Ma in the amount of \$15,000, Sept. 1, 1992 (Exhibit 175).

<sup>295</sup> Id.

<sup>296</sup> LippoBank Deposit Ticket of Felix Ma or Mary L.M. Ma in the amount of \$15,000, Sept. 2, 1992, and a Check to Felix or Mary Ma from an illegible source in the amount of \$15,000, date illegible (Exhibit 176).

<sup>297</sup> Exhibit Memorandum from John Huang to M.C. Lee and Felix Ma, Aug. 24, 1993.

<sup>298</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>299</sup> Id.

<sup>300</sup> Rapid City Journal, Mar. 16, 1997.

<sup>301</sup> Felix Ma: June 10, 1993, \$1,000 to Senator Charles S. Robb (D-VA); July 17, 1993, \$1,000 to Representative Gary L. Ackerman (D-NY-7); Aug. 10, 1993, \$1,000 to Senator Harris L. Wofford (D-PA); Oct. 15, 1993, \$10,000 to the DNC; Oct. 25, 1993, \$1,000 to Senator James R. Sasser (D-TN); Dec. 6, 1993, \$1,000 to Senator Edward M. Kennedy (D-MA); May 23, 1994, \$2,000 to Senator Dianne Feinstein (D-CA); May 23, 1994, \$500 to Senator Dianne Feinstein (D-CA); July 18, 1994, \$1,000 to Senator Dianne Feinstein (D-CA). Mary Ma: June 10, 1993, \$1,000 to Senator Charles S. Robb (D-VA); July 17, 1993, \$1,000 to Representative Gary L. Ackerman (D-NY-7); Oct. 25, 1993, \$1,000 to Senator James R. Sasser (D-TN); May 23, 1994, \$2,000 to Senator Dianne Feinstein (D-CA); May 23, 1994, \$500 to Senator Dianne Feinstein (D-CA); July 18, 1994, \$1,000 to Senator Dianne Feinstein (D-CA); Oct. 15, 1993, \$10,000 to the DNC; Dec. 8, 1995, \$500 to John C. Edwards (D-AR-2). <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998; DNC Check Tracking Form for LippoBank Check No. 258 from Felix Ma or Mary L.M. Ma to the DNC in the amount of \$10,000, Sept. 30, 1993, DNC 0039321 (Exhibit 177); DNC Check Tracking Form for LippoBank Check No. 259 from Felix Ma or Mary L.M. Ma to the DNC in the amount of \$10,000, Sept. 30, 1993, DNC 0039319 (Exhibit 178); Exhibit 179 LippoBank Checking Account Statement of Felix Ma or Mary L.M. Ma, Oct. 25, 1993 (Exhibit 179); LippoBank Check No. 258 from Felix Ma or Mary L.M. Ma to the DNC in the amount of \$10,000, Sept. 30, 1993, and

Continued

In recent interrogatories to the DNC, the Committee requested information regarding contributions made by Felix Ma. The DNC responded:

To our knowledge, the referenced contribution from Mr. Ma does not fall into any of the seven categories involved in the DNC's review of prior contributions. . . . Further, no information has been brought to our attention calling into question the legality or appropriateness of the referenced contribution.<sup>302</sup>

The same response was given regarding Mary Ma's contributions.<sup>303</sup> As is evident from their response, the DNC has retained the Mas' contributions.

The Committee has been unable to locate Felix and Mary Ma or identify the ultimate source of the funds used for the contributions but is continuing its review. However, on March 10, 1997, Senator Dianne Feinstein announced the return of \$12,000 in contributions to her senatorial campaign which included \$2,000 contributed by Felix Ma and \$2,000 by Mary Ma.<sup>304</sup> Feinstein also returned an additional \$8,000 contributed by other individuals with ties to Lippo, including Joseph Sund, \$2,000; Charles DeQueljoe, \$2,000; Susan Hene-DeQueljoe, \$2,000; and Kenneth Wynn, \$2,000.<sup>305</sup> According to Bill Chandler, Feinstein's state director based in San Francisco, "[t]he senator believes these contributions to be legal but because of the uproar over LippoBank she wanted to exert extreme caution and return the funds. . . ." These are all the contributions we know to be related to Lippo Bank.<sup>306</sup>

In December 1993, Senator Edward M. Kennedy received a \$1,000 contribution from Felix Ma but returned the contribution in December 1996.<sup>307</sup> The DNC, DSCC, the Ohio Democratic party, the Michigan Democratic party and the Missouri Democratic party have retained the Mas' contributions.<sup>308</sup> However, applying the DNC's own standards of review, given the unavailability of the Mas and the questionable status of these contributions, the DNC, DSCC and state parties should follow the practice of Senators Feinstein, Kennedy and Pressler: the Mas' contributions are suspect and, therefore, should be disgorged to the U.S. Treasury.<sup>309</sup>

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LippoBank Check No. 259 from Felix Ma or Mary L.M. Ma to the DNC in the amount of \$10,000, Sept. 30, 1993 (Exhibit 180).

<sup>302</sup> DNC's Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 16-17.

<sup>303</sup> *Id.* at 17-18.

<sup>304</sup> Judy Holland and Charles J. Lewis, "China Donor Saga Widens: Boxer, Pelosi Say They, Too, Were Warned by FBI," San Francisco Examiner, Mar. 10, 1997, at A1.

<sup>305</sup> *Id.*

<sup>306</sup> *Id.*

<sup>307</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>308</sup> *See Id.*

<sup>309</sup> *See* FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

## Joseph Sund \$20,000 (Suspect)

Joseph Sund is a Lippo executive who contributed \$20,000 to Democratic causes—again many of the same ones targeted by the Riadys—during the 1992 election cycle.<sup>310</sup> Joseph Sund has served as an executive for a variety of Lippo controlled companies including Tati Group Limited of Hong Kong.<sup>311</sup> As of December 31, 1996, Sund was employed in the Lippo Group's real estate brokerage office in Beijing, China.<sup>312</sup> Sund, simultaneous with his employment at Lippo, served as President of Pacific Trade Enterprises, Inc., a New York corporation, as late as September 30, 1993.<sup>313</sup>

During the period September 23–30, 1992, Joseph Sund issued three checks to Democratic causes totaling \$20,000 as detailed below:<sup>314</sup>

Name	Check Date	FEC Date	Recipient	Amount
Joseph Sund .....	09/24/92	09/28/92	DNC .....	\$10,000
Joseph Sund .....	09/30/92	10/21/92	Arkansas Democratic Party .....	5,000
Joseph Sund .....	.....	10/23/92	Michigan Democratic Party .....	5,000

The extent of Joseph Sund's other fund-raising activity is unclear. However, on August 26, 1993, LippoBank employee Dewi C. Tirto wrote a memorandum to Joseph Sund which states in pertinent part:

John Huang asked me to inform you that Senator Pressler will be staying at [sic] Portman Hotel in Shanghai. FYI, the following are Committee assignments of Senator Pressler: Commerce, Science & Transportation—Foreign Relations—Juciary [sic]—Small Business—Special Aging.<sup>315</sup>

FEC data indicates that Joseph and his wife Hylen Sund each contributed \$1,000 to Senator Larry Pressler in December 1993.<sup>316</sup> Senator Pressler returned the Sunds' contributions in October 1996, apparently upon learning of their potential link to the Lippo Group.<sup>317</sup> In addition to the foregoing, the Sunds contributed

<sup>310</sup><http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>311</sup> Exhibit 128 Memorandum from Joseph Sund to John Huang, Mar. 23, 1993, HHH 4578 and HHH 4579; Memorandum from Joseph Sund to John Huang, Apr. 9, 1993, HHH 4589 (Exhibit 181).

<sup>312</sup> Gwen Lyle and Mark Wu, "China: Housing Construction Market," *Industry Sector Analysis*, Dec. 31, 1996.

<sup>313</sup> New York Department of State, Corporate Records.

<sup>314</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998; Exhibit 150 List of DNC Contributors for Sept. 25, 1992, Gore Economic Event, DNC 4125867.2; DNC Finance Executive Summary for Joseph T. Sund, Apr. 24, 1998, DNC 4368568 (Exhibit 182); Independence Savings Bank Check No. 104 from Joseph Tat Sund to the Michigan State Democratic party/Federal Account in the amount of \$5,000, Sept. 30, 1992, Independence Savings Bank Check No. 105 from Joseph Tat Sund to the DNC Victory Fund in the amount of \$10,000, Sept. 24, 1992, and Independence Savings Bank Check No. 106 from Joseph Tat Sund to the Arkansas State Democratic party in the amount of \$5,000, Sept. 23, 1992 (Exhibit 183); DNC Check Tracking Form for Independence Savings Bank Check No. 105 from Joseph Tat Sund to the DNC Victory Fund in the amount of \$10,000, Sept. 24, 1992, DNC 3310338 (Exhibit 184). The Committee has received DNC contribution information only for Sund's 1992 contribution to the DNC, which was solicited by Bob Burkett. Id.

<sup>315</sup> Memorandum from Dewi C. Tirto to Joseph Sund, Aug. 26, 1993, HHH 4588 (Exhibit 185).

<sup>316</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>317</sup> Id.

\$20,000 to the DNC and \$13,500 to congressional and senatorial candidates.<sup>318</sup>

In recent interrogatories to the DNC, the Committee requested information regarding a contribution made by Joseph Sund. The DNC responded:

To our knowledge, the referenced contribution from Joseph Sund does not fall into any of the seven categories involved in the DNC's review of prior contributions. . . . Further, no information has been brought to our attention calling into question the legality or appropriateness of Mr. Sund's contribution.<sup>319</sup>

As is evident from their response, the DNC has retained Joseph Sund's contributions.

The Committee has located Joseph Sund who—according to his attorney—is residing in China and is currently engaged in discussions with his attorneys to secure his testimony. The Committee has thus far been unable to identify the ultimate source of the funds used for the contributions due to lack of cooperation from Sund, but is continuing its review. That fact notwithstanding, as detailed earlier, on March 19, 1997, House Minority Leader Dick Gephardt returned \$22,000 in campaign contributions which included \$2,500 contributed by former Lippo executive Joseph Sund.<sup>320</sup> Similarly, Joseph Sund's \$2,000 contribution to Senator Dianne Feinstein was one of six returned in March 1997 because of the contributors' ties to the Lippo Group.<sup>321</sup> Apparently, Senator Feinstein, like Representative Gephardt, had concerns over the ultimate source of the funds, although Senator Feinstein has yet to return the \$2,000 contributed to her campaign by Hylan Sund in 1994.<sup>322</sup>

The DNC, the Arkansas Democratic party and the Michigan Democratic party have retained Joseph Sund's contributions.<sup>323</sup> However, applying the DNC's own standards of review, given the unavailability of Sund and the questionable status of these contributions, the DNC and state parties should follow the practice of House Minority Leader Richard Gephardt, Senator Feinstein and

<sup>318</sup> Id.; Manufacturers Hanover Check No. 4107 from Joseph Sund and Hylan Sund to the DNC in the amount of \$5,000, Sept. 27, 1993, DNC 0102552 (Exhibit 186); Manufacturers Hanover Check No. 4108 from Joseph Sund and Hylan Sund to the DNC in the amount of \$5,000, Sept. 30, 1993, DNC 0102553 (Exhibit 187); Manufacturers Hanover Check No. 211 from Pacific Trade Enterprises, Inc. to the DNC in the amount of \$10,000, Sept. 28, 1993, DNC 0102895 (Exhibit 188) (Joseph Sund contributed \$10,000 to the DNC on Sept. 30, 1993, through his company Pacific Trade Enterprises, Inc.); <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. Joseph Sund: June 30, 1993, \$1,000 to Senator Charles S. Robb (D-VA); July 7, 1993, \$1,000 to Representative Gary L. Ackerman (D-NY-7); July 15, 1993, \$1,000 to Senator Paul Simon (D-IL); Aug. 10, 1993, \$1,000 to Senator Harris L. Wofford (D-PA); Sept. 30, 1993, \$5,000 to the DNC; Sept. 30, 1993, \$5,000 to the DNC; May 24, 1994, \$5,000 to Senator Dianne Feinstein (D-CA); Oct. 11, 1994, \$2,500 to the Effective Government Committee. Hylan Sund: June 10, 1993, \$1,000 to Senator Charles S. Robb (D-VA); July 1, 1994, \$2,000 to Senator Dianne Feinstein (D-CA). Joseph Sund contributed \$10,000 to the DNC on Sept. 30, 1993, through his company Pacific Trade Enterprises, Inc.

<sup>319</sup> DNC's Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 10-11.

<sup>320</sup> "Gephardt Returns \$22,000," Associated Press, Mar. 19, 1997, at A37.

<sup>321</sup> "China Donor Saga Widens: Boxer, Pelosi Say They, Too, Were Warned by FBI," San Francisco Examiner, Mar. 10, 1997.

<sup>322</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>323</sup> Id.

Senator Pressler: Sund's contributions are suspect and, therefore, should be disgorged to the U.S. Treasury.<sup>324</sup>

C. CONTRIBUTIONS BY LIPPO CONTROLLED ENTITIES DURING THE 1994 ELECTION CYCLE

Hip Hing Holdings \$22,500, San Jose Holdings \$15,000, and Toy Center Holdings \$17,500 (Suspect)

On September 27, 1993, the DNC held a fund-raiser in Los Angeles featuring Vice President Al Gore.<sup>325</sup> In addition to John and Jane Huang, Agus Setiawan, then-Vice President of Marketing for LippoBank, and Jueren Shen, a foreign national and chairman of the China Resources Group—a company owned and operated by the Communist Chinese government and identified as a Chinese intelligence gathering operation<sup>326</sup>—were also in attendance.<sup>327</sup> In conjunction with this event, three Lippo-related companies contributed a total of \$45,000 to the DNC as detailed below.

On September 23, 1993, in conjunction with this event, Lippo Group subsidiaries Hip Hing Holdings, San Jose Holdings, Inc. (“San Jose Holdings”) and Toy Center Holdings of California, Inc. (“Toy Center Holdings”)<sup>328</sup> each contributed \$15,000 to the DNC under the signature of then-Lippo executives John Huang and Agus Setiawan.<sup>329</sup> Hip Hing Holdings also contributed \$2,500 to the DNC on May 29, 1993,<sup>330</sup> and \$5,000 to the California Democratic party on September 29, 1993.<sup>331</sup> On May 28, 1993, Toy Center Holdings contributed an additional \$2,500 to the DNC.<sup>332</sup> All

<sup>324</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>325</sup> Letter from John Huang to Jack Quinn, Oct. 7, 1993, EOP 049490 (Exhibit 189); Karatz Residence DNC Reception Logistics and Guest List, EOP 000959–EOP 000964 (Exhibit 190).

<sup>326</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 2, 2504 (1998).

<sup>327</sup> Exhibit 190 Karatz Residence DNC Reception Logistics and Guest List, EOP 000959–EOP 000964.

<sup>328</sup> List of Directors and Officers for Lippo Group Companies in USA, June 1, 1990, HHH 0850, HHH 0847, and HHH 0849 (Exhibit 191); see also *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 2, 2504 (1998) citing *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st sess., part II, S. Hrg. 105–300, 13 (1998) (Testimony of Juliana Utomo, July 15, 1997).

<sup>329</sup> DNC Check Tracking Form for LippoBank Check No. 2626 from Hip Hing Holdings to the DNC in the amount of \$15,000, Sept. 23, 1993, DNC 0102897 (Exhibit 192); DNC Check Tracking Form for LippoBank Check No. 1692 from San Jose Holdings to the DNC in the amount of \$15,000, Sept. 27, 1993, DNC 0102898 (Exhibit 193); DNC Check Tracking Form for LippoBank Check No. 1458 from Toy Center Holdings to the DNC in the amount of \$15,000, Sept. 23, 1993, DNC 0102896 (Exhibit 194). According to FEC data, Toy Center Holdings also contributed \$2,500 to the DNC in July 1993; the FEC date is July 15, 1993. On Sept. 27, 1993, Calbot Holdings, Inc., another Lippo subsidiary, contributed \$40,000 to the DNC also under the signatures of John Huang and Agus Setiawan. Bank of Trade/Lippo Group Check No. 1092 from Calbot Holdings to the DNC in the amount of \$40,000, Sept. 27, 1993, CHI 0035 and CHI 0200 (Exhibit 195). The Committee is investigating the origins of this contribution.

<sup>330</sup> DNC Check Tracking Form for LippoBank Check No. 2572 from Hip Hing Holdings to the DNC in the amount of \$2,500, May 28, 1993, DNC 0052705 (Exhibit 196).

<sup>331</sup> LippoBank Check No. 2628 from Hip Hing Holdings to the California Democratic party in the amount of \$5,000, Sept. 29, 1993, HHH 0484 and HHH 0485 (Exhibit 197).

<sup>332</sup> LippoBank Check No. 1418 from Toy Center Holdings to the DNC in the amount of \$2,500, May 28, 1993, TCH 0048 and TCH 0049 (Exhibit 198); DNC Check Tracking Form for

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three subsidiaries generated negative net income for the fiscal year ending December 31, 1993, during which the contributions were made.

According to documents produced to the Committee, during the fiscal year ending December 31, 1993, Hip Hing Holdings generated a gross income of only \$35,200 and a negative net income of -\$493,802.93.<sup>333</sup> Of its \$35,200 in gross income, \$32,960 was expended on "Contribution [sic] and Donations."<sup>334</sup> Hip Hing Holdings' only asset at the time of the contribution was a vacant parking lot in Los Angeles.<sup>335</sup>

San Jose Holdings, a real estate holding company,<sup>336</sup> generated a gross income of \$172,108 and a negative net income of -\$65,177.09.<sup>337</sup> Of its \$172,108 in gross income, \$35,150 was expended on "Contribution[s] and Donations."<sup>338</sup>

Finally, Toy Center Holdings generated a gross income of \$132,404.24 and a negative net income of -\$26,886.67.<sup>339</sup> Of its \$132,404.24 in gross income, \$33,550 was expended on "Contribution [sic] and Donations."<sup>340</sup> The details of the business conducted by Toy Center Holdings are unknown to the Committee.

In recent interrogatories to the DNC, the Committee requested information regarding the September 23, 1993, contributions of Hip Hing Holdings, San Jose Holdings, and Toy Center Holdings. The DNC responded:

To our knowledge, the referenced contribution from Hip Hing Holdings, Ltd. does not fall into any of the seven categories involved in the DNC's review of prior contributions. . . . Further, no information has been brought to our attention calling into question the legality or appropriateness of the contribution from Hip Hing Holdings, Ltd. . . .<sup>341</sup>

Pursuant to its review of the subsidiaries' contributions, the DNC reviewed information developed by the Senate Campaign Finance Investigation including the majority and minority reports.<sup>342</sup> In proclaiming the legality of the subsidiaries' contributions in its response to the Committee's interrogatories, the DNC quoted and relied upon the following passage excerpted from the Senate Minority Report:

In September 1993, the DNC received additional contributions from Hip Hing Holdings and from two other holding companies: San Jose Holdings and Toy Center Holdings.

LippoBank Check No. 1418 from Toy Center Holdings to the DNC in the amount of \$2,500, May 28, 1993, DNC 0052706 (Exhibit 199).

<sup>333</sup> Hip Hing Holdings Income Statement for the Period Ending Dec. 31, 1993, HHH 0043 (Exhibit 200).

<sup>334</sup> Id.

<sup>335</sup> James Warren, "Funds Hearings Focus on China's Links to Indonesian Conglomerate," Chicago Tribune, July 15, 1997.

<sup>336</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 1, 1123 (1998).

<sup>337</sup> San Jose Holdings Income Statement for the Period Ending Dec. 31, 1993 (Exhibit 201).

<sup>338</sup> Id.

<sup>339</sup> Toy Center Holdings Income Statement for the Period Ending Dec. 31, 1993 (Exhibit 202).

<sup>340</sup> Id.

<sup>341</sup> DNC's Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 13-14.

<sup>342</sup> Id. at 12-14.

Hip Hing Holdings and Toy Center Holdings each made \$17,500 in contributions to the DNC while San Jose Holdings contributed \$15,000. Unlike the contribution in 1992, however, [of \$50,000 from Hip Hing Holdings], the requests for reimbursement for the months in which the contributions were made do not contain requests for reimbursements of these contributions. Also, unlike the \$50,000 contribution from Hip Hing Holdings in 1992, each of the companies generated sufficient rental income to support the cost of the 1993 contributions. In 1993, Hip Hing Holdings generated \$35,200 in income from rental of the undeveloped property, while San Jose Holdings generated \$155,979 in income, and Toy Center Holdings generated \$167,000 in income. *Accordingly, unlike the 1992 contribution, there is no evidence that the 1993 contributions made by Lippo-related entities were reimbursed with money from abroad.*<sup>343</sup>

An identical response was given regarding the contributions of San Jose Holdings<sup>344</sup> and Toy Center Holdings,<sup>345</sup> and as evidenced by the foregoing responses, the DNC has retained the \$45,000 in contributions.<sup>346</sup>

The \$50,000 contribution to the DNC referenced in the Senate Minority Report was made by Hip Hing Holdings in August 1992.<sup>347</sup> Hip Hing Holdings was immediately thereafter reimbursed in the amount of \$50,000 by the Lippo Group in Indonesia.<sup>348</sup> In July 1997, the DNC immediately returned the \$50,000 that it received from Hip Hing Holdings after learning of its foreign origin from a Senate hearing.<sup>349</sup> In the case of the subsidiaries' 1993 contributions totaling \$45,000, the DNC has retained them based upon the fact that the subsidiaries were not reimbursed for the contributions by a foreign source, namely the Lippo Group.<sup>350</sup> On this point, the Minority Report and the DNC appear to be correct: ". . . unlike the 1992 [\$50,000] contribution [by Hip Hing Holdings], there is no evidence that the 1993 contributions made by Lippo-related entities were reimbursed with money from abroad."<sup>351</sup>

However, the DNC's reliance on the example of Hip Hing Holdings' August 1992 contribution in deciding to retain the subsidi-

<sup>343</sup>Id. at 12 (emphasis added in original text) (citations omitted in original text) (citing *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 4, 4793 (1998)).

<sup>344</sup>DNC's Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 14-15.

<sup>345</sup>Id. at 11-12.

<sup>346</sup>Id. at 11-15.

<sup>347</sup>Exhibit 26 LippoBank Check No. 2397 from Hip Hing Holdings to the DNC Victory Fund Non-Federal Account in the amount of \$50,000, Aug. 12, 1992, HHH 1263.

<sup>348</sup>Exhibit 27 Memorandum from John Huang and Agus Setiawan to Mrs. Ong Bwee Eng, Aug. 17, 1992, HHH 0238.

<sup>349</sup>James Rowley, "The Senate Investigation of Campaign Fund-raising Abuses," Associated Press, July 15, 1997; Lynn Sweet, "Democrats to Return \$50,000 Foreign Contribution," Chicago Sun-Times, July 16, 1997, at 31.

<sup>350</sup>DNC's Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 12-15.

<sup>351</sup>Id. at 12 (emphasis added in original text) (citations omitted in original text) (citing *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 4, 4793 (1998)).

aries' 1993 contributions is misplaced. The 1993 contributions are illegal based on James Riady's immigration status. At the time of the contribution, Riady was a permanent resident "outside of the United States" and thus ineligible to make political contributions in his personal capacity. But more importantly in this case, having established that—despite his permanent resident status—Riady has been a foreign national pursuant to 2 U.S.C. 441(e)a since 1991, Riady was also ineligible to participate in the decision of a U.S. corporation to make a political contribution. Pursuant to FEC regulations:

A foreign national shall not direct, dictate, control, or *directly or indirectly participate in the decisionmaking process of any person, such as a corporation*, labor organization, or political committee, with regard to such person's federal or nonfederal election-related activities, *such as decisions concerning the making of contributions or expenditures in connection with elections for any local, state, or federal office* or decisions concerning the administration of a political office.<sup>352</sup>

As in the case of the other contributions by Lippo subsidiaries, if Riady played any part whatsoever in any of the subsidiaries' decisions to contribute to the DNC, that decision is tainted by Riady's involvement and the resulting contribution is illegal.

Moreover, the 1993 contributions by Hip Hing Holdings, San Jose Holdings and Toy Center Holdings are legally suspect, not because they each were reimbursed for their contributions, but because the contributions were not made from profits as required by FEC Advisory Opinion 1992–96 which states in pertinent part that "[t]he domestic subsidiary of a foreign corporation may make political contributions even though it received subsidies from its foreign parent if the contributions are made from domestic profits."<sup>353</sup> In this case, the contributions were made during a period in which the subsidiaries suffered major losses and are legally suspect as a result.

If made today, pursuant to current DNC policy, these contributions would not be accepted. According to DNC counsel Joseph Sandler, "*[w]e don't accept checks from U.S. subsidiaries of foreign corporations as a matter of policy, not of law*. So, we would not accept a check from a U.S. subsidiary regardless of the circumstances under our current policy."<sup>354</sup>

While there is insufficient evidence to declare the subsidiaries' \$52,500 in contributions illegal due to insufficient information regarding James Riady's participation in the decisions to contribute, they are highly suspect and should be returned to the contributors or disgorged to the U.S. Treasury based on the DNC's own criteria

<sup>352</sup> FEC Advisory Opinion 1992–16 (citing 11 C.F.R. § 110.4(A)(3)) (emphasis added).

<sup>353</sup> FEC Advisory Opinion 1992–96; *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 1, 1124 (1998) (citing FEC Advisory Opinion 1992–96).

<sup>354</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st sess., Deposition of Joseph E. Sandler, Esq., May 15, 1997, 79 (emphasis added).

of appropriateness.<sup>355</sup> The Committee is continuing its review of the contributions.

#### Arkansas International Development Corporation \$25,000 (Suspect)

DNC check tracking forms and supporting finance documents indicate that the Arkansas International Development Corporation (“AIDC”)—a corporation initially funded by P.T. Masindo, a subsidiary of the Lippo Group, in the amount of \$50,000<sup>356</sup>—contributed \$25,000 to the DNC on November 25, 1993.<sup>357</sup> On one check tracking form produced to the Committee, “James Riotti” [sic] was listed as the contact for the contribution.<sup>358</sup> A second check tracking form for the same \$25,000 contribution has “James Riotti” [sic] marked through and “Joe Giroir” written instead.<sup>359</sup> This contribution was attributed to a BLF fund-raiser noted as “CA-Dinner.”<sup>360</sup> Supporting documents describe the fund-raiser as the “Los Angeles Event Pres. Clinton” held on December 17, 1993.<sup>361</sup>

In an undated DNC memorandum from Ann Braziel to former White House aide Mark Middleton regarding “Arkansas Follow-up,” Braziel wrote, “[h]ere are some more prospects/past donors that we couldn’t identify. Do you have any information or advice on them?”<sup>362</sup> The first individual enumerated is: “Mr. James Riotti [sic] Arkansas International Development Corp \$25k in 1993.”<sup>363</sup>

The “James Riotti” referenced is in fact “James Riady” of the Lippo Group.<sup>364</sup> As previously discussed, the Committee has no

<sup>355</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>356</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Deposition of C.J. “Joe” Giroir, Jr., 15–16, Apr. 30, 1997; see generally Letter from C. Joseph Giroir, Jr., Esq., to Winardi Setiapatra, Sept. 21, 1995, AIDC 000005–AIDC 000006 (AIDC II was also funded in part by the Lippo Group.) (Exhibit 203).

<sup>357</sup> DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the amount of \$25,000, Dec. 25, 1993, DNC 0048739 (Exhibit 204); DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the amount of \$25,000, Dec. 25, 1993, DNC 1410240 (Exhibit 205).

<sup>358</sup> Exhibit 204 DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the amount of \$25,000, Dec. 25, 1993, DNC 0048739.

<sup>359</sup> Exhibit 205 DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the amount of \$25,000, Dec. 25, 1993, DNC 1410240.

<sup>360</sup> Exhibit 204 DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the amount of \$25,000, Dec. 25, 1993, DNC 0048739; Exhibit 205 DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the amount of \$25,000, Dec. 25, 1993, DNC 1410240.

<sup>361</sup> List of DNC Contributors, 12/1/95 to 2/29/96, DNC 4125867.17 (Exhibit 206); see also DNC Detail Posting of Mr. James Riotti of AIDC Dec. 17, 1993, DNC 0048107 (Exhibit 207).

<sup>362</sup> DNC Memorandum from Ann Braziel to Mark Middleton, undated, DNC 3001579–DNC 3001580 (Exhibit 208).

<sup>363</sup> *Id.*

<sup>364</sup> In recent interrogatories to the DNC, the Committee requested information regarding the \$25,000 contribution made by the AIDC. DNC’s Responses to the Committee’s June 23, 1998, Interrogatories, Aug. 6, 1998, at 29. The DNC responded in pertinent part that:

The contribution was not made by “James Riotti,” but by [sic] Arkansas International Development Corporation. It was deposited into the DNC’s non-federal corporate account as a corporate contribution. “James Riotti” was listed as a “contact” for the company on the check tracking form. I have not identified any information indicating whether this is the correct name and spelling for this person.

*Id.* at 30–31. The Committee does not dispute the DNC’s characterization of the contribution as a corporate contribution made by the AIDC. But while the DNC is apparently unable to confirm that “James Riotti” [sic] associated with the AIDC is “James Riady” of the Lippo Group,

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FEC records of political contributions made by James Riady in his personal capacity after 1992. It is, however, beyond dispute that the AIDC contributed \$25,000 to the DNC on December 25, 1993. At the time of the contribution, Riady was a permanent resident “outside of the United States” and thus ineligible to participate in the decision of a U.S. corporation to make a political contribution. In short, if Riady played *any* part whatsoever in the AIDC’s decision to contribute \$25,000 to the DNC, the contribution is illegal. Precisely how Riady’s name came to be associated with this remains a mystery. But in any event, based on the documents excerpted above and the DNC’s attribution of the \$25,000 contribution—exactly one-half of the initial capital infusion provided by the Lippo Group to start AIDC—to Riady, it strains credibility to believe that he played no role in the AIDC’s decision to contribute.<sup>365</sup>

Due to insufficient information regarding James Riady’s participation in the AIDC’s decision to contribute, the Committee cannot conclude with 100% certainty that the contribution is illegal. The evidence available to the Committee does, however, strongly indicate that the AIDC’s \$25,000 contribution is illegal and should be disgorged to the U.S. Treasury pursuant to Federal law.<sup>366</sup> The Committee is continuing its review of the contributions.

#### D. THE POLITICAL INVOLVEMENT AND INFLUENCE OF THE RIADYS

The Riadys, John and Jane Huang and most of the Lippo employees and their spouses who made contributions have either fled the country or pled the Fifth Amendment in order to avoid incriminating themselves. Against that backdrop, the foregoing contributions appear to be part of a larger scheme and pattern of illegal—or at a minimum, questionable—contributions involving the Riadys, their companies, and their employees. Their combined 1992 contributions to the Arkansas Democratic party, for example, were 23 percent of all contributions received by the Arkansas party from individuals for the 1992 election cycle.<sup>367</sup> President Clinton was clearly informed in August 1992—around the time that the Riadys contributed over \$450,000 to Democratic causes—that James Riady

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the Committee has gathered overwhelming evidence that “James Riotti” is in fact “James Riady” based on a number of factors including, but not limited to: the Lippo Group’s association with the AIDC, James Riady’s association with C.J. “Joe” Giroir, James Riady’s history of contributing to Democratic causes, and his association with a number of Democratic Arkansans including President Clinton and Mark Middleton.

<sup>365</sup> C.J. “Joe” Giroir, Esq., was questioned about an AIDC disbursement relating to Webster Hubbell. The dialog went as follows:

COUNSEL. Did you have any reticence about [making a contribution to the Hubbell Family Trust], was it something that you thought about?

GIROIR. Well, I didn’t want to do it without discussing it with James Riady because I didn’t consider it to be a proper business expense for AIDC. And, so, I wanted to be sure that he was in concurrence with me that it would be okay to do.

So, on at least one occasion Giroir consulted with James Riady regarding the disbursements that he did not consider “a proper business expense.” Whether a contribution to the DNC would constitute “a proper business expense” to Giroir is an unanswered question. *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Deposition of C.J. “Joe” Giroir, Jr., 251–253, Apr. 30, 1997.

<sup>366</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>367</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

was living and based abroad and that his interests were primarily vested in Asia. Given President Clinton and James Riady's close friendship, many questions regarding the President's knowledge of the Riadys' political contributions remain to be answered.

YAH LIN "CHARLIE" TRIE RELATED CONTRIBUTIONS DURING THE  
1996 ELECTION CYCLE

Lei Chu \$12,500 (Illegal)

Lei Chu, a onetime close advisor of and assistant to Yah Lin "Charlie" Trie,<sup>368</sup> played a key role in Trie's service as a member of the Commission on United States-Pacific Trade and Investment Policy, otherwise known as the Bingaman Commission. Chu drafted a number of policy proposals for the Commission on Trie's behalf and participated in Commission meetings.<sup>369</sup> After attending several meetings, she was prohibited from Commission participation by the Chairman of the Commission due to concerns over her ties to foreign corporations.<sup>370</sup>

On February 18, 1996, Lei Chu flew on China Airlines from Taipei, Taiwan to Los Angeles, California.<sup>371</sup> The following day she attended the DNC's February 19, 1996, fund-raiser at the Hay Adams Hotel in Washington, DC.<sup>372</sup> This was John Huang's first DNC fund-raiser.<sup>373</sup> At this fund-raiser the President lauded Huang for his fund-raising prowess as excerpted previously. Trie was also in attendance.<sup>374</sup> A photograph from the event shows John Huang and then-DNC Chairman Donald Fowler holding a poster size check from the Asian Pacific Leadership to the DNC in the amount of \$1,000,000.<sup>375</sup> The Hay Adams fund-raiser failed to raise the funds expected.<sup>376</sup> In order to make up for the shortfall, conduit contributions were made at the request of and with funds provided by Trie and ex-Lippo executive Antonio Pan in order to reach the \$1,000,000 goal.<sup>377</sup>

The following day, on February 20, 1996, Chu established a checking account at the Citizens Bank of Washington with an ini-

<sup>368</sup>Lei Chu apparently also has ties to Peter Chen, a one-time employee of the Lippo Group. See Memorandum from Peter Chen to Joe Giroir, Antonio Pan, et al., Aug. 12, 1994, AIDC 000972 (Exhibit 209). Chu served as the Vice President of Sun Union Limited of Hong Kong under Sun Union President Peter Chen. Sun Union Limited Business Card of President Peter Chen, A 0003245 (Exhibit 210); Sun Union Limited Business Card of Vice President Lei Chu, A 0003246 (Exhibit 211).

<sup>369</sup>Proposal of the U.S.-Asia Trading Partnership Program (USATP), May 14, 1996 (Exhibit 212); "Recommendations for what we can do in U.S.-Asian Trade Policy Formulation," Aug. 1, 1996 (Exhibit 213); "Commission on U.S.-Pacific Trade and Investment Policy: Some Recommendations Before the Asia Trip," Aug. 25, 1996 (Exhibit 214).

<sup>370</sup>Committee Interview of Clyde Prestowitz, Feb. 18, 1998.

<sup>371</sup>U.S. Customs Records for Lei Chu (Exhibit 215).

<sup>372</sup>Photograph of Lei Chu at the DNC Feb. 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, DC (Exhibit 216).

<sup>373</sup>See generally DNC Briefing for the President of the United States, DNC Asian Pacific American Leadership Council Dinner, Feb. 19, 1996, Hay-Adams Hotel, Washington, DC, DNC 1579590-DNC 1579600 (Exhibit 217).

<sup>374</sup>Photograph of Presidential table at the DNC Feb. 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, DC (Exhibit 218); List of Attendees for the Hay Adams event, Feb. 19, 1996, EOP 058577, EOP 058579-EOP 058580 (Exhibit 219).

<sup>375</sup>Photograph of then-DNC Vice Chairman John Huang and Then-DNC Chairman Donald Fowler at the DNC Feb. 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, DC (Exhibit 220).

<sup>376</sup>See Committee Interview of Tony Hsu, Sept. 3, 1997.

<sup>377</sup>See Id.; see, e.g., Discussion of J & M International, Inc., Manlin Fong, and Joseph Landon, *infra*.

tial cash deposit of \$12,520.<sup>378</sup> On that same day, Chu issued start-er check no. 90—the first check ever written on that account—in the amount of \$12,500 to the DNC<sup>379</sup> in conjunction with the Hay Adams fund-raiser.<sup>380</sup> That check cleared Chu’s account on February 26, 1996,<sup>381</sup> and was the sole check written from that account during the period February 1996–July 1996.<sup>382</sup> It should be noted that check no. 90 to the DNC—a check drawn on a Washington, DC, bank—bears a Garland, Texas, address in unidentifed handwriting.<sup>383</sup>

DNC contribution information lists John Huang as the DNC Contact for Chu’s contribution.<sup>384</sup> Trie solicited her contribution and his telephone number was provided as Chu’s contact number.<sup>385</sup> It was Chu’s apparent link to Huang and Trie that led to a review of her contribution.<sup>386</sup> Ernst & Young was unable to confirm the Garland, Texas, address provided by Chu.<sup>387</sup> In addition, the notation “Bad #” was inscribed by the Ernst & Young auditor beside the telephone numbers provided by Chu.<sup>388</sup> The Research Information Form was labeled “No Info.”<sup>389</sup> Finally, Chu’s Ernst & Young file was labeled “DER” for Dead End Research.<sup>390</sup> The DNC received no helpful information as a result of its review. Chu has fled the United States and is believed to be living in Taiwan.<sup>391</sup> The Committee has been unable to contact her.

In recent interrogatories to the DNC, the Committee requested information regarding Chu’s contribution. The DNC responded:

The DNC has not returned the referenced contribution from Lei Chu because the information developed during the DNC’s review of prior contributions met the criteria for retaining a contribution as set forth in “DNC In-Depth Contribution Review,” at page 3.<sup>392</sup>

Despite the paucity of information gathered pursuant to the Ernst & Young review, the DNC decided to retain Chu’s \$12,500 con-

<sup>378</sup> Citizens Bank Signature Card of Lei Chu (Exhibit 221); Citizens Bank Deposit Ticket of Lei Chu in the amount of \$12,520, Feb. 20, 1996 (Exhibit 222); Citizens Bank Cash In Ticket of Lei Chu (Exhibit 223); Citizens Bank Checking Account Statement of Lei Chu, Mar. 15, 1996 (Exhibit 224); Currency Transaction Report by Form 4789 for Lei Chu, H01805 (Exhibit 225).

<sup>379</sup> Exhibit 224 Citizens Bank Checking Account Statement of Lei Chu, Mar. 15, 1996; Citizens Bank Check No. 90 from Lei Chu to the DNC in the amount of \$12,500 (Exhibit 226).

<sup>380</sup> DNC Check Tracking Form for Citizens Bank Check No. 90 from Lei Chu to the DNC in the amount of \$12,500, 000525 (Exhibit 227).

<sup>381</sup> Exhibit 224 Citizens Bank Checking Account Statement of Lei Chu, Mar. 15, 1996.

<sup>382</sup> Id.; Citizens Bank Checking Account Statement of Lei Chu, Apr. 15, 1996 (Exhibit 228); Citizens Bank Checking Account Statement of Lei Chu, May 15, 1996 (Exhibit 229); Citizens Bank Checking Account Statement of Lei Chu, June 17, 1996 (Exhibit 230); Citizens Bank Checking Account Statement of Lei Chu, July 16, 1996 (Exhibit 231).

<sup>383</sup> Exhibit 226 Citizens Bank Check No. 90 from Lei Chu to the DNC in the amount of \$12,500.

<sup>384</sup> Exhibit 227 DNC Check Tracking Form for Citizens Bank Check No. 90 from Lei Chu to the DNC in the amount of \$12,500, 000525.

<sup>385</sup> Id.

<sup>386</sup> DNC’s Responses to the Committee’s June 23, 1998, Interrogatories, Aug. 6, 1998, at 36–37.

<sup>387</sup> Ernst & Young Contribution Review Materials for Lei Chu, DNC 1804805, DNC 1804808, DNC 1804810, and DNC 1804821–DNC 1804822, at 2 and 4 (Exhibit 232).

<sup>388</sup> Id. at 5.

<sup>389</sup> Id. at 4.

<sup>390</sup> Id. at 1. The Committee has received no evidence of IGI’s participation in this audit.

<sup>391</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Interview of Mr. and Mrs. Chu Shuo Po, May 22, 1997.

<sup>392</sup> DNC’s Response to the Committee’s June 23, 1998, Interrogatories, Aug. 6, 1998, at 37.

tribution.<sup>393</sup> That fact notwithstanding, based on Trie's proven history of using conduits to contribute to the DNC<sup>394</sup> and the suspicious activity evidenced by Lei Chu's bank records, the evidence indicates that her \$12,500 was an illegal conduit contribution in violation of 2 U.S.C. § 441f. Therefore, pursuant to Federal regulations and DNC practice, the DNC should disgorge Chu's \$12,500 contribution to the U.S. Treasury.<sup>395</sup>

J & M International, Inc. \$25,000 (Illegal)

On February 17, 1996, ex-Lippo executive and business associate of Trie, Antonio Pan, entered the United States at John F. Kennedy International Airport, New York, New York.<sup>396</sup> Two days later, on February 19, 1996, Pan, Trie, and Huang attended the DNC Hay Adams Hotel fund-raiser.<sup>397</sup> The next day, at 2:45 p.m., Pan, Trie's business partner Ng Lap Seng a.k.a. Mr. Wu, Trie's personal assistant Lei Chu and approximately 15 other individuals entered the White House for a tour arranged by DNC White House Liaison Susan Lavine.<sup>398</sup>

On February 22, 1996, Pan visited his long-time friend Su Cheng Bin in Flushing, New York.<sup>399</sup> Pan asked Su if he was interested in attending a DNC fund-raiser where President Clinton would be in attendance.<sup>400</sup> Su declined.<sup>401</sup> Pan then inquired if Su had any friends who might be interested in attending.<sup>402</sup> Su suggested his friend Jack Ho, President of J & M International, Inc. ("J & M"), a travel agency, and subsequently that same day introduced Pan to Ho in a meeting at the Sheraton LaGuardia East Hotel.<sup>403</sup> Pan explained to Ho and Su that, due to his immigration status, he was unable to contribute to the DNC legally and, therefore, needed Ho to contribute on his behalf.<sup>404</sup> Although Su was wary of this arrangement, Ho agreed to do as Pan requested.<sup>405</sup>

<sup>393</sup> *Id.*

<sup>394</sup> It deserves mention that Trie was given credit by the DNC for soliciting the \$100,000 contribution of Jimswood International, Inc. ("Jimswood") of Los Angeles, CA. Almost every contribution for which Trie was listed as the solicitor has been determined to be illegal. However, the Committee has determined Jimswood's contribution to be legal. Interestingly, this is not an instance of Trie soliciting a legal contribution. Instead, according to Davisson Wu of Jimswood, Trie did not solicit the \$100,000 contribution. Wu is uncertain why Trie was given credit for soliciting his contribution. See generally Letter from Roy H. Aron to Tim Griffin, Esq., Sept. 17, 1998 (discussing Jimswood's contribution and complementing the Committee's investigation for its professionalism) (Exhibit 233).

<sup>395</sup> See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

<sup>396</sup> U.S. Customs Records for Antonio Y.P. Pan (Exhibit 234).

<sup>397</sup> Photograph of Antonio Y.P. Pan at the DNC Feb. 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, DC (Exhibit 235); Photograph of Yah Lin "Charlie" Trie at the DNC Feb. 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, DC (Exhibit 236); Photograph of John and Jane Huang at the DNC Feb. 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, DC (Exhibit 237).

<sup>398</sup> White House Memorandum from Molly (Last Name Unknown) to WAVES, Feb. 20, 1996, EOP 056859 (Exhibit 238).

<sup>399</sup> Committee Interview of Su Cheng Bin, Aug. 13, 1998.

<sup>400</sup> *Id.*

<sup>401</sup> *Id.*

<sup>402</sup> *Id.*

<sup>403</sup> *Id.*

<sup>404</sup> *Id.*

<sup>405</sup> *Id.*

At the same February 22, 1996, meeting of Pan, Su, and Ho, ex-Lippo executive Pan delivered to Jack Ho 35 \$1,000 Bank Central Asia travelers check totaling \$35,000,<sup>406</sup> all of which were purchased as part of a \$200,000 block in Jakarta, Indonesia—home of the Lippo Group and the Riadys.<sup>407</sup> At Pan's request, Ho cashed \$10,000 in travelers checks for Pan at Citibank, 38–11–17 Main Street, Flushing, New York: Ho cashed five of the checks totaling \$5,000<sup>408</sup> and deposited the other five totaling \$5,000.<sup>409</sup> Ho then immediately cashed a check in the amount of \$5,000.<sup>410</sup> Ho then handed the \$10,000 cash over to Pan.<sup>411</sup>

Ho divided the cashing of the \$10,000 into multiple transactions apparently at the instruction of Pan in an effort to circumvent the generation of a cash transaction report (“CTR”).<sup>412</sup> Under Federal law, a CTR must be filed in conjunction with any cash transaction involving \$10,000 or more.<sup>413</sup> It is a Federal crime to avoid the generation of a CTR purposefully<sup>414</sup>—a practice commonly referred to as “smurfing”<sup>415</sup>—which appears to be the case here.

During that same visit to Citibank, Ho deposited \$25,000 in travelers checks into the account of J & M<sup>416</sup> and immediately thereafter issued a check in the amount of \$25,000<sup>417</sup> to the DNC in conjunction with the DNC's Asian Dinner fund-raiser at the Hay Adams Hotel, a fund-raiser that had been held 3 days prior.<sup>418</sup> As indicated previously, the Hay Adams fund-raiser failed to raise the funds expected.<sup>419</sup> That shortfall explains Huang's attribution of Ho's contribution to the Hay Adams fund-raiser.<sup>420</sup> Similarly, as discussed below, in conjunction with the Hay Adams event, Trie and Pan funneled \$25,000 through Trie's sister, Manlin Fong, and her boyfriend, Joseph Landon—\$12,500 each—on the same day,

<sup>406</sup> Id.; Bank Central Asia Travelers Checks Nos. 109 3255 610 009 through 109 3255 610 043 (Exhibit 239); see Citibank Checking Account Statement for J & M International, Feb. 23, 1996 (Exhibit 240); Citibank Deposit Ticket and Deposited Items of J & M International in the amount of \$5,000, Feb. 22, 1996 (Exhibit 241); Citibank Deposit Ticket and Deposited Items of J & M International in the amount of \$25,000, Feb. 22, 1996 (Exhibit 242).

<sup>407</sup> See generally Exhibit 84 Letter from Christopher M. Curran, Esq., Attorney for Bank Central Asia, to Committee Senior Investigative Counsel Tim Griffin, Esq., July 20, 1998.

<sup>408</sup> Exhibit 239 Bank Central Asia Travelers Checks Nos. 109 3255 610 039 through 109 3255 610 043.

<sup>409</sup> Exhibit 240 Citibank Checking Account Statement for J & M International, Feb. 23, 1996; Exhibit 241 Citibank Deposit Ticket and Deposited Items of J & M International in the amount of \$5,000, Feb. 22, 1996.

<sup>410</sup> Citibank Check No. 728 from J & M International to Cash in the amount of \$5,000, Feb. 22, 1996 (Exhibit 243).

<sup>411</sup> Committee Interview of Jack Ho, July 30, 1998; see generally Id.

<sup>412</sup> See generally 31 U.S.C. § 5313; 31 C.F.R. § 103.22.

<sup>413</sup> Id.

<sup>414</sup> 31 U.S.C. § 5322.

<sup>415</sup> “Smurfs, Money Laundering, and the Federal Criminal Law: The Crime of Structuring Transaction,” Sarah N. Welling, 41 Fla. L. Rev. 287, 288, Spring 1989.

<sup>416</sup> Exhibit 240 Citibank Checking Account Statement for J & M International, Feb. 23, 1996; Exhibit 242 Citibank Deposit Ticket and Deposited Items of J & M International in the amount of \$25,000, Feb. 22, 1996; Exhibit 239 Bank Central Asia Travelers Checks Nos. 109 3255 610 014 through 109 3255 610 038.

<sup>417</sup> Citibank Check No. 730 from J & M International to the DNC in the amount of \$25,000, Feb. 23, 1996 (Exhibit 244); Citibank Checking Account Statement of J & M International, Mar. 22, 1996 (Exhibit 245).

<sup>418</sup> DNC Check Tracking Form for Citibank Check No. 730 from J & M to the DNC in the amount of \$25,000, 000524 (Exhibit 246).

<sup>419</sup> Committee Interview of Tony Hsu, Sept. 3, 1997.

<sup>420</sup> See generally Exhibit 246 DNC Check Tracking Form for Citibank Check No. 730 from J & M to the DNC in the amount of \$25,000, 000524.

February 22, 1996, several days after the Hay Adams fund-raiser.<sup>421</sup>

A document produced to the Committee by the DNC lists Trie as the solicitor and John Huang as the DNC contact for J & M's contribution.<sup>422</sup> It was Ho's apparent link to Trie and Huang that led to an Ernst & Young review of his contribution.<sup>423</sup> The auditor unsuccessfully attempted to contact Ho on at least five separate occasions.<sup>424</sup> On one such occasion, December 9, 1996, the auditor contacted Maria Ho, Jack Ho's wife, regarding J & M's contribution.<sup>425</sup> The auditor noted that "[s]he was not willing to talk to us."<sup>426</sup> Subsequently, on December 17, 1996, the auditor made her final attempt to reach Jack Ho.<sup>427</sup> Her handwritten notes were as follows:

Spoke with receptionist. She said Jack Ho was not in the office & that they do not need to answer any questions. Very angry & hung up on me.<sup>428</sup>

The DNC received no helpful information as a result of its review. Ho's Ernst & Young file was labeled "Term[inated]."<sup>429</sup>

After the Ernst & Young review, IGI gathered a limited amount of additional publicly available information regarding Ho and J & M.<sup>430</sup> The DNC did not receive any information directly from Jack Ho regarding his contributions.<sup>431</sup> However, through IGI, the DNC was able to determine that his Social Security number had been

<sup>421</sup> Committee Deposition of Manlin Fong, Sept. 29, 1997; Committee Interview of Joseph Landon, Sept. 4, 1997; see Amerasia Bank Signature Card of Antonio Pan, Feb. 22, 1996 (Exhibit 247); Amerasia Bank Personal New Account Application of Antonio Pan, Feb. 22, 1996 (Exhibit 248); Amerasia Bank Savings Account Statement of Antonio Pan, Mar. 31, 1996 (Exhibit 249); Amerasia Bank Savings Deposit Ticket of Antonio Pan, Feb. 22, 1996 (Exhibit 250); Amerasia Bank Savings Withdrawal Ticket of Antonio Pan, Feb. 22, 1996 (Exhibit 251); Amerasia Bank Applications of Antonio Pan for three \$5,000 Cashier's Checks to Manlin Fong, Feb. 22, 1996 (Exhibit 252); Amerasia Bank Applications of Antonio Pan for two \$5,000 Cashier's Checks to Joe Landon, Feb. 22, 1996 (Exhibit 253); Three \$5,000 Amerasia Bank Cashier's Checks to Manlin Fong, Feb. 22, 1996 (Exhibit 254); Two \$5,000 Amerasia Bank Cashier's Checks to Joe Landon, Feb. 22, 1996 (Exhibit 255); Currency Transaction Report by Form 4789 for Antonio Pan, Feb. 22, 1996 (Exhibit 256); Amerasia Bank Savings Account Statements of Antonio Pan, June 30, 1996, Sept. 30, 1996, Dec. 31, 1996, Mar. 31, 1997, and June 30, 1997 (showing no other account activity from Mar. 31, 1996, through June 30, 1997) (Exhibit 257); see also Travis Federal Credit Union Deposit Ticket of Manlin Fong in the \$14,500, Feb. 23, 1996 (Exhibit 258); Three Deposited \$5,000 Amerasia Bank Cashier's Checks to Manlin Fong, Feb. 22, 1996 (Exhibit 259); Travis Federal Credit Union Check No. 390 from Manlin Fong to the DNC in the amount of \$12,500, Feb. 19, 1996 (Exhibit 260); Travis Federal Credit Union Posted Transaction Register for the Checking Account of Manlin Fong (Exhibit 261); DNC Check Tracking Form for Travis Federal Credit Union Check No. 390 from Manlin Fong to the DNC in the amount of \$12,500, Feb. 19, 1996 (Exhibit 262); DNC Check Tracking Form for Travis Federal Credit Union Check No. 1337 from Joseph Landon to the DNC in the amount of \$12,500, Feb. 19, 1996 (Exhibit 263); see also <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>422</sup> Exhibit 246 DNC Check Tracking Form for Citibank Check No. 730 from J & M to the DNC in the amount of \$25,000, 000524.

<sup>423</sup> See DNC's Responses to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 7.

<sup>424</sup> Ernst & Young Contribution Review Materials for Jack Ho/J & M International, DNC 1802501, DNC 1802504, DNC 1802505–DNC 1802506, and DNC 1802508, at 2 (Exhibit 264).

<sup>425</sup> Id.

<sup>426</sup> Id.

<sup>427</sup> Id.

<sup>428</sup> Id.

<sup>429</sup> Id. at 1.

<sup>430</sup> IGI Contribution Review Materials for Jack Ho/J & M International, HS 006020–HS 006031, at 1–12 (Exhibit 265). Experience indicates that "IGI Contribution Review Materials" often contain documents generated pursuant to the Ernst & Young Contribution review process. The converse is not true because the Ernst & Young phase was conducted prior to the IGI phase.

<sup>431</sup> See Exhibit 264 Ernst & Young Contribution Review Materials for Jack Ho/J & M International, DNC 1802501, DNC 1802504, DNC 1802505–DNC 1802506, and DNC 1802508, at 2.

valid for over 30 years at the time of the contribution<sup>432</sup> and that his home had an assessed value of \$272,500.<sup>433</sup> This information evidently provided the DNC with the minimum information needed to conclude that the contribution was legal and appropriate; the DNC retained the contribution.

Despite the paucity of information gathered pursuant to the Ernst & Young and IGI reviews, the DNC decided to retain the contribution in the face of mounting evidence that both Trie and Huang were generating illegal contributions. The DNC apparently decided that it had sufficient information to declare the \$25,000 contribution appropriate and retain it without one scintilla of cooperation from Ho. DNC Spokesman Rick Hess indicated recently that:

[The DNC] would have returned [the \$25,000] if we had any hint that they were [sic] foreign sources or if the company had insufficient funds. *Every indication was that it was legal and proper.*<sup>434</sup>

The exact opposite is true: there was practically no information indicating the contribution was “legal and proper.” The DNC’s determination notwithstanding, based on Committee interviews and the conclusive activity evidenced by Ho’s bank records, J & M’s \$25,000 was an illegal conduit contribution in violation of 2 U.S.C. §441f. In addition, the funds used to make the contribution—the travelers checks—ultimately originated in Indonesia. Therefore, pursuant to Federal regulations and DNC practice, the DNC should disgorge J & M’s illegal \$25,000 contribution to the U.S. Treasury.<sup>435</sup>

#### TED SIOENG RELATED CONTRIBUTIONS DURING THE 1996 ELECTION CYCLE

During the 1996 Federal election cycle, courted by fund-raiser John Huang, Ted Sioeng’s family and associates contributed \$400,000 to the DNC.<sup>436</sup> A review of bank records strongly suggests that \$310,000 of the contributions were ultimately funded from foreign accounts in Hong Kong and Indonesia. The remaining \$90,000, while funded from U.S. receipts, remains suspect due to large and continuing foreign subsidies to the family’s U.S. businesses from family patriarch and Belize national Ted Sioeng. The result of these subsidies was often a commingling of domestic receipts and foreign funds in accounts from which political contributions were made.

<sup>432</sup> Exhibit 265 IGI Contribution Review Materials for Jack Ho/J & M International, HS 006020–HS 006031, at 6. The DNC was also able to determine that Maria Ho’s Social Security number had been valid for approximately 30 years. *Id.*

<sup>433</sup> *Id.*  
<sup>434</sup> Mary Ann Akers, “GOP Probers Report \$50,000 in Illegal Donations via Trie,” *Washington Times*, Aug. 5, 1998.

<sup>435</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>436</sup> Note that Sioeng and his company, Panda Estates, contributed a total of \$100,000 to California State Treasurer Matt Fong in 1995. Matt Fong returned the money in Apr. 1997.

Additional questions are raised by the Sioeng family's deafening silence on the subject of its political contributions. All of the Sioeng family members and those associates closest to the family have either asserted the Fifth Amendment, left the country, or are foreign nationals who have refused to be interviewed. The fact that the people most likely to know about the Sioeng family's political contributions uniformly have refused to talk to the Committee about the contributions, casts great doubt on whether they meet applicable legal and regulatory requirements, or are appropriate for the DNC to retain under the circumstances.

The Committee remains particularly concerned about Sioeng-related contributions because of Sioeng's close ties to the government of the People's Republic of China ("PRC"). In the report of its investigation into campaign finance abuses, the Senate Committee on Governmental Affairs stated the following about Sioeng's PRC connections:

The Committee has learned that Sioeng worked, and perhaps still works, on behalf of the Chinese government. Sioeng regularly communicated with PRC embassy and consular officials at various locations in the United States, and, before the campaign finance scandal broke, he traveled to Beijing frequently where he reported to and was briefed by Chinese communist party officials. . . . The Committee has received information that [indicted DNC fund-raiser Maria] Hsia worked with Ted Sioeng and John Huang to solicit contributions from Chinese nationals in the United States and abroad for Democratic causes.<sup>437</sup>

A. Jessica Elnitiarta and Panda Estates Investment, Inc.; Jessica Elnitiarta \$100,000 (Illegal)

Jessica Elnitiarta is Ted Sioeng's oldest daughter. She is a U.S. citizen who, at her father's behest, runs the family businesses in the United States. She also makes more political contributions than any other family member. On February 19, 1996, Jessica Elnitiarta wrote a personal check for \$100,000 to the DNC<sup>438</sup> against a bank account balance of only \$9,225.<sup>439</sup> Elnitiarta took steps to cover the check 3 days later: on February 22, 1996, Elnitiarta, using a power of attorney, transferred \$200,000 from the personal bank account of Ted Sioeng's sister, Yanti Ardi,<sup>440</sup> an Indonesian national, to her own account. This \$200,000 came from a \$518,434 wire transfer 10 days earlier from Pristine Investments in Hong Kong.<sup>441</sup> It is likely that Pristine Investments is owned or controlled by Ted Sioeng.

<sup>437</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 2, 2505-2507 (1998).

<sup>438</sup> DNC Check Tracking Form for Grand National Bank Check No. 575 from Jessica G. Elnitiarta to the DNC in the amount of \$100,000, Feb. 19, 1996 (Exhibit 266).

<sup>439</sup> Grand National Bank Account Statement of Jessica G. Elnitiarta, Feb. 29, 1996 (Exhibit 267).

<sup>440</sup> Grand National Bank Customer Authorization for Funds Transfer of Jessica Elnitiarta in the amount of \$200,000, Feb. 22, 1996 (Exhibit 268).

<sup>441</sup> Grand National Bank Credit Ticket of Yanti Ardi in the amount of \$518,433.56, Feb. 12, 1996, and Wire Transfer Report of Yanti Ardi and Pristine Investments in the amount of \$518,434, Feb. 12, 1996 (Exhibit 269).

In short, this \$100,000 contribution was funded by ineligible foreign money and should be returned by the DNC. This transfer of funds from foreign sources is part of a pattern that recurs throughout the brief but curious history of Sioeng-related contributions to the DNC.

Panda Estates Investment, Inc. \$100,000 (\$60,000 Illegal/\$40,000 Suspect)

On July 12, 1996, Jessica Elnitiarta, as president of Panda Estates Investment, Inc. (“Panda Estates”), signed a \$100,000 company check to the DNC<sup>442</sup> against a negative bank account balance of –\$599.<sup>443</sup> The check cleared the bank on July 25, 1996, causing a negative bank balance of \$100,125.<sup>444</sup> On July 26, 1996, Elnitiarta transferred –\$100,000 from a Panda Estates receipts account toward the overdraft.<sup>445</sup> Of this transfer, \$60,000 came from Yanti Ardi’s personal bank account,<sup>446</sup> which in turn was funded by a \$1,652,480 wire transfer on June 28, 1996 from R.T. Enterprises in Hong Kong.<sup>447</sup> The remaining \$40,000 was funded by a transfer from a Panda Estates receipts account that consisted of domestic rents collected for the month of July 1996.<sup>448</sup> In short, this contribution of \$100,000 was funded primarily with foreign money and, hence, should be returned.

Panda Estates Investment, Inc. \$50,000 (Suspect)

On July 29, 1996, Jessica Elnitiarta signed a \$50,000 company check to the DNC<sup>449</sup> from Panda Estates against a negative bank account balance of –\$2,351.<sup>450</sup> The check cleared the bank on August 5, 1996 causing a –\$48,198 overdraft.<sup>451</sup> The next day, Elnitiarta covered part of the overdraft through a \$40,000 transfer of domestic rental receipts for the month of August 1996.<sup>452</sup> The remaining overdraft was covered by an August 6, 1996 transfer of \$10,000 from the bank account of Code 3 USA (“Code 3”), the family’s gun and ammunition business, operated by Elnitiarta’s hus-

<sup>442</sup> DNC Check Tracking Form for Grand National Bank Check No. 1632 from Panda Estates to the DNC in the amount of \$100,000, July 12, 1996 (signed by Jessica Elnitiarta) (Exhibit 270).

<sup>443</sup> Grand National Bank Account Statement of Panda Estates Bank Statement, July 31, 1996 (Exhibit 271).

<sup>444</sup> *Id.*

<sup>445</sup> Grand National Bank Customer Authorization for Funds Transfer of Panda Estates in the amount of \$100,000, July 26, 1996 (Exhibit 272).

<sup>446</sup> Grand National Bank Deposit Ticket of Panda Estates in the amount of \$60,000, July 26, 1996, and Grand National Bank Deposited Check No. 2309 from Yanti Ardi to Panda Estates in the amount of \$60,000, July 26, 1996 (signed by Jessica Elnitiarta) (Exhibit 273).

<sup>447</sup> Grand National Bank Credit Ticket of Yanti Ardi in the amount of \$1,652,479.98, June 28, 1996, and Grand National Bank Wire Transfer Report of Yanti Ardi and R.T. Enterprises in the amount of \$1,652,480, June 28, 1996 (Exhibit 274). Based upon an analysis of bank records and financial transactions, it appears that R.T. Enterprises is a Sioeng owned or controlled company. The Sioeng family attorneys refused the Committee’s requests to share information on this and other foreign entities with clear financial ties to Sioeng’s holdings in the United States.

<sup>448</sup> Grand National Bank Account Statement of Panda Estates, July 31, 1996 (showing seventeen deposits of July rents into the Panda Estates receipts bank account totaling \$48,411 from July 5 through July 22, 1996) (Exhibit 275).

<sup>449</sup> DNC Check Tracking Form for Grand National Bank Check No. 1652 from Panda Estates to the DNC in the amount of \$50,000, July 29, 1996 (signed by Jessica Elnitiarta) (Exhibit 276).

<sup>450</sup> Grand National Bank Account Statement of Panda Estates, July 31, 1996 (Exhibit 277).

<sup>451</sup> Grand National Bank Account Statement of Panda Estates, Aug. 30, 1996 (Exhibit 278).

<sup>452</sup> Grand National Bank Customer Authorization for Funds Transfer of Panda Estates in the amount of \$40,000, Aug. 6, 1996 (transfer from Panda Estates receipts account to Panda Estates disbursement account) (Exhibit 279).

band, Ridwan Dinata.<sup>453</sup> This transfer came from an August 5, 1996 advance of \$10,000 against Code 3's \$250,000 bank credit line.<sup>454</sup> On September 10, 1996, Elnitiarta appears to have repaid Code 3 the \$10,000 from her personal bank account.<sup>455</sup>

In conclusion, this \$50,000 contribution appears to have been funded by domestic rental receipts. Nevertheless, Ted Sioeng's probable involvement with this and the two other DNC contributions made by his daughter, Jessica, raises troubling and severe doubts about the legality of the \$50,000 contribution.

#### CONCLUSION

Ted Sioeng's probable involvement with the \$250,000 in contributions made to the DNC by Jessica Elnitiarta and her company raises serious questions about the legality of those contributions, all of which have been retained by the DNC.

Note that the DNC is adamant that it has not seen information about the Panda Estates and Elnitiarta contributions sufficiently troubling to return the money. On May 14, 1998, the Committee deposed DNC General Counsel Sandler on the subject of the Sioeng-related contributions as well as DNC guidelines concerning what types of contributions it accepts and retains. Prior to the deposition, Sandler had never seen records of the bank accounts from which the Elnitiarta and Panda Estates contributions were made.<sup>456</sup> Confronted with records that showed Elnitiarta's contribution was made with foreign money, Sandler became incensed, insisting that the "information tells us virtually nothing that we would need to know to determine whether the contribution was an illegal contribution in the name of another," and that the foreign money may have been Elnitiarta's.<sup>457</sup> Of course, the point is, the Committee has no way of directly determining whether the foreign money was Elnitiarta's as she and her entire family refuse to discuss the contribution. While this remains troubling to the Committee, it apparently does not to the DNC.

When shown that a large portion of the contribution made by Panda Estates came from foreign funds, Sandler put forward the confusing contention that, even if one could trace a corporation's political contribution to a foreign source, the contribution would still be legal if the company had sufficient income over some longer period, say a year.<sup>458</sup> This argument makes no intuitive sense and is contradicted by FEC practice and precedent.<sup>459</sup> Moreover, whether or not Ted Sioeng made actual conduit contributions through his daughter and family business, Panda Estates Investment, his likely

<sup>453</sup> Grand National Bank Customer Authorization for Funds Transfer of Code 3 in the amount of \$10,000, Aug. 6, 1996 (Ridwan Dinata's transfer of \$10,000 from Code 3's account to Panda Estates' Account) (Exhibit 280).

<sup>454</sup> Grand National Bank Customer Authorization for Funds Transfer of Ridwan Dinata in the amount of \$10,000, Aug. 5, 1996 (telephone transfer of \$10,000 from Code 3's loan account to its checking account) (Exhibit 281).

<sup>455</sup> Grand National Bank Deposit Ticket of Code 3 in the amount of \$10,000, Sept. 10, 1996, and Grand National Bank Check No. 255 from Jessica Elnitiarta to Code 3 in the amount of \$10,000, Sept. 10, 1996 (Exhibit 282).

<sup>456</sup> Committee Deposition of Joseph E. Sandler, May 14, 1998, 103.

<sup>457</sup> *Id.* at 121–122.

<sup>458</sup> *Id.* at 162.

<sup>459</sup> See FEC Advisory Opinion 1992–16 (Noting in the context of a U.S. subsidiary of a foreign company that "the subsidiary must be able to demonstrate through a reasonable accounting method that it has sufficient funds in its account, other than funds given or loaned by its foreign national parent, from which the contribution is made. See by analogy 11 CFR (102.5(b)(1)(ii)).

participation in the decision to have Panda Estates contribute to the DNC violates Federal campaign regulations. FEC regulations prohibit individuals who are foreign nationals from directing, dictating, controlling, or participating in decisionmaking processes through which a domestic corporation decides to make a political contribution.<sup>460</sup> Committee witnesses have indicated that Ted Sioeng played a significant role in his daughter's business decisions. Given that Jessica Elnitiarta has pled the Fifth Amendment to the Committee, there should be a presumption that the foreign money is not entirely legal, and it should be returned.

California Treasurer, Matt Fong received a total of \$100,000 in contributions from Ted Sioeng and his company Panda Estates Investment. In stark contrast to the DNC, Fong returned these contributions in April 1997, immediately after questions were raised regarding their legality in the press.

#### B. Loh Sun International \$50,000 (Suspect)

On July 29, 1996, the same day as Jessica Elnitiarta wrote the above \$50,000 check to the DNC, Ted Sioeng associate Kent La, a U.S. permanent resident, also wrote a \$50,000 check to the DNC.<sup>461</sup> La is president of Loh Sun International, a Los Angeles-based importer of Chinese cigarettes and other commodities. Kent La signed a company check to the DNC against a July 29, 1996 bank balance of \$262,185.<sup>462</sup> Five days earlier, on July 24, 1996, the company account had received a \$97,555 wire transfer from R.T. Enterprises in Hong Kong,<sup>463</sup> which appears to be owned or controlled by Ted Sioeng. Although documentation of the wire transfer indicates the funds were for "Hongtashan Advertising,"<sup>464</sup> the amount of the transfer and its proximity to Loh Sun's contribution to the DNC raise questions about its true purpose and use.

Moreover, the mystery surrounding this contribution is compounded by a check signed by Kent La on an account with his wife, Nancy.<sup>465</sup> The check, dated October 28, 1996 in the amount of \$20,000, is payable to Loh Sun International, but was not deposited until December 23, 1996. On the memo line La wrote, "Donation to DNC—7/29/96." It is unclear why La would reimburse his own company for a political contribution. One explanation is that he was attempting to "cure," after the fact, a conduit contribution funded by Ted Sioeng with foreign funds. While La has been deposed by Committee staff, the transcript has not been made public. The DOJ has asked the Committee not to release any part of the deposition transcript as doing so "would jeopardize [the Department's] pending criminal investigation relating to Mr. La."<sup>466</sup>

<sup>460</sup> See 11 CFR §110.4(a)(3). Note that the prohibition extends to persons as well. Hence, under Federal regulations, a foreign national may not "directly or indirectly participate in the decision-making process of any person" with regard to a political contribution. *Id.*

<sup>461</sup> DNC Check Tracking Form for United Pacific Bank Check No. 3881 from Loh Sun International to the DNC in the amount of \$50,000, July 29, 1996 (signed by Kent La) (Exhibit 283).

<sup>462</sup> United Pacific Account Statement of Loh Sun International, July 31, 1996 (Exhibit 284).

<sup>463</sup> United Pacific Bank Credit Ticket of Loh Sun International in the amount of \$97,555, July 24, 1996, and United Pacific Bank Wire Transfer Report of Loh Sun International and R.T. Enterprises in the amount of \$97,555, July 24, 1996 (Exhibit 285).

<sup>464</sup> *Id.*

<sup>465</sup> Grand National Bank Check No. 143 from Kent and Nancy La to Loh Sun International in the amount of \$20,000, Oct. 28, 1996 (Exhibit 286).

<sup>466</sup> Letter from L. Anthony Sutin, Acting Assistant Attorney General, to Chairman Dan Burton, Aug. 28, 1998.

## C. The Tanuwidjaja Family

## Subandi Tanuwidjaja \$80,000 (\$20,000 Illegal/\$60,000 Suspect)

Within 10 days in September 1996, the Tanuwidjaja family, to which the Sioeng family is related through marriage and business interests, made three contributions to the DNC totaling \$100,000 as follows:

On September 9, 1996, Ted Sioeng's son-in-law, Subandi Tanuwidjaja, a U.S. permanent resident, signed a \$60,000 personal check to the DNC<sup>467</sup> against a U.S. bank balance of \$66,050.<sup>468</sup> Three days before, the account received a \$100,000 personal check from the U.S. bank account of his father, Susanto Tanuwidjaja, an Indonesian national.<sup>469</sup> Susanto's check was funded by a \$100,000 wire transfer on August 21, 1996 from an Indonesian bank account in the name of Subandi Tanuwidjaja.<sup>470</sup> The fact that the foreign money was wired into Susanto's U.S. bank account and not his son's suggests that the money may have been his, and raises questions about the legality of the contribution. It thus appears that this \$60,000 contribution may have been funded by foreign money and by a foreign national and should be returned by the DNC.

On September 19, 1996, Subandi Tanuwidjaja signed a \$20,000 personal check to the DNC<sup>471</sup> against a bank balance of \$25,640.<sup>472</sup> The day before, the account received a \$20,000 wire transfer from Dragon Union, Ltd. in Hong Kong.<sup>473</sup> Subandi Tanuwidjaja is Dragon Union's sole corporate director.<sup>474</sup> It thus appears that this \$20,000 contribution was funded by foreign money and should be returned by the DNC.

## Suryanti Tanuwidjaja \$20,000 (Illegal)

On September 16, 1996, Ted Sioeng's daughter-in-law, Suryanti Tanuwidjaja, a U.S. permanent resident, signed a \$20,000 personal check to the DNC<sup>475</sup> against a bank balance of \$61,726.<sup>476</sup> Two days later, the account received a \$20,000 wire transfer from Drag-

<sup>467</sup>DNC Check Tracking Form for Western State Bank Check No. 134 from Subandi Tanuwidjaja to the DNC in the amount of \$60,000, Sept. 9, 1996 (Exhibit 287).

<sup>468</sup>Western State Bank Account Statement of Subandi Tanuwidjaja, Sept. 13, 1996 (Exhibit 288).

<sup>469</sup>Western State Bank Check No. 1026 from Susanto Tanuwidjaja to Subandi Tanuwidjaja in the amount of \$100,000, Sept. 6, 1996, and Western State Bank Deposit Ticket of Subandi Tanuwidjaja in the amount of \$100,000, Sept. 9, 1996 (Exhibit 289).

<sup>470</sup>Western State Bank Wire Transfer Report of Susanto Tanuwidjaja and Subandi Tanuwidjaja in the amount of \$99,985, Aug. 21, 1996 (transfer from Subandi Tanuwidjaja to Susanto Tanuwidjaja) (Exhibit 290).

<sup>471</sup>DNC Check Tracking Form for Check No. 136 from Subandi Tanuwidjaja to the DNC in the amount of \$20,000, Sept. 19, 1996 (Exhibit 291).

<sup>472</sup>Western State Bank Account Statement of Subandi Tanuwidjaja, Oct. 15, 1996 (Exhibit 292).

<sup>473</sup>Western State Bank Wire Transfer Report of Subandi Tanuwidjaja and Dragon Union in the amount of \$20,000, Sept. 18, 1996 (transfer from Dragon Union to Subandi Tanuwidjaja) (Exhibit 293).

<sup>474</sup>Dragon Union Limited Companies Ordinance on Change of Director Regarding Subandi Tanuwidjaja, Jan. 27, 1997 (Exhibit 294).

<sup>475</sup>DNC Check Tracking Form for Bank of America Check No. 1611 from Suryanti Tanuwidjaja to the DNC in the amount of \$20,000, Sept. 16, 1996 (Exhibit 295).

<sup>476</sup>Bank of America Account Statement of Suryanti Tanuwidjaja, Sept. 27, 1996 (Exhibit 296).

on Union, Ltd. in Hong Kong.<sup>477</sup> As noted, Suryanti's brother, Subandi, is Dragon Union's sole corporate director.

Hence, although sufficient domestic funds existed at the time the DNC contribution check was written, the close proximity and same amount of the foreign wire transfer suggests that this \$20,000 contribution was reimbursed by ineligible foreign money, and should be returned by the DNC. In this case, as with Subandi's \$20,000 contribution, it appears that the Dragon Union transfers were intended to fund or reimburse the DNC contributions in the same amounts.

#### MARIA HSIA RELATED CONTRIBUTIONS DURING THE 1996 ELECTION CYCLE

##### Chee Kien Koh a.k.a. the Rev. Hai Kai \$5,000 (Illegal)

On September 16, 1996, Chee Kien Koh a.k.a. the Rev. Hai Kai deposited into his checking account \$3,000 cash and a \$2,000 check from the International Buddhist Progress Society ("IBPS"),<sup>478</sup> the organization that arranged the Hsi Lai Temple fund-raiser featuring Vice President Al Gore and facilitated a number of conduit contributions to the DNC in conjunction with that event and others.<sup>479</sup> The next day, on September 17, 1996, Koh issued a check in the amount of \$5,000 to the DNC in conjunction with the DNC's September 18, 1996, Asian Dinner fund-raiser featuring Vice President Al Gore.<sup>480</sup> Yi Chu, the Hsi Lai Temple's treasurer, testified to Senate investigators that Chee Kien Koh was reimbursed for his \$5,000 contribution to the DNC with a check from the IBPS in the amount of \$3,000 and \$2,000 cash, precisely what the bank records indicate.<sup>481</sup>

Interestingly, the DNC did not attribute Koh's contribution to Koh; they attributed it to Maria Hsia,<sup>482</sup> a former DNC fund-raiser who pled the Fifth Amendment to both the Committee and the Senate and is currently under grand jury indictment for violating Federal election laws in conjunction with the Hsi Lai Temple fund-raiser.<sup>483</sup> Koh's contribution was most likely attributed to Hsia due to her orchestration of conduit contributions through individuals with ties to the Temple. The FEC most likely credited the contribu-

<sup>477</sup> Bank of America Wire Transfer Report of Suryanti Tanuwidjaja and Dragon Union in the amount of \$20,000, Sept. 18, 1996 (transfer from Dragon Union to Suryanti Tanuwidjaja) (Exhibit 297).

<sup>478</sup> Bank of America Deposit Ticket of Chee Kien Koh in the amount of \$5,500, Sept. 16, 1996, Bank of America Cash Ticket of Chee Kien Koh in the amount of \$3,000, Sept. 16, 1996, and General Bank Check No. 4118 from IBPS to Cash in the amount of \$2,000, Sept. 16, 1996 (Exhibit 298); Bank of America Account Statement of Chee Kien Koh, Oct. 16, 1996 (Exhibit 299).

<sup>479</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 2, 1749-2497 (1998).

<sup>480</sup> Bank of America Check No. 0094 from Chee Kien Koh to the DNC in the amount of \$5,000 (Exhibit 300). The check cleared Chee Kien Koh's Bank of America account on Sept. 26, 1996. Exhibit 299 Bank of America Account Statement of Chee Kien Koh, Oct. 16, 1996.

<sup>481</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Deposition of Yi Chu, 79-82, Aug. 7, 1997; *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 2, 1773, fn. 136 (1998).

<sup>482</sup> DNC Check Tracking Form for Bank of America Check No. 0094 from Chee Kien Koh to the DNC in the amount of \$5,000, Sept. 17, 1996 (Exhibit 301); <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>483</sup> See Federal Grand Jury Indictment of Maria Hsia, U.S. District Court for the District of Columbia, Feb. 18, 1998.

tion to Hsia based on information provided by the DNC.<sup>484</sup> In addition, the contribution information provided to the Committee by the DNC lists John Huang as the DNC contact for the contribution.<sup>485</sup> Despite the contribution's apparent link to Hsia and Huang and the Senate's discussion of it in its Final Report, the DNC did not conduct a review of it. The DNC has disgorged to the U.S. Treasury a number of other contributions with links to Hsia and the Hsi Lai Temple but has retained Koh's \$5,000.<sup>486</sup>

Based on the proven history of using conduits to contribute to the DNC by Hsia and the IBPS and the suspicious activity evidenced by Chee Kien Koh's bank records, Koh's \$5,000 was an illegal conduit contribution in violation of 2 U.S.C. § 441f. Therefore, pursuant to Federal regulations and DNC practice, the DNC should disgorge Koh's \$5,000 contribution to the U.S. Treasury.<sup>487</sup>

#### Hsiao Jie Su \$2,500 (Illegal)

On February 16, 1996, the International Buddhist Progress Society issued a check to Hsiao Jie Su in the amount of \$2,500.<sup>488</sup> The next day, on February 17, 1996, Su issued a check in the amount of \$2,500 to the DNC in conjunction with the DNC's Asian Dinner fund-raiser held at the Hay Adams Hotel in Washington, DC.<sup>489</sup> Su deposited the IBPS's check into her checking account at the International Bank of California in Los Angeles on February 20, 1996.<sup>490</sup> The contribution check cleared Su's account on February 26, 1996.<sup>491</sup>

Consistent with other contributions made by individuals linked to the IBPS, DNC contribution information lists Maria Hsia as the solicitor and John Huang as the DNC contact.<sup>492</sup> It was Su's apparent link to Hsia and Huang that led to a review of her contribu-

<sup>484</sup> See generally <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>485</sup> Exhibit 301 DNC Check Tracking Form for Bank of America Check No. 0094 from Chee Kien Koh to the DNC in the amount of \$5,000, Sept. 17, 1996.

<sup>486</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998; See Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

<sup>487</sup> See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

<sup>488</sup> International Bank of California Check No. 3301 from the IBPS to Hsiao Jie Su in the amount of \$2,500, Feb. 16, 1996, and International Bank of California Deposit Ticket of Hsiao Jie Su in the amount of \$2,500, Feb. 20, 1996 (Exhibit 302).

<sup>489</sup> International Bank of California Check No. 304 from Hsiao Jie Su to the DNC in the amount of \$2,500, Feb. 17, 1996 (Exhibit 303); DNC Check Tracking Form for International Bank of California Check No. 304 from Hsiao Jie Su to the DNC in the amount of \$2,500, Feb. 17, 1996 (Exhibit 304).

<sup>490</sup> Exhibit 302 International Bank of California Check No. 3301 from the IBPS to Hsiao Jie Su in the amount of \$2,500, Feb. 16, 1996, and International Bank of California Deposit Ticket of Hsiao Jie Su in the amount of \$2,500, Feb. 20, 1996; International Bank of California Account Statement of Hsiao Jie Su, Mar. 15, 1996 (Exhibit 305).

<sup>491</sup> Id.; Exhibit 303 International Bank of California Check No. 304 from Hsiao Jie Su to the DNC in the amount of \$2,500, Feb. 17, 1996.

<sup>492</sup> Exhibit 304 DNC Check Tracking Form for International Bank of California Check No. 304 from Hsiao Jie Su to the DNC in the amount of \$2,500, Feb. 17, 1996.

tion.<sup>493</sup> Su completed and signed an Ernst & Young questionnaire on January 18, 1997, in which she confirmed that the money contributed to the DNC was her own.<sup>494</sup> Su also advised Ernst & Young auditors of her unwillingness to answer followup questions via telephone.<sup>495</sup>

Su's Ernst & Young file was labeled "DER" for dead end research<sup>496</sup> and passed to IGI for a determination of Su's Social Security number and date of birth, which IGI provided.<sup>497</sup> Through IGI, the DNC was able to determine that her Social Security number had been valid for almost 20 years at the time of the contribution but was unable to confirm her address.<sup>498</sup> This information evidently provided the DNC with the minimum information needed to conclude that the contribution was legal and appropriate; the DNC retained the contribution.

Based on the proven history of using conduits to contribute to the DNC by Hsiao and the IBPS and the suspicious activity evidenced by Hsiao Jie Su's bank records, the evidence indicates that Su's \$2,500 was an illegal conduit contribution in violation of 2 U.S.C. §441f. Therefore, pursuant to Federal regulations and DNC practice, the DNC should disgorge Su's \$2,500 contribution to the U.S. Treasury.<sup>499</sup>

OTHER SUSPECT OR ILLEGAL CONTRIBUTIONS DURING THE 1992,  
1994 AND 1996 ELECTION CYCLES

Sy Zuan Pan \$20,000 (Illegal)

On September 18, 1996, Sy Zuan "Roger" Pan issued a check in the amount of \$20,000 to the DNC in conjunction with the DNC's Asian Dinner fund-raiser featuring Vice President Gore, held that day, in San Francisco.<sup>500</sup> Ernst & Young conducted a review of Pan's September 1996 \$20,000 contribution.<sup>501</sup> The DNC mailed a review questionnaire to Pan on a date uncertain but apparently received no immediate response;<sup>502</sup> the copy of Pan's questionnaire provided to the Committee is predominantly blank.<sup>503</sup> Attempts to reach Pan at the number provided to the DNC were also unsuccessful. The Ernst & Young auditor noted that: "[Pan is] currently in China. [N]ot knowing [sic] his number. Also he's moving a lot in

<sup>493</sup> See generally DNC Response to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 7.

<sup>494</sup> Ernst & Young Contribution Review Materials for Hsiao Jie Su, DNC 1807597, DNC 1807599, DNC 1807601–DNC 1807602, DNC 1807604–DNC 1807606, DNC 1807619–DNC 1807620, DNC 1807754, and DNC 1807757–DNC 1807758, at 1–3 (Exhibit 306).

<sup>495</sup> Id. at 3.

<sup>496</sup> Id. at 1.

<sup>497</sup> IGI Contribution Review Materials for Hsiao Jie Su, HS 002392–HS 002413, at 4 (Exhibit 307).

<sup>498</sup> Id.; see Id. at 1–22.

<sup>499</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorge Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>500</sup> DNC Check Tracking Form for Wells Fargo Bank Check No. 1091 from Sy Zuan Pan to the DNC in the amount of \$20,000, Sept. 18, 1996, D0000443 (Exhibit 308); Ernst & Young Contribution Review Materials for Sy Zuan Pan, DNC 1802793–DNC 1802794, DNC 1802797, DNC 1802799, DNC 1802801–DNC 1802802, and DNC 1802812–DNC 1802814, at 7 (Exhibit 309).

<sup>501</sup> Id.

<sup>502</sup> Id. at 1–9.

<sup>503</sup> Id. at 4–6.

China.”<sup>504</sup> Ernst & Young designated the Pan file “Term[inated].”<sup>505</sup> After Ernst & Young’s unsuccessful attempt to verify the legality of Pan’s contribution, IGI made an attempt.<sup>506</sup> On January 16, 1997, an IGI employee contacted one of Pan’s employees regarding the contribution.<sup>507</sup> According to notes from the IGI interview, “[the woman] was unable to answer whether [Pan] is a U.S. citizen, but said that he or she would call us back next week to answer our questions.”<sup>508</sup> There is no indication that Pan ever returned IGI’s call and the IGI notes indicate that it was unable to gather any additional information on Pan.<sup>509</sup>

In the wake of IGI’s investigation of Pan’s contribution, Pan’s attorney, Arnold Chin of San Francisco, in a January 29, 1997, letter to an Ernst & Young auditor requested that the contribution be returned, stating that:

I represent Mr. Sy Zuan Guo [sic] with regards to his donation/contribution of the sum of \$20,000 to the Democratic National Committee for the 1996 Presidential Election. I am in receipt of your questionnaire concerning the donation/contribution made from my client.

If the donation is subject to inquiry then on behalf of my client, I am requesting that the donation/contribution be returned through my office. My client will not complete any questionnaire.<sup>510</sup>

The DNC has returned over 50 contributions at the request of contributors, but the DNC retained Pan’s contribution.<sup>511</sup>

Pan has cooperated with the Committee through his attorney Chin. On July 23, 1998, a Committee counsel interviewed Chin regarding his client’s contribution to the DNC.<sup>512</sup> Chin indicated that at the time of the contribution and currently, Pan is not “technically a resident for the purposes of migration [sic].”<sup>513</sup> Chin confirmed that Pan’s contribution was illegal under Federal election law.<sup>514</sup> That same day, Chin wrote the Committee to confirm that Pan “requested the return of the money from the DNC after he found out that he could not make such a donation . . . The DNC never knew that he was not eligible to donate because of his immigration status in the United States.”<sup>515</sup> The Federal election law provision to which Chin refers in his interview and his letter is 2 U.S.C. § 441e(a) which makes it unlawful for a foreign national to make a political contribution.<sup>516</sup>

Even though Pan did not complete the Ernst & Young questionnaire as requested and Pan’s attorney requested the return of Pan’s \$20,000 contribution, the DNC retained it. Based on the fore-

<sup>504</sup> Id. at 8.

<sup>505</sup> Id. at 1.

<sup>506</sup> IGI Contribution Review Materials for Sy Zuan Pan, HS 006439–HS 006441 (Exhibit 310).

<sup>507</sup> Id. at 2.

<sup>508</sup> Id.

<sup>509</sup> Id. at 1–3.

<sup>510</sup> Letter from Arnold Chin, Esq., to Eric Guo, Jan. 26, 1997 (emphasis added) (Exhibit 311).

<sup>511</sup> Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>512</sup> Committee Interview of Arnold Chin, July 23, 1998.

<sup>513</sup> Id.

<sup>514</sup> Id.

<sup>515</sup> Letter from Arnold Chin, Esq., to Tim Griffin, Esq., July 23, 1998 (Exhibit 312).

<sup>516</sup> See generally Committee Interview of Arnold Chin, July 23, 1998.

going, Pan's contribution was given in violation of 2 U.S.C. § 441e(a)—the prohibition against contributions by foreign nationals. Therefore, the DNC should return Pan's contribution to him or disgorge it to the U.S. Treasury.<sup>517</sup>

K&L INTERNATIONAL, INC. \$150,000 (ILLEGAL)

On May 6, 1996, Il Sung Construction Co., Ltd. ("Il Sung"), a Korean corporation based in Seoul, Korea, transferred \$200,000 via electronic wire into the checking account of Chong Kim & Associates, Inc.,<sup>518</sup> a California corporation based in Los Angeles.<sup>519</sup> On May 11, 1996, Chong Kim, the President of Chong Kim & Associates, issued a check in the amount of \$150,000 to the DNC on the Wilshire State Bank checking account of K&L International, Inc. ("K&L"),<sup>520</sup> another California corporation controlled by Chong Kim.<sup>521</sup> At the time the \$150,000 check was written, K&L's checking account balance was \$3,341.24.<sup>522</sup> In order to insure that K&L's account would have a sufficient balance to cover the check, on May 17, 1996, Chong Kim purchased a \$150,000 cashier's check from Sumitomo Bank of California ("Sumitomo Bank") in Los Angeles<sup>523</sup> and deposited it into K&L's checking account.<sup>524</sup> But it was too late: the check to the DNC had bounced on May 15, 1996, due to insufficient funds.<sup>525</sup> Although Kim could not recall whether he forwarded another check to the DNC in the amount of \$150,000 to replace the bounced check or whether the initial check cleared his account on the second attempt,<sup>526</sup> bank records indicate that the original check issued on May 15, 1996, was rerouted through Wilshire Bank and cleared on June 3, 1996.<sup>527</sup>

Interestingly, although K&L's initial check was signed by Kim,<sup>528</sup> K&L's contribution was not attributed to him; it was at-

<sup>517</sup> See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

<sup>518</sup> Sumitomo Bank Account Statement of Chong Kim & Associates, May 31, 1996 (Exhibit 313); Sumitomo Bank Wire Transfer Report of Chong Kim & Associates, May 31, 1996 (Exhibit 314); Committee Interview of Chong Kim, July 20, 1998.

<sup>519</sup> Office of California Secretary of State, Corporate Records.

<sup>520</sup> Wilshire State Bank Check No. 1087 from K&L to the DNC in the amount of \$150,000, May 11, 1996 (Exhibit 315); DNC Check Tracking Form for Wilshire State Bank Check No. 1087 from K&L to the DNC in the amount of \$150,000, May 11, 1996 (Exhibit 316).

<sup>521</sup> Office of California Secretary of State, Corporate Records.

<sup>522</sup> Wilshire State Bank Account Statement for K&L, May 31, 1996 (Exhibit 317).

<sup>523</sup> Exhibit 313 Sumitomo Bank Account Statement of Chong Kim & Associates, May 31, 1996; Sumitomo Bank Cashier's Check Register of K&L in the amount of \$150,000, May 17, 1996 (Exhibit 318); Sumitomo Bank Cashier's Check, May 17, 1996 (Exhibit 319); Sumitomo Bank Cashier's Check (Copy No. 2), May 17, 1996, and Wilshire State Bank Deposit Ticket of K&L in the amount of \$150,000, May 17, 1996 (Exhibit 320).

<sup>524</sup> Exhibit 317 Wilshire State Bank Account Statement for K&L, May 31, 1996; Exhibit 320 Sumitomo Bank Cashier's Check (Copy No. 2), May 17, 1996, and Wilshire State Bank Deposit Ticket of K&L in the amount of \$150,000, May 17, 1996; Exhibit 319 Sumitomo Bank Cashier's Check, May 17, 1996.

<sup>525</sup> Exhibit 315 Wilshire State Bank Check No. 1087 from K&L to the DNC in the amount of \$150,000, May 11, 1996; Exhibit 317 Wilshire State Bank Account Statement for K&L, May 31, 1996.

<sup>526</sup> Committee Interview of Chong Kim, Aug. 28, 1998.

<sup>527</sup> Wilshire State Bank Account Statement for K&L, June 28, 1996 (Exhibit 321); Exhibit 315 Wilshire State Bank Check No. 1087 from K&L to the DNC in the amount of \$150,000, May 11, 1996; see generally <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>528</sup> Exhibit 315 Wilshire State Bank Check No. 1087 from K&L to the DNC in the amount of \$150,000, May 11, 1996; Committee Interview of Chong Kim, July 7, 1998; Exhibit 316 DNC

tributed to Los Angeles businessman Robert Lee, a friend and business associate of Kim.<sup>529</sup> The contribution information provided to the Committee by the DNC lists then-DNC Finance Director Richard Sullivan and David Carroll as the DNC contacts for the contribution and Arkansas attorney Larry Wallace as the solicitor.<sup>530</sup>

According to Wallace, Lee, whom he had known for several years, initially approached him seeking business opportunities for Korean based Il Sung.<sup>531</sup> Lee also expressed an interest in making a contribution to the DNC.<sup>532</sup> Wallace introduced Lee to then-DNC Finance Director Richard Sullivan and David Carroll at the DNC and asked them to assist Lee with his contribution.<sup>533</sup> Wallace told Committee counsel that he advised Sullivan and Carroll to insure that Lee understood the contribution must be made with his money.<sup>534</sup> The only time Wallace ever met Kim is when Lee and Kim visited him at his hotel room in Washington, DC, at which time Lee expressed the desire to contribute.<sup>535</sup> According to Wallace, he tried to make it very clear to them that they had to contribute U.S. money and that it could not simply be funds routed through a U.S. bank account.<sup>536</sup>

Chong Kim advised Committee investigators that he has never owned any part of Il Sung.<sup>537</sup> At the time of the contribution, K&L had yet to complete its first business project.<sup>538</sup> According to Kim, his contribution to the DNC was part of an effort to develop overseas business opportunities in conjunction with Il Sung.<sup>539</sup> The remaining \$50,000 of the \$200,000 received by Chong Kim from Il Sung was paid to Larry Wallace and Robert Lee, \$25,000 each.<sup>540</sup> Kim advised Committee counsel that Wallace and Lee were paid to assist in the development of overseas business opportunities.<sup>541</sup> Wallace confirmed that he assisted Lee with some overseas business projects but was unaware that any of the money given to the DNC or paid to him was provided by Chong Kim or Il Sung.<sup>542</sup> Wallace said he was under the mistaken impression that Lee was the source of the funds and that Lee was the contact for K&L.<sup>543</sup>

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Check Tracking Form for Wilshire State Bank Check No. 1087 from K&L to the DNC in the amount of \$150,000, May 11, 1996.

<sup>529</sup> Committee Interview of Chong Kim, July 7, 1998; Exhibit 316 DNC Check Tracking Form for Wilshire State Bank Check No. 1087 from K&L to the DNC in the amount of \$150,000, May 11, 1996.

<sup>530</sup> *Id.*

<sup>531</sup> Committee Interview of Larry Wallace, Aug. 7, 1998.

<sup>532</sup> *Id.*

<sup>533</sup> *Id.*

<sup>534</sup> *Id.*

<sup>535</sup> *Id.*

<sup>536</sup> *Id.*

<sup>537</sup> Committee Interview of Chong Kim, July 20, 1998.

<sup>538</sup> IGI Contribution Review Materials of K&L, HS 003786, HS 011373, and HS 003787–HS 003815, at 2 (Exhibit 322); Ira Chinoy and Lena H. Sun, “Unwary DNC Accepted Donations at Face Value,” the Washington Post, Nov. 22, 1996, at A1.

<sup>539</sup> Committee Interview of Chong Kim, July 7, 1998.

<sup>540</sup> Committee Interview of Chong Kim, July 7, 1998; Committee Interview of Larry Wallace, Aug. 7, 1998; Sumitomo Bank Payment Order of Chong Kim & Associates in the amount of \$25,000, May 6, 1996 (Exhibit 323); Exhibit 313 Sumitomo Bank Account Statement of Chong Kim & Associates, May 31, 1996.

<sup>541</sup> Committee Interview of Chong Kim, July 7, 1998.

<sup>542</sup> Committee Interview of Larry Wallace, Aug. 7, 1998.

<sup>543</sup> *Id.*

This would possibly explain the attribution of K&L's contribution to Lee on the DNC check tracking form.<sup>544</sup>

Ernst & Young conducted a review of K&L's May 1996 \$150,000 contribution and was unable to confirm the address and telephone number provided by K&L.<sup>545</sup> Apparently, no review questionnaire was completed.<sup>546</sup> After Ernst & Young's unsuccessful attempt to verify the legality of K&L's contribution, IGI made an attempt.<sup>547</sup> On January 9, 1997, an IGI employee interviewed Lee regarding K&L's contribution.<sup>548</sup> Lee asserted that although K&L "has not done any commercial development in the United States . . . , the funds he contributed came from 'earnings in the U.S.'"<sup>549</sup>

Despite the questions raised by the Ernst & Young review of K&L's contribution, the DNC retained it. Moreover, the Committee has no evidence that the DNC discussed the contribution with then-Finance Director Richard Sullivan, David Carroll or Larry Wallace in conjunction with the DNC's contribution review, even though Wallace had warned Sullivan and Carroll to proceed with caution. In any event, K&L's \$150,000 contribution violated both 2 U.S.C. § 441e(a) and 2 U.S.C. § 441f, and thus, the DNC should disgorge K&L's illegal \$150,000 contribution to the U.S. Treasury.<sup>550</sup>

#### American Great Ground Group \$7,000 (Suspect)

On July 20, 1996, American Great Ground Group, Inc. ("AGGG"), a California corporation, issued a check to the DNC in the amount of \$7,000<sup>551</sup> in conjunction with the July 22, 1996, DNC Asian Dinner fund-raiser at the Century Plaza Hotel in Los Angeles.<sup>552</sup> John Huang was the DNC contact for the contribution.<sup>553</sup>

Ernst & Young conducted a review of AGGG's July 1996 \$7,000 contribution and was unable to confirm the address provided by AGGG.<sup>554</sup> The DNC mailed a review questionnaire to James Shang, the contact for AGGG, in December 1996, but apparently received no response; the copy of AGGG's questionnaire provided to the Committee is completely blank.<sup>555</sup> Attempts to reach Shang at the number provided to the DNC were also unsuccessful.<sup>556</sup> Ernst & Young's review notes indicate that it was unable to gather any significant information on AGGG and designated the file

<sup>544</sup> See Exhibit 316 DNC Check Tracking Form for Wilshire State Bank Check No. 1087 from K&L to the DNC in the amount of \$150,000, May 11, 1996.

<sup>545</sup> Ernst & Young Contribution Review Materials of K&L, DNC 1806062, and DNC 1806066–DNC 1806072, at 2 (Exhibit 324).

<sup>546</sup> *Id.* at 1–8.

<sup>547</sup> Exhibit 322 IGI Contribution Review Materials of K&L, HS 003786, HS 011373, and HS 003787–HS 003815.

<sup>548</sup> *Id.* at 2.

<sup>549</sup> *Id.*

<sup>550</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>551</sup> Bank of America Check No. 1524 from AGGG to the DNC in the amount of \$7,000, July 20, 1996 (Exhibit 325); DNC Check Tracking Form for Bank of America Check No. 1524 from AGGG to the DNC in the amount of \$7,000, July 20, 1996 (Exhibit 326).

<sup>552</sup> *Id.*

<sup>553</sup> *Id.*

<sup>554</sup> IGI Contribution Review Materials for AGGG/James Shang, HS 007737–HS 007760, at 3–4 (Exhibit 327).

<sup>555</sup> *Id.* at 2.

<sup>556</sup> *Id.* at 11–18.

“Term[inated].”<sup>557</sup> After Ernst & Young’s unsuccessful attempt to verify the legality of AGGG’s contribution, IGI made an attempt.<sup>558</sup> Shang did not return a Committee investigator’s telephone calls.

The Committee has reviewed AGGG bank records: apparently, AGGG’s predominant source of revenue at the time of the contribution was a series of wire transfers, all of which originated with the Bank of Communications in Shenyang, China,<sup>559</sup> a bank owned and operated by the Chinese government.<sup>560</sup> Although inconclusive, AGGG’s bank records appear to indicate that the Bank of Communications was not only the issuing bank but also the ultimate source of the funds.<sup>561</sup>

As indicated previously, foreign nationals are prohibited from making a political contribution directly or through any other person, or making an expenditure, in connection with an election to any political office.<sup>562</sup> The term “person” includes a corporation.<sup>563</sup> The term “foreign national” includes the foreign principal of a domestic corporation.<sup>564</sup> In FEC Advisory Opinion 1989–20, the FEC “prohibited contributions by a real estate development company that was predominately funded by a foreign national parent, and whose projects were not yet generating income.”<sup>565</sup> The ultimate source of the wire transfers in this case are not conclusively known. However, if the wire transfers, and thus the contribution, originated with a foreign principal of AGGG’s, AGGG’s contribution was an illegal contribution by a foreign national in violation of 2 U.S.C. § 441e(a).

As on other occasions, despite the paucity of information gathered pursuant to the Ernst & Young and IGI reviews, the DNC decided to retain AGGG’s \$7,000 contribution. However, based on an analysis of AGGG’s bank records, its \$7,000 contribution appears to constitute a violation of 2 U.S.C. § 441e(a) and, in any event, should be disgorged to the U.S. Treasury based on the DNC’s own criteria of insufficient information.<sup>566</sup>

<sup>557</sup> Id. at 2.

<sup>558</sup> See Id. at 1–24.

<sup>559</sup> Bank of America Account Statement of AGGG, June 28, 1996 (Exhibit 328); Bank of America Wire Transfer Report of AGGG in the amount of \$35,785, June 26, 1996 (Exhibit 329); Bank of America Account Statement of AGGG, June 31, 1996 (Exhibit 330); Bank of America Account Statement of AGGG, Aug. 30, 1996 (Exhibit 331); Bank of America Wire Transfer Report of AGGG in the amount of \$47,985, Aug. 23, 1996 (Exhibit 332).

<sup>560</sup> Cheung Lai-Kuen, “Outlook on China Groups Lowered,” South China Morning Post, Mar. 22, 1997, at 2.

<sup>561</sup> Exhibit 329 Bank of America Wire Transfer Report of AGGG in the amount of \$35,785, June 26, 1996; Exhibit 332 Bank of America Wire Transfer Report of AGGG in the amount of \$47,985, Aug. 23, 1996.

<sup>562</sup> 2 U.S.C. § 441e(a); 11 CFR § 110.4(a) (1) and (2); FEC Advisory Opinion No. 1992–16, June 26, 1992.

<sup>563</sup> 2 U.S.C. § 431(11).

<sup>564</sup> FEC Advisory Opinion 1992–16 (citing 22 U.S.C. § 611(b); 2 U.S.C. § 441e(b)(1); 11 CFR § 110.4(a)(4)(i)).

<sup>565</sup> FEC Advisory Opinion 1992–16 (citing FEC Advisory Opinion 1989–20).

<sup>566</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

## Yong Xing Huang \$10,000 (Suspect)

On May 6, 1996, Y.X. Huang, a relative of John Huang,<sup>567</sup> deposited \$5,000 cash into his checking account at Asia Bank, N.A. (“Asia Bank”), in Elmhurst, New York.<sup>568</sup> At the time of the deposit, Y.X. Huang’s checking account balance was \$8,146.74.<sup>569</sup> Three days later, on May 9, 1996, Y.X. Huang deposited an additional \$5,000 cash.<sup>570</sup> On May 13, 1996, Y.X. Huang issued a check in the amount of \$10,000 to the DNC in conjunction with the DNC’s Asian Pacific American Leadership Council May 13, 1996, fund-raiser held the same day at the Sheraton-Carlton Hotel in Washington, DC.<sup>571</sup> (Of the \$579,000 raised at this event, the DNC returned or disgorged at least \$475,000, 82 percent of the total raised.)<sup>572</sup> According to documents produced to the Committee by the DNC, John Huang was both the solicitor of and the DNC contact for Y.X. Huang’s contribution.<sup>573</sup>

Ernst & Young conducted a review of Y.X. Huang’s May 1996 \$10,000 contribution.<sup>574</sup> Although Ernst & Young discussed Y.X. Huang’s contribution with his daughter,<sup>575</sup> they did not receive any information directly from Y.X. Huang regarding his contributions.<sup>576</sup> The Ernst & Young auditor noted that “[w]e need to speak to father [sic] directly,”<sup>577</sup> but apparently neither Ernst & Young nor the DNC ever did.<sup>578</sup> Two review forms relating to Y.X. Huang’s contribution were provided to the Committee: one of the review forms is blank and labeled “Terminated.”<sup>579</sup> The other review form is complete and labeled “Unsuccessful.”<sup>580</sup>

After the Ernst & Young review, IGI gathered a limited amount of additional information regarding Y.X. Huang.<sup>581</sup> However, through IGI, the DNC was able to determine that his Social Security number had been valid for approximately 10 years at the time of the contribution<sup>582</sup> and that his home had an assessed value of \$361,000.<sup>583</sup> This information evidently provided the DNC with the

<sup>567</sup> Committee Interview of Y.X. Huang, Aug. 14, 1998.

<sup>568</sup> Asia Bank Cash In Ticket of Y.X. Huang in the amount of \$5,000, May 6, 1996, and Asia Bank Deposit Ticket of Y.X. Huang in the amount of \$5,000, May 6, 1996 (Exhibit 333); Asia Bank Account Statement of Y.X. Huang, May 20, 1996 (Exhibit 334).

<sup>569</sup> *Id.*

<sup>570</sup> Asia Bank Cash In Ticket of Y.X. Huang in the amount of \$5,000, May 9, 1996, and Asia Bank Deposit Ticket of Y.X. Huang in the amount of \$5,000, May 9, 1996 (Exhibit 335); Exhibit 334 Asia Bank Account Statement of Y.X. Huang, May 20, 1996.

<sup>571</sup> *Id.*; Asia Bank Check No. 102 from Y.X. Huang to the DNC in the amount of \$10,000, May 13, 1996 (Exhibit 336); DNC Check Tracking Form for Asia Bank Check No. 102 from Y.X. Huang to the DNC in the amount of \$10,000, May 13, 1996 D 0000335 (Exhibit 337).

<sup>572</sup> See generally *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 4, 4816 (1998); Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>573</sup> Exhibit 337 DNC Check Tracking Form for Asia Bank Check No. 102 from Y.X. Huang to the DNC in the amount of \$10,000, May 13, 1996 D 0000335.

<sup>574</sup> IGI Contribution Review Materials for Y.X. Huang, HS 007153–HS 007190, at 6 (Exhibit 338).

<sup>575</sup> *Id.* at 22.

<sup>576</sup> *Id.* at 1–38.

<sup>577</sup> *Id.* at 28.

<sup>578</sup> *Id.* at 1–22.

<sup>579</sup> *Id.* at 6.

<sup>580</sup> *Id.* at 22.

<sup>581</sup> *Id.*

<sup>582</sup> *Id.* at 2.

<sup>583</sup> *Id.* at 2.

minimum information needed to conclude that the contribution was legal and appropriate; the DNC retained the contribution.

The Committee was successful in contacting Y.X. Huang.<sup>584</sup> On August 14, 1998, Y.X. Huang contacted a Committee attorney telephonically through his daughter Sharon Huang, who served as a translator;<sup>585</sup> Y.X. Huang speaks only limited English.<sup>586</sup> Y.X. Huang indicated that his relative John Huang solicited his contribution in the amount of \$10,000.<sup>587</sup> Y.X. Huang advised that he has not seen John Huang in several months.<sup>588</sup> When asked about the source of the \$10,000 cash deposited into his account, Y.X. Huang indicated that a “traditional Chinese organization loaned him the money.”<sup>589</sup> He denied that the money was John Huang’s.<sup>590</sup> Y.X. Huang was unwilling or unable to provide additional details regarding the loan.<sup>591</sup>

Particularly suspicious is the fact that the \$10,000 cash was deposited in two separate portions of \$5,000 each.<sup>592</sup> Y.X. Huang had no explanation for breaking the deposit into two equal halves.<sup>593</sup> As indicated previously, under Federal law, a CTR must be filed in conjunction with any cash transaction involving \$10,000 or more.<sup>594</sup> It is a Federal crime to avoid the generation of a CTR purposefully.<sup>595</sup>

With regard to matters discussed with Committee investigators, Y.X. Huang’s veracity is questionable: when asked about a \$50,000 cashier’s check that he received from a Cecilia Soohoo<sup>596</sup> and deposited into his Asia Bank account,<sup>597</sup> he did not recall receiving the \$50,000 check and denied knowing Soohoo.<sup>598</sup> Committee counsel informed Y.X. Huang that the Committee is in possession of his bank records,<sup>599</sup> nonetheless, during detailed questioning regarding the \$50,000, Y.X. Huang repeated his previous answers.<sup>600</sup>

Later that same day, on August 14, 1998, Y.X. Huang re-contacted Committee counsel telephonically through his daughter Sharon Huang.<sup>601</sup> At that time, Y.X. Huang indicated that he then recalled receiving the \$50,000.<sup>602</sup> According to Y.X. Huang, he received the \$50,000 in the form of a wire transfer from his relative Sin Yun Chen of Hong Kong who needed to store the money in his account because she wanted to purchase a home in the United

<sup>584</sup> Committee Interview of Y.X. Huang, Aug. 14, 1998.

<sup>585</sup> *Id.*

<sup>586</sup> *Id.*

<sup>587</sup> *Id.*

<sup>588</sup> *Id.*

<sup>589</sup> *Id.*

<sup>590</sup> *Id.*

<sup>591</sup> *Id.*

<sup>592</sup> Exhibit 334 Asia Bank Account Statement of Y.X. Huang, May 20, 1996.

<sup>593</sup> Committee Interview of Y.X. Huang, Aug. 14, 1998.

<sup>594</sup> See generally 31 U.S.C. §§ 5313 and 5322; 31 C.F.R. § 103.22.

<sup>595</sup> 31 U.S.C. § 5322.

<sup>596</sup> John Huang is reportedly related to a Linda Soohoo.

<sup>597</sup> Citizens Bank Cashier’s Check No. 806626213 from Cecelia H.Y. Soohoo to Yong Xing Huang in the amount of \$50,000, May 13, 1996, and Asia Bank Deposit Ticket of Y.X. Huang in the amount of \$50,000, May 23, 1996 (Exhibit 339); Asia Bank Account Statement of Y.X. Huang, May 21, 1996 (Exhibit 340); Asia Bank Withdrawal Ticket of Y.X. Huang in the amount of \$50,030, May 24, 1996 (Exhibit 341).

<sup>598</sup> Committee Interview of Y.X. Huang, Aug. 14, 1998.

<sup>599</sup> *Id.*

<sup>600</sup> *Id.*

<sup>601</sup> *Id.*

<sup>602</sup> *Id.*

States.<sup>603</sup> Bank records indicate that the \$50,000—after being deposited into Y.X. Huang’s account on May 23, 1996<sup>604</sup>—was sent via wire transfer to the People’s Construction Bank of China in Zhe Jiang, China on May 24, 1996.<sup>605</sup> Moreover, Committee counsel informed Y.X. Huang that the \$50,000 was not a wire transfer; it was a cashier’s check from Cecilia Soohoo.<sup>606</sup> He again denied knowing Soohoo.<sup>607</sup> Y.X. Huang was unable to provide further details regarding the transaction.<sup>608</sup>

Despite the fact that the DNC’s review of Y.X. Huang’s contribution was labeled “Terminated” and labeled “Unsuccessful,” the DNC apparently decided that it had sufficient information to declare the contribution appropriate and retain it. That fact notwithstanding, based on Huang’s proven history of using conduits to contribute to the DNC and the suspicious activity evidenced by Y.X. Huang’s bank records, the evidence indicates that his \$10,000 was most likely another illegal conduit contribution generated by John Huang in violation of 2 U.S.C. § 441f. In any event, the Y.X. Huang’s \$10,000 contribution is highly suspect and should be disgorged to the U.S. Treasury based on the DNC’s own criterion of insufficient information.<sup>609</sup>

#### Platinum Realty, Inc. \$22,500 (Suspect)

Platinum Realty, Inc. (“Platinum”) contributed \$12,500 to the DNC on February 19, 1996, in conjunction with the DNC’s Asian Dinner fund-raiser held that same day at the Hay Adams Hotel<sup>610</sup> and contributed an additional \$10,000 to the DNC on July 18, 1996, in conjunction with the DNC’s July 22, 1996, Asian Dinner fund-raiser at the Century Plaza Hotel, Los Angeles, California.<sup>611</sup> Both contribution checks were issued from Platinum’s checking account at the American International Bank in Los Angeles and signed by Platinum’s president Huey Min Yu.<sup>612</sup>

John Huang was the DNC contact for and solicitor of Platinum’s contributions.<sup>613</sup> In addition, telephone records and other documents produced to the Committee provide additional links between

<sup>603</sup> Id.

<sup>604</sup> Exhibit 339 Citizens Bank Cashier’s Check No. 806626213 from Cecelia H.Y. Soohoo to Yong Xing Huang in the amount of \$50,000, May 13, 1996, and Asia Bank Deposit Ticket of Y.X. Huang in the amount of \$50,000, May 23, 1996; Exhibit 340 Asia Bank Account Statement of Y.X. Huang, May 21, 1996.

<sup>605</sup> Exhibit 341 Asia Bank Withdrawal Ticket of Y.X. Huang in the amount of \$50,030, May 24, 1996; Asia Bank Wire Transfer Report of Y.X. Huang in the amount of \$50,000, May 24, 1996 (Exhibit 342).

<sup>606</sup> Committee Interview of Y.X. Huang, Aug. 14, 1998.

<sup>607</sup> Id.

<sup>608</sup> Id.

<sup>609</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>610</sup> DNC Check Tracking Form for American International Bank Check No. 1409 from Platinum Realty to the DNC in the amount of \$12,500, Feb. 19, 1996 DNC 1803275 (Exhibit 343).

<sup>611</sup> DNC Check Tracking Form for American International Bank Check No. 1644 from Platinum Realty to the DNC in the amount of \$10,000, July 18, 1996 DNC 1803276 (Exhibit 344).

<sup>612</sup> Id.; Exhibit 343 DNC Check Tracking Form for American International Bank Check No. 1409 from Platinum Realty to the DNC in the amount of \$12,500, Feb. 19, 1996 DNC 1803275.

<sup>613</sup> Id.; Ernst & Young Contribution Review Materials for Huey Min Yu, DNC 1803240, DNC 1803242–DNC 1803244, DNC 1803247–DNC 1803248, DNC 1803252, DNC 1803258, and DNC 1803270–DNC 1803276 (Exhibit 345).

Yu and Huang.<sup>614</sup> The telephone records show calls between Yu and Huang around the time of Yu's July contribution.<sup>615</sup>

On several occasions during December 1996 and January 1997, the DNC and Ernst & Young personnel contacted Yu and one of his employees regarding his contributions to the DNC.<sup>616</sup> On January 7, 1997, Yu provided an Ernst & Young auditor with the information requested by the Ernst & Young questionnaire.<sup>617</sup> The auditor inquired of Yu:

Would you be willing to send me a letter confirming that fact, and also confirming that none of the money came from outside of the United States or from a source other than [company's] U.S. funds?<sup>618</sup>

Yu responded yes.<sup>619</sup> Yu apparently never confirmed the source of the funds used for the contribution. The auditor's notes indicate that Yu "was aggravated by the questions, particularly citizenship & income. Mentioned having someone from the DNC call him."<sup>620</sup> The Ernst & Young auditor labeled Yu's review file "Survey Unsuccessful."<sup>621</sup> The Committee twice unsuccessfully attempted to contact Yu.

In a letter to an Ernst & Young auditor written the same day of the Ernst & Young interview, Huey Min Yu requested the return of his contribution, stating in pertinent part that:

I regret to hear that DNC [sic] has considered my contributions unacceptable due to lack of information . . . Should the receiving entity to [sic] my contribution captioned above considered [sic] the information given by me at the time of contribution as "incomplete" and therefore is an unacceptable transaction, then please consider this letter as my formal request that the subject contributions be returned as soon as possible.<sup>622</sup>

As a result of his objection to the DNC review, Yu provided no information which would have enabled the DNC to make an informed determination regarding the legality or appropriateness of Platinum Realty's contribution. But despite the paucity of information gathered pursuant to the Ernst & Young review and its own characterization of the review as "unsuccessful," the DNC retained Yu's \$22,500 in contributions. The DNC has returned over 50 contributions at the request of the contributor.<sup>623</sup> Due to insufficient information and Yu's own request for the return of his contributions,

<sup>614</sup>Phone Records of John Huang Compiled by Committee Investigators (Exhibit 346); Invoice of Berry & Associates, Aug. 1, 1996 (Exhibit 347); Facsimile from Huey Min Yu to Paul C. Berry, May 14, 1996 (Exhibit 348).

<sup>615</sup>Exhibit 346 Phone Records of John Huang Compiled by Committee Investigators.

<sup>616</sup>Exhibit 345 Ernst & Young Contribution Review Materials for Huey Min Yu, DNC 1803240, DNC 1803242-DNC 1803244, DNC 1803247-DNC 1803248, DNC 1803252, DNC 1803258, and DNC 1803270-DNC 1803276, at 2-3, and 8.

<sup>617</sup>Id. at 4-8.

<sup>618</sup>Id. at 7.

<sup>619</sup>Id.

<sup>620</sup>Id. at 2.

<sup>621</sup>Id. at 1. The Committee has received no evidence of IGI's participation in this review. Id.

<sup>622</sup>Facsimile from Huey Min Yu to Alyson Payne, Jan. 7, 1997 (Exhibit 349).

<sup>623</sup>Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

the DNC should return Yu's \$22,500 to him or disgorge his contributions to the U.S. Treasury.<sup>624</sup>

Ji Ping Yu \$5,000 (Suspect)

On August 17, 1996, Ji Ping Yu issued a check in the amount of \$5,000 to the DNC's Victory '96 fund.<sup>625</sup> Two days later, on August 19, 1996, Ji Ping Yu deposited \$5,500 in cash in two separate transactions, \$2,500 and then \$3,000.<sup>626</sup> Yu's checking account balance was \$2,745.86 at the time of the initial deposit.<sup>627</sup> Although difficult to decipher due to poor copy quality, the deposits appear to have been made almost simultaneously.<sup>628</sup> The check cleared Yu's Citibank checking account on August 23, 1996.<sup>629</sup>

According to DNC contribution information provided to the Committee, the contribution was solicited by Yah Lin "Charlie" Trie in conjunction with the President's Birthday Party fund-raiser held in New York City on August 19, 1996.<sup>630</sup> The DNC contact/fund-raiser for the contribution was Richard Sullivan.<sup>631</sup> The DNC apparently reviewed Yu's contribution, but the Committee has limited—three pages with information obtained by the contributor at the time of contribution—information regarding the review.<sup>632</sup>

It is essential to note that Trie used a number of conduit contributors to funnel thousands of dollars into the DNC during August 1996, most, if not all, of which was in conjunction with the DNC's Birthday Party fund-raiser for the President.<sup>633</sup> Based on Trie's proven history of using conduits to contribute to the DNC and the suspicious activity evidenced by Ji Ping Yu's bank records, the evidence indicates that Yu's \$5,000 may have been an illegal conduit contribution in violation of 2 U.S.C. §441f. In any event, the DNC—and the Committee for that matter—have been unable to obtain sufficient information to make an informed decision as to the legality or appropriateness of this contribution. Therefore, pursuant

<sup>624</sup> See FEC Advisory Opinion 1995–19; FEC Advisory Opinion 1991–39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995–19 and FEC Advisory Opinion 1991–39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorge Produced to the Committee on Nov. 20, 1997, at 1–9.

<sup>625</sup> Citibank Check No. 833 from Tze Hwa Yu and Ji Ping Yu to Victory 96 in the amount of \$5,000, Aug. 17, 1996 (Exhibit 350); Citibank Account Statement of Tze Hwa Yu and Ji Ping Yu, Aug. 26, 1996 (Exhibit 351).

<sup>626</sup> Id.; Citibank Deposit Ticket of Ji Ping Yu in the amount of \$2,500, Aug. 19, 1996 (Exhibit 352); Citibank Deposit Ticket of Ji Ping Yu in the amount of \$3,000, Aug. 19, 1996 (Exhibit 353).

<sup>627</sup> Id.

<sup>628</sup> The sequential transaction numbers stamped on the rear of the deposit tickets are evidence that the two deposits were made in sequence and simultaneously. Exhibit 352 Citibank Deposit Ticket of Ji Ping Yu in the amount of \$2,500, Aug. 19, 1996; Exhibit 353 Citibank Deposit Ticket of Ji Ping Yu in the amount of \$3,000, Aug. 19, 1996. While the deposit tickets are dated Aug. 18, 1996 in handwriting, the account statement indicates that the deposits were made on Aug. 19, 1996. Exhibit 351 Citibank Account Statement of Tze Hwa Yu and Ji Ping Yu, Aug. 26, 1996.

<sup>629</sup> Id.

<sup>630</sup> IGI Contribution Review Materials for Ji Ping Yu, HS 002576–HS 002578, at 3 (Exhibit 354).

<sup>631</sup> Id. at 2.

<sup>632</sup> Id. at 1–3.

<sup>633</sup> See Federal Grand Jury Indictment of Yah Lin "Charlie" Trie, U.S. District Court for the District of Columbia, Jan. 28, 1998.

to DNC criteria and DNC practice, the DNC should return Yu's \$5,000 contribution to him or disgorge it to the U.S. Treasury.<sup>634</sup>

#### Kuang Tao Zhou \$50,000 (Suspect)

On April 18, 1996, Mei Chi Kuo Chow of Los Angeles, California, issued a check in the amount of \$30,000 to Kuang Tao Zhou,<sup>635</sup> a college student who resides in Philadelphia, Pennsylvania.<sup>636</sup> The entire \$30,000 can be traced to a \$60,000 February 27, 1996, wire transfer from Tzu Shih Chow's account at Chinatrust Commercial Bank to Mei Chi Kuo Chow's account at Union Bank, Santa Monica, California.<sup>637</sup> Zhou deposited the \$30,000 check into his account at Jefferson Bank of Philadelphia that same day.<sup>638</sup> His checking account balance was \$3,646.70 at the time of the deposit.<sup>639</sup> The following day, on April 19, 1996, Zhou issued a check in the amount of \$30,000 to the DNC in conjunction with the April 26, 1996, Philadelphia POTUS Gala Rendell Dinner.<sup>640</sup> DNC contribution information produced to the Committee attributes the solicitation of Zhou's contribution to Mayor Ed Rendell of Philadelphia.<sup>641</sup> In addition to the foregoing, Zhou contributed an additional \$26,500 to the DNC, \$2,000 to the DSCC and \$4,000 to congressional and senatorial candidates.<sup>642</sup>

Also on April 19, 1996, Zhou received a \$19,985 wire into his Jefferson Bank account from Tzu Shih Chow in Taiwan.<sup>643</sup> FEC data and press reports indicate that Zhou contributed an additional \$20,000 to the DNC in April 1996 in two separate \$10,000 contributions which Zhou has described as a "credit card" contribution.<sup>644</sup>

<sup>634</sup> See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

<sup>635</sup> Union Bank of California Account Statement of Mei Chi Kuo Chow, Apr. 24, 1996 (Exhibit 355); Union Bank of California Check No. 2772 from Mei Chi Kuo Chow to Kuang Tao Zhou in the amount of \$30,000, Apr. 18, 1996, and Jefferson Bank Deposit Ticket of Kuang Tao Zhou in the amount of \$37,000, Apr. 18, 1996 (Exhibit 356).

<sup>636</sup> IGI Contribution Review Materials for Kuang Tao Zhou, HS 001600-HS 001620, at 2 (Exhibit 357); "Rendell's Top Donor Just Wants Spot in Law School," Harrisburg Patriot, Dec. 18, 1996, at B6.

<sup>637</sup> Union Bank of California Wire Transfer Report of Mei Chi Kuo Chow in the amount of \$59,985, Feb. 28, 1996 (Exhibit 358); Union Bank of California Account Statement of Mei Chi Kuo Chow, Mar. 26, 1996 (Exhibit 359).

<sup>638</sup> Exhibit 356 Union Bank of California Check No. 2772 from Mei Chi Kuo Chow to Kuang Tao Zhou in the amount of \$30,000, Apr. 18, 1996, and Jefferson Bank Deposit Ticket of Kuang Tao Zhou in the amount of \$37,000, Apr. 18, 1996; Jefferson Bank Account Statement of Kuang Tao Zhou, May 13, 1996 (Exhibit 360).

<sup>639</sup> Exhibit 360 Jefferson Bank Account Statement of Kuang Tao Zhou, May 13, 1996.

<sup>640</sup> Id.; Jefferson Bank Check No. 480 from Kuang Tao Zhou to the DNC Non-Federal in the amount of \$30,000, Apr. 19, 1996 (Exhibit 361); Exhibit 357 IGI Contribution Review Materials for Kuang Tao Zhou, HS 001600-HS 001620, at 2.

<sup>641</sup> Id.

<sup>642</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998. Apr. 24, 1996, \$10,000 to the DNC; Apr. 24, 1996, \$10,000 to the DNC; Aug. 12, 1996, \$1,500 to the DNC Birthday Victory Fund; June 6, 1997, \$2,000 to Representative Richard Gephardt (D-MO-3); Oct. 10, 1997, \$1,000 to Senator Edward M. Kennedy (D-MA); Oct. 22, 1997, \$5,000 to the DNC; Oct. 28, 1997, \$2,000 to the DSCC; Mar. 31, 1998, \$2,000 to Geraldine Ferraro (D-NY); Apr. 9, 1998, \$500 to Robert A. Borski (D-PA-3).

<sup>643</sup> Jefferson Bank Account Credit Ticket of Kuang Tao Zhou in the amount of \$19,977, Apr. 19, 1996 (Exhibit 362).

<sup>644</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998; "Rendell's Top Donor Just Wants Spot in Law School," Harrisburg Pa-

Continued

Ernst & Young conducted a review of Zhou's April 1996 \$30,000 contribution and was unable to confirm the address and telephone number provided by Zhou.<sup>645</sup> The DNC mailed a review questionnaire to Zhou on January 6, 1997,<sup>646</sup> but apparently received no response; the copy of Zhou's questionnaire provided to the Committee is completely blank.<sup>647</sup> After Ernst & Young's unsuccessful attempt to verify the legality of Zhou's contribution, IGI made an attempt.<sup>648</sup> IGI's review notes indicate that it was unable to gather any additional information on Zhou.<sup>649</sup>

On July 8, 1998, Committee investigators unsuccessfully attempted to telephone and locate Mei Chi Kuo and Tzu Shih Chow in Los Angeles, California. Also, Committee investigators repeatedly made unsuccessful attempts to telephone Zhou in Philadelphia at numbers provided by him to the DNC.

As in other instances of suspect contributions, despite the paucity of information gathered pursuant to the Ernst & Young and IGI reviews, the DNC decided to retain Zhou's \$30,000 contribution. The DNC apparently did not conduct a review regarding Zhou's additional \$20,000 in contributions also made in April 1996. While Zhou is a U.S. Citizen, according to Ernst & Young notes<sup>650</sup> and the son of a wealthy Taiwanese magnate,<sup>651</sup> bank records indicate that his three contributions to the DNC totaling \$50,000 appear to have been illegal conduit contributions in violation of 2 U.S.C. § 441f. In any event, the DNC has insufficient information to determine the legality or appropriateness of Zhou's contributions. Therefore, pursuant to Federal regulations and DNC practice, the DNC should disgorge Zhou's \$50,000 in contributions to the U.S. Treasury.<sup>652</sup>

PAULINE KANCHANALAK RELATED CONTRIBUTIONS DURING THE  
1992, 1994 AND 1996 ELECTION CYCLES

Duangnet Kronenberg \$261,500 and Pauline Kanchanalak  
\$112,500 (Illegal)

During the period September 1992 through June 1996, then-DNC fund-raiser Pauline Kanchanalak and her sister-in-law, Duangnet "Georgie" Kronenberg, illegally funneled at least \$679,000 to the DNC and other Democratic causes.<sup>653</sup> In the wake of intense press scrutiny and a DNC internal investigation regarding Kanchanalak

triot, Dec. 18, 1996. The Committee has gathered credit card records that confirm a \$10,000 contribution to the DNC on Apr. 23, 1996. Citibank Credit Card Account Statement for Kuang Tao Zhou, Apr. 30, 1996 (Exhibit 363). The Committee has not confirmed the second \$10,000 contribution made on Apr. 24, 1996, as indicated by the FEC data and in the press.

<sup>645</sup> Exhibit 357 IGI Contribution Review Materials for Kuang Tao Zhou, HS 001600-HS 001620, at 3 and 5-7.

<sup>646</sup> Id. at 3.

<sup>647</sup> Id. at 9-21.

<sup>648</sup> Id. at 1-21.

<sup>649</sup> Id. at 6-8.

<sup>650</sup> Id. at 4.

<sup>651</sup> "Rendell's Top Donor Just Wants Spot in Law School," Harrisburg Patriot, Dec. 18, 1996.

<sup>652</sup> See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Exhibit 4 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Exhibit 5 Letter from Joseph E. Sandler, Esq., to Lawrence Noble, Esq., Mar. 25, 1998; Exhibit 6 Letter from Judah Best, Esq., to James C. Wilson, Esq., Apr. 15, 1998; Exhibit 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on Nov. 20, 1997, at 1-9.

<sup>653</sup> Federal Grand Jury Indictment of Pauline Kanchanalak and Duangnet Kronenberg, U.S. District Court for the District of Columbia, July 13, 1998.

and her fund-raising activities, the DNC returned Kanchanalak's contributions totaling \$253,500<sup>654</sup> on November 20, 1996.<sup>655</sup> In contrast, the press paid far less attention to Kronenberg, whose contributions are detailed below:<sup>656</sup>

Name	Check Date	FEC Date	Recipient	Amount
Duangnet Kronenberg .....	09/23/92	09/28/92	DNC .....	\$4,000
Duangnet Kronenberg .....	09/24/92	09/28/92	DNC .....	5,000
Duangnet Kronenberg .....	05/26/94	05/27/94	DNC .....	20,000
Duangnet Kronenberg .....	06/07/94	06/13/94	DNC .....	15,000
Duangnet Kronenberg .....	02/26/96	02/29/96	DNC .....	5,000
Duangnet Kronenberg .....	03/08/96	03/11/96	DNC .....	5,000
Duangnet Kronenberg .....	03/14/96	03/15/96	DNC .....	5,000
Duangnet Kronenberg .....	05/23/96	06/06/96	DNC .....	5,000
Duangnet Kronenberg .....	06/18/96	06/19/96	DNC .....	50,000

Owing to what appears to have been relatively little press scrutiny of Kronenberg—a database search of national periodicals indicates that only 27 articles mentioning Kronenberg were published between the breaking of the campaign finance scandal on September 21, 1996, and December 31, 1996, in contrast to 149 articles mentioning Kanchanalak<sup>657</sup>—the DNC retained her contributions totaling \$114,000 until recently when it disgorged \$105,000 to the U.S. Treasury;<sup>658</sup> it did not disgorge \$9,000.<sup>659</sup> On July 13, 1998, Kanchanalak and Kronenberg were indicted by a Federal grand jury and charged with “conspiring to impair and impede the FEC and to cause the submission of false statements to the FEC.”<sup>660</sup> It was not until the indictment that the DNC pledged to return Kronenberg's contributions.<sup>661</sup>

In addition to the DNC, 10 state Democratic parties received contributions from Kanchanalak and Kronenberg as detailed below:<sup>662</sup>

Name	Check Date	FEC Date	Recipient	Amount
Pauline Kanchanalak .....	10/20/92	.....	California Democratic Party .....	\$5,000
Pauline Kanchanalak .....	06/25/96	.....	California Democratic Party .....	24,500
Pauline Kanchanalak .....	06/27/96	.....	Florida Democratic Party .....	35,000
Pauline Kanchanalak .....	06/29/96	.....	Ohio Democratic Party .....	33,000
Pauline Kanchanalak .....	07/05/96	.....	Illinois Democratic Party .....	25,000
Pauline Kanchanalak .....	07/05/96	.....	Pennsylvania Democratic Party .....	25,000

<sup>654</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>655</sup> Marcy Gordon, “DNC Returns \$253,000 Attributed to Thai Donor; Businesswoman, a Legal U.S. Resident, Says Money Actually Came from Mother-in-Law,” the Washington Post, Nov. 21, 1996; see also, <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

<sup>656</sup> *Id.*

<sup>657</sup> The search referenced was conducted on the “allnewsplus” library of the *Westlaw* database. The search used regarding Kronenberg was “date (1996) and (Georgie Duangnet) +2 Kronenberg. The search used regarding Kanchanalak was “date (1996) and Pauline +2 Kanchanalak.”

<sup>658</sup> See Exhibit 18 Letter from Joseph E. Sandler, Esq., to Lawrence M. Noble, Esq., July 24, 1998.

<sup>659</sup> According to a letter from the DNC to the FEC, the DNC did not disgorge the Sept. 23, 1992, \$4,000 contribution to the DNC and the Sept. 24, 1992, \$5,000 contribution to the DNC. See generally Exhibit 18 Letter from Joseph E. Sandler, Esq., to Lawrence M. Noble, Esq., July 24, 1998.

<sup>660</sup> Federal Grand Jury Indictment of Pauline Kanchanalak and Duangnet Kronenberg, U.S. District Court for the District of Columbia, July 13, 1998.

<sup>661</sup> Amy Keller, “Burton Eyes Unreturned DNC Cash,” Roll Call, July 20, 1998.

<sup>662</sup> <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated Sept. 10, 1998.

Name	Check Date	FEC Date	Recipient	Amount
Duangnet Kronenberg .....	09/08/94 .....	.....	Massachusetts Democratic Party .....	5,000
Duangnet Kronenberg .....	10/06/94 .....	.....	Maryland Democratic Party .....	4,000
Duangnet Kronenberg .....	10/06/94 .....	.....	Oklahoma Democratic Party .....	5,000
Duangnet Kronenberg .....	10/06/94 .....	.....	Kentucky Democratic Party .....	2,500
Duangnet Kronenberg .....	10/06/94 .....	.....	West Virginia Democratic Party .....	1,000
Duangnet Kronenberg .....	06/13/96 .....	.....	California Democratic Party .....	30,000
Duangnet Kronenberg .....	06/15/96 .....	.....	Florida Democratic Party .....	25,000
Duangnet Kronenberg .....	06/18/96 .....	.....	Illinois Democratic Party .....	30,000
Duangnet Kronenberg .....	06/21/96 .....	.....	Ohio Democratic Party .....	20,000
Duangnet Kronenberg .....	06/25/96 .....	.....	Pennsylvania Democratic Party .....	25,000

Recently, the Committee wrote the 10 state Democratic parties who received contributions from Kanchanalak and Kronenberg to inquire as to the state parties' retention of these contributions and inform them of the indictment and the DNC's practice of returning illegal political contributions to the U.S. Treasury pursuant to Federal election law.<sup>663</sup> The Committee has received information that Florida, Maryland, and Ohio have returned the contributions.<sup>664</sup> Massachusetts has informed Committee counsel that it is reviewing the matter. The remainder have, to date, yet to respond to the Committee.<sup>665</sup> These contributions are illegal and should be returned.

The DNC conducted a review of Kronenberg's contributions in December 1996.<sup>666</sup> Kronenberg cooperated with Ernst & Young auditors and indicated that the money contributed to the DNC was her own.<sup>667</sup> In the fall of 1997 much more information regarding Kronenberg's contribution came to light as a result of the House and Senate campaign finance investigations. On September 16, 1997, the Senate Governmental Affairs Committee held a hearing focusing directly on certain contributions of Kanchanalak and Kronenberg.<sup>668</sup> The Senate committee publicly disclosed the foreign source of these contributions.<sup>669</sup> However, until recently, the DNC and state Democratic parties evidently were ignorant of the publicly available evidence that Kronenberg's contributions were highly suspect and possibly illegal.

And, if that were not sufficient, the Final Report of that same Senate committee dedicated over 15 pages to detailing the fund-

<sup>663</sup> Letters from Chairman Dan Burton to the state Democratic parties of Maryland, Oklahoma, Kentucky, West Virginia, California, Florida, Illinois, Ohio, and Pennsylvania, July 24, 1998, and Massachusetts, Aug. 3, 1998 (Exhibit 364). Kanchanalak's contributions to state Democratic parties include: Oct. 20, 1992, \$5,000 to the California Democratic party; June 25, 1996, \$24,500 to the California Democratic party; June 27, 1996, \$35,000 to the Florida Democratic party; June 29, 1996, \$33,000 to the Ohio Democratic party; July 5, 1996, \$25,000 to the Illinois Democratic party; July 5, 1996, \$25,000 to the Pennsylvania Democratic party.

<sup>664</sup> Letter from Maryland Democratic party to Chairman Dan Burton, July 29, 1998 (Exhibit 365); Letter from Florida Democratic party to Chairman Dan Burton, July 29, 1998 (Exhibit 366); Letter from Ohio Democratic party to Chairman Dan Burton, July 30, 1998 (Exhibit 367).

<sup>665</sup> The Committee has not received a response from the state Democratic parties of Massachusetts, Oklahoma, Kentucky, West Virginia, California, Illinois, and Pennsylvania.

<sup>666</sup> Ernst & Young Contribution Review Materials for Duangnet Kronenberg, DNC 1802603, DNC 1802606, DNC 1802609–DNC 1802610, DNC 1802612, DNC 1802615, DNC 1802617, and DNC 1802619–DNC 1802623, at 1–12 (Exhibit 368).

<sup>667</sup> Id. at 5.

<sup>668</sup> See generally *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 1, 206–223, 1192, and 475 (1998).

<sup>669</sup> See generally Id. at 208 and 475; *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st sess., part VII, S. Hrg. 105–300, 384 (1998).

raising activities of Kanchanalak and Kronenberg.<sup>670</sup> The report directly questioned the legality of the contributions<sup>671</sup> and contains sufficient information for the DNC to conclude that Kronenberg's contributions were possibly illegal and, at a minimum, inappropriate under the DNC's own criteria of appropriateness. DNC General Counsel Sandler even admitted to the Committee that he read the Senate report "about the time" it was made public,<sup>672</sup> but the DNC still did not return Kronenberg's contributions.

The DNC ignored the publicly available evidence regarding Kronenberg's contributions until she was indicted by a Federal grand jury.<sup>673</sup> In the wake of the indictment, DNC spokesman Rick Hess reacted with surprise:

Until the indictment was handed down last week, there was no indication that donations from Ms. Kronenberg were from anybody but herself.<sup>674</sup>

Additionally, DNC General Counsel Sandler in a July 24, 1998, letter advised the FEC that:

Prior to the date of the indictment, the DNC had *no information* indicating that these specific contributions were in any way unlawful or improper.<sup>675</sup>

Prior to the date of the indictment, the public record indicated otherwise. The DNC's litany of misleading statements that were issued when the campaign scandal broke in 1996 continue even today.

It is interesting to note that although the DNC ignored the Senate Final Report with regard to Kronenberg's contributions, it has cited that same Final Report to the Committee when it has supported their decision to retain certain contributions.<sup>676</sup> Furthermore, Ms. Kronenberg has refused to cooperate with both House and Senate investigators and has invoked her Fifth Amendment privilege against self-incrimination.

In sum, the DNC returned Kanchanalak's contributions in late 1996 in the wake of the breaking campaign finance scandal under the lights of intense press scrutiny. As a result of its internal inquiry regarding Kanchanalak, the DNC was aware of Kronenberg's contributions and her relationship with Kanchanalak. But the DNC retained Kronenberg's contributions. In September 1997, the Senate held campaign finance hearings which specifically questioned the legality of Kronenberg's contributions. But the DNC retained Kronenberg's contributions. The Senate published its Final Report in early 1998 again directly questioning the legality of Kronenberg's contributions and, soon thereafter, DNC General

<sup>670</sup> See generally *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rept. No. 167, 105th Cong., 2d sess., vol. 1, 206-223 and 1192 (1998).

<sup>671</sup> *Id.* at 208; see also *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st sess., part VII, S. Hrg. 105-300, 384 (1998).

<sup>672</sup> Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 113.

<sup>673</sup> DNC Response to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 38-39.

<sup>674</sup> Amy Keller, "Burton Eyes Unreturned DNC Cash," Roll Call, July 20, 1998 (emphasis added).

<sup>675</sup> Exhibit 18 Letter from Joseph E. Sandler, Esq., to Lawrence M. Noble, Esq., July 24, 1998 (emphasis added).

<sup>676</sup> DNC Response to the Committee's June 23, 1998, Interrogatories, Aug. 6, 1998, at 12.

Counsel Sandler read it. But the DNC retained Kronenberg's contributions. In July 1998, Kronenberg was indicted by a Federal grand jury for campaign finance violations. Finally, the DNC returned Kronenberg's contributions. Even then the DNC maintained that they never had any indication Kronenberg's contributions were "unlawful," "improper," or "from anybody but herself." The DNC's actions with regard to Kronenberg's contributions are indicative of the disingenuous approach the DNC has taken throughout the campaign finance scandal.

#### CONCLUSION

After an extensive and thorough investigation of the DNC's contribution review process and contributions received by it from 1992–1996, it is clear that the DNC's public words often were and continue to be at odds with its intentions and actions. Time and time again, the DNC received information regarding the illegality or inappropriateness of contributions, but failed to take the appropriate action of returning or disgorging them. Moreover, often when the DNC received no significant information regarding contributions, it retained the funds. Prompting the DNC to return illegal or otherwise questionable contributions has at times closely resembled the painful and difficult process of pulling teeth.

The Committee's conclusions would likely be altogether different were the contributions at issue not linked to a variety of other suspicious individuals—most of which have refused to cooperate with Federal authorities—and circumstances under investigation by the Department of Justice as well as the Committee. Though the Committee has been severely hampered in its investigation by non-cooperative witnesses, it still has been identified over \$1.7 million in illegal or suspect contributions that remains in Democratic coffers, over \$1 million of which is held by the DNC alone. Hundreds of thousands of dollars in additional questionable contributions—many of which are almost certainly illegal—are still under investigation by the Committee. Many questions regarding the orchestration of illegal campaign contributions remained unanswered. The American People deserve the truth. For that reason, the Committee's investigation continues.

#### APPENDIX

##### ILLEGAL AND SUSPECT CONTRIBUTIONS RETAINED OR BELATEDLY DISGORGED BY THE DEMOCRATIC NATIONAL COMMITTEE AND STATE DEMOCRATIC PARTIES<sup>1</sup>

###### I. ILLEGAL CONTRIBUTIONS (SORTED BY NAME, CHECK DATE AND FEC DATE)

Name	Check Date <sup>2</sup>	FEC Date <sup>3</sup>	Recipient	Amount
Lei Chu .....	02/20/96	02/23/96	Democratic National Committee .....	\$12,500
Jessica Elnitiarta .....	02/19/96	02/23/96	Democratic National Committee .....	100,000
J&M International .....	02/23/96	02/27/96	Democratic National Committee .....	25,000
K&L International .....	05/11/96	05/14/96	Democratic National Committee .....	150,000
Pauline Kanchanalak .....	10/20/92	.....	California Democratic Party .....	5,000
Pauline Kanchanalak .....	06/25/96	.....	California Democratic Party .....	24,500
Pauline Kanchanalak .....	06/27/96	.....	Florida Democratic Party .....	35,000

Name	Check Date <sup>2</sup>	FEC Date <sup>3</sup>	Recipient	Amount
<i>Pauline Kanchanalak</i>	<i>06/29/96</i>		<i>Ohio Democratic Party</i>	<i>33,000</i>
Pauline Kanchanalak	07/05/96		Illinois Democratic Party	25,000
Pauline Kanchanalak	07/05/96		Pennsylvania Democratic Party	25,000
Chee Kien Koh	09/17/96	09/25/96	Democratic National Committee	5,000
<i>Duangnet Kronenberg</i>	<i>09/24/92</i>	<i>09/28/92</i>	<i>Democratic National Committee</i>	<i>5,000</i>
<i>Duangnet Kronenberg</i>	<i>09/23/92</i>	<i>09/28/92</i>	<i>Democratic National Committee</i>	<i>4,000</i>
<i>Duangnet Kronenberg</i>	<i>05/26/94</i>	<i>05/27/94</i>	<i>Democratic National Committee</i>	<i>20,000</i>
<i>Duangnet Kronenberg</i>	<i>06/07/94</i>	<i>06/13/94</i>	<i>Democratic National Committee</i>	<i>15,000</i>
Duangnet Kronenberg	09/08/94		Massachusetts Democratic Party	5,000
Duangnet Kronenberg	10/06/94		Kentucky Democratic Party	2,500
<i>Duangnet Kronenberg</i>	<i>10/06/94</i>		<i>Maryland Democratic Party</i>	<i>4,000</i>
Duangnet Kronenberg	10/06/94		Oklahoma Democratic Party	5,000
Duangnet Kronenberg	10/06/94		West Virginia Democratic Party	1,000
<i>Duangnet Kronenberg</i>	<i>02/26/96</i>	<i>02/29/96</i>	<i>Democratic National Committee</i>	<i>5,000</i>
<i>Duangnet Kronenberg</i>	<i>03/08/96</i>	<i>03/11/96</i>	<i>Democratic National Committee</i>	<i>5,000</i>
<i>Duangnet Kronenberg</i>	<i>03/14/96</i>	<i>03/15/96</i>	<i>Democratic National Committee</i>	<i>5,000</i>
<i>Duangnet Kronenberg</i>	<i>05/23/96</i>	<i>06/06/96</i>	<i>Democratic National Committee</i>	<i>5,000</i>
Duangnet Kronenberg	06/13/96		California Democratic Party	30,000
<i>Duangnet Kronenberg</i>	<i>06/15/96</i>		<i>Florida Democratic Party</i>	<i>25,000</i>
Duangnet Kronenberg	06/18/96		Illinois Democratic Party	30,000
<i>Duangnet Kronenberg</i>	<i>06/18/96</i>	<i>06/19/96</i>	<i>Democratic National Committee</i>	<i>50,000</i>
<i>Duangnet Kronenberg</i>	<i>06/21/96</i>		<i>Ohio Democratic Party</i>	<i>20,000</i>
Duangnet Kronenberg	06/25/96		Pennsylvania Democratic Party	25,000
Bie Chuan Ong	10/09/92	10/21/92	California Democratic Party	5,000
Bie Chuan Ong	10/19/92	10/21/92	Arkansas Democratic Party	5,000
Bie Chuan Ong		10/23/92	Michigan Democratic Party	5,000
Bie Chuan Ong		10/23/92	Democratic Senatorial Campaign Committee	5,000
Lucy Jao Ong	10/10/92	10/21/92	Arkansas Democratic Party	5,000
Lucy Jao Ong		10/21/92	California Democratic Party	5,000
Lucy Jao Ong		10/22/92	Democratic Senatorial Campaign Committee	5,000
Lucy Jao Ong		10/23/92	Michigan Democratic Party	5,000
Sy Zuan Pan	09/18/96	09/27/96	Democratic National Committee	20,000
Panda Estates Investment Inc	07/12/96	07/23/96	Democratic National Committee	4 60,000
Hsiao Jie Su	02/17/96	02/23/96	Democratic National Committee	2,500
Subandi Tanuwidjaja	09/19/96	10/02/96	Democratic National Committee	20,000
Suryanti Tanuwidjaja	09/16/96	09/27/96	Democratic National Committee	20,000

<sup>1</sup> The contributions indicated in italics were belatedly disgorged. All other contributions have been retained by the recipient.

<sup>2</sup> The "Check Date" is taken directly from the contribution check where available.

<sup>3</sup> If the Committee is not in possession of the check or is unable to discern the date on the check, Federal Election Commission (FEC) data as provided at <http://wyl.ewg.org> and/or [www.tray.com](http://www.tray.com) is used. In those instances, the "FEC Date" given reflects the date the contribution was registered with the FEC not necessarily the precise date of contribution as reflected on the contribution check. The date on the contribution check usually pre-dates the FEC date by anywhere from one day to a month.

<sup>4</sup> This illegal \$60,000 is a portion of a \$100,000 contribution. Committee investigators consider the remaining \$40,000 suspect.

## II. SUMMARY OF ILLEGAL CONTRIBUTIONS

	Retained	vs.	Belatedly Disgorged	Total
Arkansas Democratic Party Illegal	\$10,000			\$10,000
California Democratic Party Illegal	69,500			69,500
Democratic National Committee Illegal	415,000		\$114,000	529,000
Democratic Senatorial Campaign Committee Illegal	10,000			10,000
Florida Democratic Party Illegal			60,000	60,000
Illinois Democratic Party Illegal	55,000			55,000
Kentucky Democratic Party Illegal	2,500			2,500
Maryland Democratic Party Illegal			4,000	4,000
Massachusetts Democratic Party Illegal	5,000			5,000
Michigan Democratic Party Illegal	10,000			10,000
Ohio Democratic Party Illegal			53,000	53,000
Oklahoma Democratic Party Illegal	5,000			5,000
Pennsylvania Democratic Party Illegal	50,000			50,000
West Virginia Democratic Party Illegal	1,000			1,000
<b>Total Illegal Contributions</b>	<b>633,000</b>	<b>+</b>	<b>231,000</b>	<b>= 864,000</b>

**III. SUSPECT CONTRIBUTIONS (SORTED BY NAME, CHECK DATE AND  
FEC DATE)**

Name	Check Date	FEC Date	Recipient	Amount
American Great Ground Group .....	07/20/96	07/31/96	Democratic National Committee .....	\$7,000
AIDC <sup>3</sup> .....	12/25/93	.....	Democratic National Committee .....	25,000
Donna Chiang .....	09/18/92	09/28/92	Democratic National Committee .....	10,000
Donna Chiang .....	09/22/92	10/07/92	Democratic National Committee .....	10,000
Joseph Chiang .....	09/18/92	09/28/92	Democratic National Committee .....	10,000
Joseph Chiang .....	09/22/92	10/07/92	Democratic National Committee .....	10,000
Brenda Da Silveira .....	10/19/92	10/27/92	Democratic Senatorial Campaign Committee.	5,000
Ricor Da Silveira .....	10/19/92	10/27/92	Democratic Senatorial Campaign Committee.	5,000
Ricor Da Silveira .....	10/21/92	10/27/92	Michigan Democratic Party .....	5,000
Ricor Da Silveira .....	10/22/96	10/27/92	Arkansas Democratic Party .....	5,000
Hip Hing Holdings .....	05/28/93	.....	Democratic National Committee .....	2,500
Hip Hing Holdings .....	09/23/93	09/30/96	Democratic National Committee .....	15,000
Hip Hing Holdings .....	09/29/93	.....	California Democratic Party .....	5,000
Jane Huang .....	08/12/92	08/19/92	Democratic National Committee .....	5,000
Jane Huang .....	08/10/92	09/04/92	California Democratic Party .....	5,000
Jane Huang .....	09/01/92	09/09/92	Democratic National Committee .....	1,000
Jane Huang .....	09/15/92	09/22/92	Democratic National Committee .....	5,000
Jane Huang .....	09/15/92	09/22/92	Democratic National Committee .....	5,000
Jane Huang .....	09/16/92	09/28/92	California Democratic Party .....	1,000
Jane Huang .....	04/30/93	05/07/93	Democratic Senatorial Campaign Committee.	2,500
Jane Huang .....	.....	06/15/93	Democratic Senatorial Campaign Committee.	1,000
Jane Huang .....	10/05/93	10/21/93	Democratic Senatorial Campaign Committee.	6,750
Jane Huang .....	12/01/93	12/14/93	Democratic National Committee .....	15,000
Jane Huang .....	.....	03/16/94	Democratic National Committee .....	10,000
Jane Huang .....	.....	04/26/94	California Democratic Party .....	10,000
Jane Huang .....	04/20/94	04/29/94	Democratic National Committee .....	5,000
Jane Huang .....	.....	05/16/94	Democratic Congressional Dinner Committee.	3,000
Jane Huang .....	.....	08/11/94	Democratic National Committee .....	5,000
Jane Huang .....	12/18/94	12/22/94	Democratic National Committee .....	5,000
Jane Huang .....	.....	11/14/95	Democratic Senatorial Campaign Committee.	1,000
Jane Huang .....	.....	11/17/95	Democratic Congressional Campaign Committee.	5,000
John Huang .....	.....	02/04/92	California Democratic Party .....	500
John Huang .....	.....	06/01/92	Democratic National Committee .....	800
John Huang .....	.....	07/28/92	Democratic National Committee .....	5,000
John Huang .....	08/31/92	09/04/92	California Democratic Party .....	1,500
John Huang .....	09/08/92	09/23/92	Democratic Senatorial Campaign Committee.	1,500
John Huang .....	09/16/92	09/28/92	California Democratic Party .....	1,000
John Huang .....	10/27/92	.....	Democratic National Committee .....	2,500
John Huang .....	10/31/92	11/10/92	Democratic Senatorial Campaign Committee.	1,000
John Huang .....	04/30/93	05/07/93	Democratic Senatorial Campaign Committee.	2,500
John Huang .....	.....	06/15/93	Democratic Senatorial Campaign Committee.	1,000
John Huang .....	.....	06/25/93	Democratic National Committee .....	10,000
John Huang .....	10/05/93	10/21/93	Democratic Senatorial Campaign Committee.	6,750
John Huang .....	12/01/93	12/14/93	Democratic National Committee .....	10,000
John Huang .....	.....	03/16/94	Democratic National Committee .....	10,000
Yong Xing Huang .....	05/13/96	05/17/96	Democratic National Committee .....	10,000
Loh Sun International .....	07/29/96	08/02/96	Democratic National Committee .....	50,000
Felix Ma .....	08/30/92	10/23/92	Democratic Senatorial Campaign Committee.	5,000

Name	Check Date	FEC Date	Recipient	Amount
Felix Ma	09/10/92	10/23/92	Michigan Democratic Party	5,000
Felix Ma	09/30/92	10/23/92	Ohio Democratic Party	5,000
Mary Ma	09/15/92	10/27/92	Michigan Democratic Party	5,000
Mary Ma	09/25/92	10/22/92	Democratic Senatorial Campaign Committee.	5,000
Mary Ma	09/30/92		Democratic Senatorial Campaign Committee.	5,000
Mary Ma		10/23/92	Missouri Democratic Party	5,000
Mary Ma		10/28/92	Ohio Democratic Party	5,000
Panda Estates Investment Inc	07/12/96	07/23/96	Democratic National Committee	640,000
Panda Estates Investment Inc	07/29/96	08/01/96	Democratic National Committee	50,000
Platinum Realty	02/19/96	02/22/96	Democratic National Committee	12,500
Platinum Realty	07/18/96	08/01/96	Democratic National Committee	10,000
Aileen Riady	08/13/92	09/04/92	California Democratic Party	5,000
Aileen Riady	08/13/92	08/17/92	Democratic National Committee	15,000
Aileen Riady	10/08/92	10/27/92	Arkansas Democratic Party	5,000
Aileen Riady	10/12/92		Georgia Democratic Party	50,000
Aileen Riady	10/15/92	10/29/92	North Carolina Democratic Party	50,000
James T. Riady	08/13/92	09/04/92	California Democratic Party	5,000
James T. Riady	08/13/92	08/17/92	Democratic National Committee	15,000
James T. Riady	09/30/92		Michigan Democratic Party	75,000
James T. Riady	10/05/92		Ohio Democratic Party	75,000
James T. Riady	10/08/92	10/27/92	Arkansas Democratic Party	5,000
James T. Riady	10/08/92		Arkansas Democratic Party	75,000
James T. Riady	10/12/92		Louisiana Democratic Party	75,000
San Jose Holdings	09/27/93	09/30/93	Democratic National Committee	15,000
Joseph Sund	09/24/92	09/28/92	Democratic National Committee	10,000
Joseph Sund	09/30/92	10/23/92	Michigan Democratic Party	5,000
Joseph Sund		10/21/92	Arkansas Democratic Party	5,000
Joseph Sund	09/28/93	09/30/93	Democratic National Committee	10,000
Joseph Sund	09/30/93	10/30/93	Democratic National Committee	5,000
Joseph Sund	09/30/93	10/30/93	Democratic National Committee	5,000
Subandi Tanuwidjaja	09/09/96		Democratic National Committee	60,000
Toy Center Holdings		07/15/93	Democratic National Committee	2,500
Toy Center Holdings	09/23/93	09/30/93	Democratic National Committee	15,000
Christina Yeh		09/29/92	Democratic National Committee	5,000
Christina Yeh		09/29/92	Democratic National Committee	5,000
Christina Yeh		10/07/92	Democratic National Committee	5,000
Christina Yeh		10/07/92	Democratic National Committee	5,000
Christina Yeh		10/25/93	Democratic National Committee	10,000
David Yeh	08/03/92	09/29/92	Democratic National Committee	5,000
David Yeh	08/08/92	09/29/92	Democratic National Committee	5,000
David Yeh	08/18/92	10/07/92	Democratic National Committee	5,000
David Yeh	08/18/92	10/07/92	Democratic National Committee	5,000
David Yeh	09/27/93	10/25/93	Democratic National Committee	10,000
Ji Ping Yu	08/17/96		Democratic National Committee	5,000
Kuang Tao Zhou		04/24/96	Democratic National Committee	10,000
Kuang Tao Zhou		04/24/96	Democratic National Committee	10,000
Kuang Tao Zhou	04/19/96	04/25/96	Democratic National Committee	30,000

<sup>5</sup>The Arkansas International Development Corp.

<sup>6</sup>This suspect \$40,000 is a portion of a \$100,000 contribution. Committee investigators consider the remaining \$60,000 illegal.

#### IV. SUMMARY OF SUSPECT CONTRIBUTIONS

	Retained	vs.	Belatedly Disgorged	Total
Arkansas Democratic Party Suspect	\$95,000			\$95,000
California Democratic Party Suspect	34,000			34,000
Democratic Congressional Campaign Committee Suspect	5,000			5,000
Democratic Congressional Dinner Committee Suspect	3,000			3,000
Democratic National Committee Suspect	623,800			623,800
Democratic Senatorial Campaign Committee Suspect	49,000			49,000
Georgia Democratic Party Suspect	50,000			50,000
Louisiana Democratic Party Suspect	75,000			75,000
Michigan Democratic Party Suspect	95,000			95,000

	Retained	vs.	Belatedly Disgorged	Total
Missouri Democratic Party Suspect .....	5,000		.....	5,000
North Carolina Democratic Party Suspect .....	50,000		.....	50,000
Ohio Democratic Party Suspect .....	85,000		.....	85,000
<b>Total Suspect Contributions .....</b>	<b>1,169,800</b>	<b>+</b>	<b>0.00</b>	<b>= 1,169,800</b>

#### V. SUMMARY OF CONTRIBUTIONS (ILLEGAL VS. SUSPECT)

	Illegal	vs.	Suspect	Total
Arkansas Democratic Party .....	\$10,000		95,000	\$105,000
California Democratic Party .....	69,500		34,000	103,500
Democratic Congressional Campaign Committee .....			5,000	5,000
Democratic Congressional Dinner Committee .....			3,000	3,000
Democratic National Committee .....	529,000		623,800	1,152,800
Democratic Senatorial Campaign Committee .....	10,000		49,000	59,000
Florida Democratic Party .....	60,000		.....	60,000
Georgia Democratic Party .....			50,000	50,000
Illinois Democratic Party .....	55,000		.....	55,000
Kentucky Democratic Party .....	2,500		.....	2,500
Louisiana Democratic Party .....			75,000	75,000
Maryland Democratic Party .....	4,000		.....	4,000
Massachusetts Democratic Party .....	5,000		.....	5,000
Michigan Democratic Party .....	10,000		95,000	105,000
Missouri Democratic Party .....			5,000	5,000
North Carolina Democratic Party .....			50,000	50,000
Ohio Democratic Party .....	53,000		85,000	138,000
Oklahoma Democratic Party .....	5,000		.....	5,000
Pennsylvania Democratic Party .....	50,000		.....	50,000
West Virginia Democratic Party .....	1,000		.....	1,000
<b>Total Contributions .....</b>	<b>864,000</b>	<b>+</b>	<b>1,169,800</b>	<b>= 2,033,800</b>

#### VI. SUMMARY OF CONTRIBUTIONS (RETAINED VS. BELATEDLY DISGORGED)

	Retained	vs.	Belatedly Disgorged	Total
Arkansas Democratic Party .....	\$105,000			105,000
California Democratic Party .....	103,500			103,500
Democratic Congressional Campaign Committee .....	5,000			5,000
Democratic Congressional Dinner Committee .....	3,000			3,000
Democratic National Committee .....	1,038,800		114,000	1,152,800
Democratic Senatorial Campaign Committee .....	59,000			59,000
Florida Democratic Party .....			60,000	\$60,000
Georgia Democratic Party .....	50,000			50,000
Illinois Democratic Party .....	55,000			55,000
Kentucky Democratic Party .....	2,500			2,500
Louisiana Democratic Party .....	75,000			75,000
Maryland Democratic Party .....			4,000	4,000
Massachusetts Democratic Party .....	5,000			5,000
Michigan Democratic Party .....	105,000			105,000
Missouri Democratic Party .....	5,000			5,000
North Carolina Democratic Party .....	50,000			50,000
Ohio Democratic Party .....	85,000		53,000	138,000
Oklahoma Democratic Party .....	5,000			5,000
Pennsylvania Democratic Party .....	50,000			50,000
West Virginia Democratic Party .....	1,000			1,000
<b>Total Contributions .....</b>	<b>1,802,800</b>	<b>+</b>	<b>\$231,000</b>	<b>= 2,033,800</b>

## VII. SUMMARY OF CONTRIBUTIONS

	Illegal	vs.	Suspect	Retained	vs.	Belatedly Disgorged	Total		
Arkansas Democratic Party .....	\$10,000		95,000	105,000			105,000		
California Democratic Party .....	69,500		34,000	103,500			103,500		
Democratic Congressional Campaign Committee .....			5,000	5,000			5,000		
Democratic Congressional Din- ner Committee .....			3,000	3,000			3,000		
Democratic National Committee	529,000		623,800	1,038,800		114,000	1,152,800		
Democratic Senatorial Cam- paign Committee .....	10,000		49,000	59,000			59,000		
Florida Democratic Party .....	60,000					60,000	60,000		
Georgia Democratic Party .....			50,000	50,000			50,000		
Illinois Democratic Party .....	55,000			55,000			55,000		
Kentucky Democratic Party .....	2,500			2,500			2,500		
Louisiana Democratic Party .....			75,000	75,000			75,000		
Maryland Democratic Party .....	4,000					4,000	4,000		
Massachusetts Democratic Party .....	5,000			5,000			5,000		
Michigan Democratic Party .....	10,000		95,000	105,000			105,000		
Missouri Democratic Party .....			5,000	5,000			5,000		
North Carolina Democratic Party .....			50,000	50,000			50,000		
Ohio Democratic Party .....	53,000		85,000	85,000		53,000	138,000		
Oklahoma Democratic Party .....	5,000			5,000			5,000		
Pennsylvania Democratic Party .....	50,000			50,000			50,000		
West Virginia Democratic Party .....	1,000			1,000			1,000		
Total Contributions .....	864,000	+	1,169,800	or	1,802,800	+	231,000	=	2,033,800

[Supporting documentation follows:]

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Offset Folios 278 to 1223 Inset here