# Clinton Presidential Records
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Divider Title: **Jan. 28, 1997**

The Washington Post
Tuesday, January 28, 1997

# Sen. Thompson Warns He'll Pursue White House Records in Fund Probe

By David S. Broder
Washington Post Staff Writer

Sen. Fred D. Thompson (R-Tenn.) will tell the Senate today he is planning a thorough investigation of fund-raising practices of both parties and is prepared to go to court, if necessary, to force the release of White House records he needs to do his job.

Thompson, the new chairman of the Senate Governmental Affairs Committee, will set no starting date for hearings on the politically sensitive issue but will promise a "strong look" at foreign-source contributions and the whole pattern of relationships among donors, party operatives and executive branch officials.

"I'm trying to strike a tone that this will be handled with a firm hand but fairly," Thompson said in an interview, "but a lot will depend on the cooperation we get."

Thompson, according to close associates, has no complaints so far about White House cooperation and is hopeful that he has convinced President Clinton's second-term team that he is not seeking partisan advantage from the hearings.

But he will tell the Senate that in his view, Clinton and his legal counsel in the past have used spurious claims of both executive privilege and attorney-client privilege to impede congressional investigators or to deny them relevant material. Sources said Thompson wants the White House to have been forewarned of his readiness to fight the battle in the courts.

Thompson served as minority counsel of the special Senate committee that investigated the Watergate break-in and cover-up by President Richard M. Nixon and his associates. Nixon sought to invoke executive privilege to prevent release of Oval Office tapes, and when the Supreme Court rejected his plea, was forced to submit his resignation.

Among the examples of better cooperation Thompson will cite in his speech are President Ronald Reagan's waiving executive privilege during the probe of the Iran-contra affair and President Jimmy Carter's similar waiver when his brother Billy's relationship with the Libyan government was under investigation.

Partly on the basis of his Watergate experience and partly because of his effectiveness on television, the Tennessee senator was chosen by Senate GOP leaders to lead the major congressional investigation of the burgeoning scandal over fund-raising by the Democratic National Committee in support of the Clinton-Gore reelection campaign.

Much of the controversy is focused on John Huang, a former DNC vice chairman who solicited money primarily in the Asian American community. Huang, who was an official in the Commerce Department before joining the DNC, raised $3.4 million for the committee, at least $1 million of which has been deemed improper and returned to contributors. Huang and others also arranged during the campaign for the president to meet with donors whose criminal records or other activities the White House has acknowledged made them "inappropriate" guests.

The president has vowed to tighten the screening of White House guests and ordered a cleanup of DNC fund-raising operations. But he and his spokesmen have defended his custom of inviting big donors, along with others, to White House meetings with the president, Vice President Gore and other senior government officials, and his invitations to some of those donors to stay overnight in the Lincoln Bedroom.

At the same time he was announcing tighter voluntary restrictions on campaign contributions to the DNC, Clinton last week complained that the Republicans had been guilty of larger improprieties in the financing of their campaigns. Senate Minority Leader Thomas A. Daschle (D-S.D.) asked Thompson last week to investigate reports that Republican congressional leaders had threatened retaliation against lobbyists and interest groups that gave money to Democrats as well as to the GOP. And yesterday, Daschle asked that the Governmental Affairs Committee also look into the use of tax-exempt, nonprofit groups as "front organizations for political purposes."

Daschle did not refer to House Speaker Newt Gingrich (R-Ga.) in his statement, but one of the admissions that led to Gingrich's being disciplined by the House last week was the claim that he had failed to heed legal warnings that some of the political education classes he ran should not have been financed through tax-exempt foundations.

Speaking of such groups, Daschle said, "They can get involved in the advocacy of issues, and we've never questioned that. But there is a fine line between advocacy of issues and advocacy of candidates and political parties. I think that in some cases that line has been crossed."

Some Republicans have accused Daschle of trying to load up Thompson's agenda with other issues to divert attention from the White House and DNC scandals.

But Thompson, associates said, will give strong assurances that he will examine questionable campaign finance practices regardless of party. They said he is ready to back up that promise with a pledge that Sen. John Glenn of Ohio, the ranking Democrat on his committee, will be allowed to direct staff investigations of issues he considers important and to call witnesses for public hearings.

The timing of those hearings is not known. Thompson still is hiring and getting security clearances for his investigative staff and finding space for them to work. The Governmental Affairs Committee is scheduled to hold an organizational meeting Wednesday, but Thompson is expected to tell the committee members that it may be three or four months before the investigation is far enough along to justify public hearings.

*Staff writer Helen Dewar contributed to this report.*

FINAL

The Washington Post

TUESDAY, JANUARY 28, 1997

# Big DNC Donations Linked to Coffees

## *$27 Million Given, Much Within Days of White House Chats*

Los Angeles Times

The Democratic National Committee collected $27 million from guests who attended White House coffee klatches with President Clinton over the last two years, newly available records show.

Many of those who were invited to the White House for private chats with Clinton and senior officials made substantial donations to the party within days of the events.

The administration and party officials say that the sessions were appropriate and that guests were invited to the White House to share their views with the president, not for the purpose of soliciting campaign funds.

But a computer examination of the 103 meetings from January 1995 to August 1996 showed that in many cases major supporters gave large contributions before or after attending the White House events. The analysis was done by the independent Campaign Study Group of Springfield.

"No one called people that afternoon after they got back to their offices and said: 'Would you give $50,000 today?' " said a source familiar with the DNC-sponsored coffees. "But they were obviously people [the fund-raisers] were working with."

There is nothing illegal about White House meetings between the president and financial supporters. But some critics have charged that the large number of sessions and donations created the impression of a White House put up for sale.

# State of the Sleaze

Give the two major parties this much. They both have the faith of a misbehaving child in the everybody-does-it defense, and indeed, in today's Washington, Democrats and Republicans alike are slopping like hogs at the corporate trough.

Under the code-name of "Constituency Outreach Plans," the Democratic National Committee wrote playbooks for bartering face time with President Clinton. Meanwhile, the Republican National Committee was selling its rent-a-staffer plan to executives with $250,000 to plunk down. The final score in this orgy of influence-peddling was $141 million in soft money for the Republicans and $122 million for the Democrats.

A White House tangled in ethics inquiries has seized on the Republican superiority as a defense of its own behavior, but that is an adolescent response to a serious national problem. These numbers do not add up to evidence of virtue for any participant in the Beltway sleaze orgy. Rather they expose the current fund-raising system for what it is — a legalized sale of a controlled substance called political influence. Under this system, wealthy individuals and corporations can buy a weighted vote in national affairs. If, by the way, House Speaker Newt Gingrich pays his $300,000 fine out of contributions, we will simply be witnessing the sale of influence in its most naked form.

We can thank the financial disclosure laws passed during the 70's for documenting the corruption of the system. They are good laws, but flawed in their presumption that disclosure would lead to self-restraint by politicians. The financial record of 1996 proved that neither the parties, Congress nor this White House can be shamed into giving up the money they get through the sale of access and influence. That is why you may hear Al Gore apologize for the Buddhist-temple scam, but you have not heard him or his President take the lead to change the current system. It has been good to them. It has been good to Mr. Gingrich and Haley Barbour, creator of the $250,000 "season ticket" for those who want the R.N.C. to open Capitol doors. It has been good to everyone except citizens who want to see Government that cannot be bought or rented.

Mr. Clinton's defenders say this White House has done nothing different, but in fact it has broken down the compartmentalization and fund-raising protocols that have existed for decades. It is unfair to previous administrations to say that they would have invited in potential contributors in the banking industry to meet their Comptroller of the Currency and air their regulatory problems in the presence of the party finance chairman during the campaign fund-raising season. In this instance, and his trade conversations with Asian contributors, Mr. Clinton has invented a new format for discussing policy. Call it Renaissance Weekend with dollars.

Does the Attorney General read the papers? What does it take to add up in her head to "credible evidence" required for appointment of a special prosecutor to study the relationships between contributors and officials at the White House and the D.N.C.? Does anybody in America believe Lanny Davis, the White House scandal team's latest flak-catcher, when he says there was nothing wrong with the banking meeting? Certainly the Comptroller of the Currency, Eugene A. Ludwig, doesn't. He said he should not have been there. Mr. Ludwig is a rare sort in Washington these days — a man who has a straight answer when caught.

But the lasting answers must come from higher up. Mr. Clinton has a reputation in need of repair. There have been reports that he is thinking of launching a Nafta-style crusade to get candidates and the parties out of the trough. That would be a smart move politically and a true service to an electorate weary of checkbook government.

The New York Times

*TUESDAY, JANUARY 28, 1997*

# FBI task force probes Huang

## National security focus of inquiry

By Jerry Seper
THE WASHINGTON TIMES

A1

A 25-member FBI task force has been assigned to look into economic and national-security concerns involving John Huang, the man at the center of a growing scandal over foreign campaign contributions to President Clinton and the Democratic National Committee.

FBI Director Louis J. Freeh, in a letter yesterday to Rep. Gerald B.H. Solomon, New York Republican and chairman of the House Rules Committee, confirmed that the task force was formed after "consultation" with Attorney General Janet Reno and that agents had begun their work.

"There will be no lack of diligence on the FBI's part to investigate all of these matters thoroughly and as promptly as sound investigative practices permit," Mr. Freeh said.

In a letter last week, Mr. Solomon asked Mr. Freeh to look into Mr. Huang's possible misuse of a top-secret security clearance to gain information on China during classified CIA briefings, his efforts to promote policies on trade with China while delaying those for Taiwan, and discrepancies Mr. Huang made in visa, passport and Commerce Department records concerning his date and place of birth.

Mr. Solomon also questioned the timing of phone calls Mr. Huang made from Commerce to the Lippo Group, his former employer, and the many CIA and department briefings he had on China, where the multibillion-dollar Lippo empire — which contributed hundreds of thousands of dollars to the DNC and Mr. Clinton — has extensive business interests.

Meanwhile, Rep. David M. McIntosh, the chairman of a House Government Reform and Oversight subcommittee looking into a White House computer system used to help Mr. Clinton's reelection, yesterday threatened to issue subpoenas to White House officials to get information on the

*see* **HUANG,** ***page A12***

# HUANG

***From page A1***

taxpayer-funded system.

"The White House should not misinterpret my willingness to give them time to explain why political and donor information is housed on a taxpayer-financed database as an invitation to stonewall my investigation," the Indiana Republican said in a statement. "I will get to the bottom of this — either with or without White House cooperation."

The White House used a $1.7 million computer database, known as WhoDB and first reported by The Washington Times in June, to coordinate the president's contacts with top political supporters. It also was used to manage Mr. Clinton's "early supporter outreach" in conjunction with the DNC and his campaign.

White House spokesman Barry Toiv said administration officials had been "extraordinarily cooperative" with Mr. McIntosh and had provided 27,000 pages of documents on this issue. "We are continuing to comply with his requests," Mr. Toiv said. "Unfortunately, the White House has numerous requests for documents from the Congress and only limited manpower with which to respond."

With regard to Mr. Huang, Mr. Freeh said he assigned 25 agents to the probe and will provide "whatever additional resources and support" as warranted. "I appreciate the confidence you have expressed in the FBI to investigate complex issues involving significant economic and national security interests," he wrote to Mr. Solomon.

Mr. Huang, who became a U.S. citizen in 1976, has not been available for comment. His attorney, John C. Keeney Jr., did not return telephone calls to his office from The Washington Times. He previously has declined to discuss his client.

As a DNC fund-raiser, Mr. Huang solicited about $2.5 million from contributors with Asian business links, about $1.5 million of which has been returned. The former Lippo vice president, DNC fund-raiser and deputy assistant commerce secretary for international economic policy is the focus of campaign-finance probes by various congressional committees and a criminal probe by the Justice Department.

Mr. Solomon expressed concern in a Jan. 22 letter to Mr. Freeh over Mr. Huang's receipt of a top-secret clearance in January 1994, five months before he left Lippo to join Commerce. The clearance was explained in a Jan. 31, 1994, department memo as necessary "due to the critical need for his expertise in the new administration" for Commerce Secretary Ronald H. Brown.

Mr. Huang began at Commerce on July 18, 1994.

Mr. Solomon also said he was at a loss to explain why — despite Mr. Huang's extensive foreign experience, which included contacts in Indonesia and Taiwan and a posting to Hong Kong in 1984 and 1985 — security officials never conducted an overseas background check during the 17 months he was at the department with access to highly sensitive intelligence reports.

> ***"The White House should not misinterpret my willingness to give them time to explain why political and donor information is housed on a taxpayer-financed database as an invitation to stonewall my investigation."***
> *— Rep. David M. McIntosh*

Mr. Solomon told Mr. Freeh there were concerns that Mr. Huang "did not set aside his loyalties" to Lippo after going to Commerce, and he suggested that Congress would be "derelict in its duties if it did not insist on proof that the national-security and economic interests of the United States were not compromised."

Mr. Solomon has not accused Mr. Huang of criminal activity but said records gathered by his committee raised serious questions about his loyalties.

The Washington Times
*TUESDAY, JANUARY 28, 1997*

community development banks to enlarge
ssed inner-city neighborhoods.
all these ideas is channeling more private
More investment isn't a silver bullet for
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f munity Change in Washington.
ad his urban-investment agenda
s forward with sweeping legislation to
stry. For years, market innovations,

discussion about the obligations of all financial institutions to provide capital for business and home ownership in neighborhoods where opportunity is crimped.

``When there's going to be changes in powers ... that's the time to raise these issues,'' said Robert L. Gnaizda, general counsel of the Greenlining Institute in San Francisco.

For Gnaizda and many like-minded advocates, the issue is whether the Community Reinvestment Act the law requiring banks and thrifts to invest in all neighborhoods where they operate should be extended to other financial institutions, like insurance companies, mortgage bankers and securities firms. The exemption of those players from the reinvestment law has steadily diluted its impact. Two decades ago, when the CRA was passed, banks and thrifts held nearly 60 percent of all financial assets; today, with the explosive growth of mutual and money market funds and other.

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## Guests at White House Coffees Gave $27 Million to Party (Washn) By Glenn F. Bunting and Alan C. Miller (c) 1997, Los Angeles Times

1/28/97

WASHINGTON The Democratic National Committee collected $27 million from guests who attended White House coffee klatches with President Clinton over the last two years, newly available records show.

Many of those who were invited to the White House for private chats with Clinton and senior administration officials made substantial contributions to the Democratic Party within days of the events.

The records raise new questions about whether the Democratic Party used the White House and personal audiences with the president as part of a formal fund-raising program.

The administration and party officials have insisted that the sessions were appropriate and that guests were invited to the White House to share their views with the president, not for the purpose of soliciting campaign funds.

However, the pattern of donations suggests that the 103 meetings between January 1995 and August 1996 were part of a system that cultivated major supporters who in many cases gave large contributions before or after attending the White House events.

``No one called people that afternoon after they got back to their offices and said: `Would you give $50,000 today?' '' said a source familiar with the DNC-sponsored coffees. ``But they were obviously people (the fund-raisers) were working with'' as donors or prospective donors.

While there is nothing illegal about White House meetings between the president and financial supporters, critics have charged that the large number of sessions and donations created the impression of a White House put up for sale.

``They gave $27 million I am astounded by that figure,'' said Ellen Miller, director of Public Campaign, a nonpartisan reform organization in Washington. ``This goes to show that ordinary Americans are not invited to the White House, only the fattest of the fat cats who can collectively give tens of millions of dollars.''

A computer analysis of federal election records and a recently released White House guest list for the coffees found that the Democrats collected $27,018,553 in ``soft-money'' contributions from 358 persons invited to meet with Clinton. The analysis was done for the Los Angeles Times by the independent Campaign Study Group of Springfield, Va.

Guests donated a total of $8.7 million to the party within a month before or after attending a White House coffee, the study found.

For many of the participants, the invitation to share their views with Clinton was considered ``a reward'' for past financial and political support, said the source who is knowledgeable about the coffees but spoke under the condition of anonymity. But, the source added, others were contacted by Democratic fund-raising officials after the sessions and solicited for contributions.

The appeal, he said, went like this: ``Can you be more helpful. ...? Don't you think this guy's (Clinton) impressive? Wouldn't you like to see him continue to be president?"

Some of the contributions made around the same time as the coffees reflected money previously pledged. Sometimes a donor who committed to contribute in the future was then invited to an upcoming coffee as a ``thank you" and would bring the check with him.

The White House said that Clinton never discussed fund raising at the coffees, which generally lasted for an hour and often took place in the Map Room.

DNC spokeswoman Amy Weiss Tobe reiterated Monday that, while the party appreciated any financial support it received after it arranged the coffees, the events were not intended or organized as fund-raisers.

``It is our policy that people are not told that for a certain amount of money they can go to a White House function," Tobe said.

A Dec. 15, 1995, coffee featured a coterie of particularly heavy hitters: 20 executives and union leaders who, together with their organizations, gave $3.2 million in soft money to the party during the 1995-96 election cycle. Soft money can be used by the parties for general partisan activities or advertising, rather than for individual candidates, and can be collected in unlimited sums.

Richard C. Blum, a San Francisco financier and the husband of Sen. Dianne Feinstein, D-Calif., recalled that members of the Clinton-Gore national finance board had coffee with Clinton in the Roosevelt Room after a luncheon meeting that day. He said that Clinton gave an overview on the presidential race ``in terms of issues (and) polling data and an update on his legislative agenda."

Among those invited were David Bonderman, of the Texas Pacific Group, who two weeks later gave $80,000; Dr. Robert Elkins of Integrated Health Services of Maryland, who six days later contributed $125,000; Elaine and Gerry Schuster of Massachusetts, who gave $35,000 the same day, and Arief Wiriadinata, an Indonesian landscape architect living in Virginia at the time, whose wife donated $45,000 three days earlier. (The Wiriadinata's donation, along with another $405,000 they gave, was returned after they moved back to Indonesia and did not file a 1995 U.S. tax return.)

Alan Solomont, a Massachusetts executive who chaired a national DNC group of business donors last year, gave $10,000 to the party five days after the Dec. 15 coffee. He noted in an interview that this was one of several donations that he made and said that it ``had absolutely no relationship" to his attendance at the coffee.

Federal election records show that Solomont and his company gave a total of $120,300.

``I wanted to put a marker down and do everything I could," to re-elect Clinton, Solomont said. ``I wanted opportunities to express my participation."

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## President Clinton, You're No Teddy Roosevelt Dalton By Kathleen M. Dalton Special to the Los Angeles Times

CAMBRIDGE, Mass. In his Inaugural Address, President Clinton announced that America finds itself today in ``a moment that will define our course and our character for decades to come." Yet, our character and future course are no clearer for his having spoken. The weary tone of bland optimism in his speech showed Clinton has abdicated the bully pulpit created by the activist president he so

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1/28/97

# Credibility Hill

IN 1992, Bill Clinton said campaign finance reform would be high on his agenda if he were elected president. He was; it wasn't. House Democrats whose votes he needed on other issues turned out—no surprise—to like the system just fine the way it was; what better proof of its virtue than that it kept returning them to office? Democratic Party professionals were likewise resistant, and the president contented himself with paying occasional lip service to the need for reform without doing anything about it. As his own reelection campaign got underway, he then became himself a leading abuser of the system, the object lesson for his own sermons.

Now he's in some trouble—it isn't clear yet how much—because of those fund-raising excesses. He also, himself, has no more campaigns to run and says once again that he is committed to reform. It could be enormously useful if that were true, and we hope it is, but the record is such that he has more than the usual credibility hill to climb. To what extent, this time, does he mean it, and how hard will he fight for how genuine a bill?

The president suggested in remarks to the Democratic National Committee the other day that he and the party alike have been getting a bum rap on the finance issue. It's the Republicans, he said, who have no detectable interest in campaign finance reform, and "Why should they? They raise more money, they raise more foreign money, they raise more money in big contributions, and we take all the heat. It's a free ride." He's right that they raise more and in that sense have more to answer for. What they don't do is bemoan the system and participate fully in it at the same time. That's the Democrats' problem, another kind of free ride; they want the merit badge *and* the money, both.

The president spoke a little to that as well, observing, perhaps with the 1994 election results in mind, that "if you've done a good job and you've got friends out there and they can relate to you, you at least know that maybe even if it's bad for your party or bad for your country, maybe you can protect yourself if some wave of hysteria comes along that threatens to wash you away, and at least if you can raise the money, you can have your own case heard." That would seem to be his version of what he did. He also asked for recognition in advance of the extent to which recent Supreme Court decisions will "complicate our task" of reform, the court having said that the First Amendment protects as free speech a lot of the campaign spending to which reformers object as corrupt.

In other words, there's a limit to what we should all expect. But in fact there's a decent enough bill out there, the so-called McCain-Feingold bill with its counterpart in the House. It wouldn't sanitize the system, but it would create new obstacles to the worst excesses; that may be the best and all that any bill can do. Both parties raised enormous amounts of money last year by selling what they daintily describe as "access" to their influential members. In just the last few days we've read of sessions in the White House in which bankers were brought together with the president, bank regulators and DNC officials/fund-raisers for discussions of whatever happened to be on everyone's mind. The Republicans were meanwhile offering so-called "season tickets" complete with offers of "support personnel" in Washington to whoever might kick in $250,000 or more. If the president is embarrassed enough at having participated in such a system now to want to clean it up a little—and he should be—who's to say no?

# A Holocaust Fund in Switzerland

IT MARKS progress that the government and the banks in Switzerland are now speaking of setting up a fund of more than $70 million to compensate Nazi Holocaust victims or heirs whose deposits in Swiss banks had disappeared. Up to this point, the Swiss had refused to acknowledge responsibility for those deposits and had sought to shift the onus onto the claimants for raising the issue in the first place. Now they are moving to confront not only a banking obligation to depositors but also a moral obligation to

ment was avowing a wartime "neutrality" whose full price has yet to be revealed.

The process of discovery has produced sobering evidence not just of banking patterns but of residual resentments of Jews in Swiss society. High officials—Bern's ambassador to Washington, who resigned yesterday, turned out to be in this category— have sought to divert the focus of inquiry from Swiss banking practices to Jewish questions about them. This is a particularly ugly version of "blame the victim." It is unworthy of a nation whose international standing and banking

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Divider Title: **Jan. 27, 1997**

**For Immediate Release**
**January 27, 1997**

THE NEW YORKER

## *Bowling for Dollars, and Other White House Fundraising Ideas*

The 1996 Presidential campaign is being touted as the first billion-dollar election in history. In order to raise the Democrats' share of the tab, Bill Clinton and his fundraisers "marketed the prestige and glamour of the Presidency as never before," Jane Mayer writes in the February 3, 1997, issue of *The New Yorker*. Mayer's article, "Inside the Money Machine," explores how Clinton, who in 1992 promised to reform Washington's practice of selling political access, placed his campaign finance operation in the hands of some of the fundraising world's sharpest practitioners.

Some of their innovations have already come to light, but one which Mayer reveals for the first time was a plan to sell "A Day At the White House" to top donors at a cost of $250,000 per couple, making it the priciest political event in history. A handful of contributors were invited to the White House on June 22, 1996. They were promised a chance to wander the grounds, lounge at the pool, play tennis on the courts, and even bowl in the White House alley. The event, which was to end with a barbecue and movie screening with the President and First Lady, turned out to be something of a flop. Bad weather precluded many of the promised festivities and much of the crowd consisted of Party functionaries and guests who paid less than the advertised amount, or nothing at all.

Harold Ickes, Clinton's former political point man in the White House, talks about another controversial fundraising device, the use of the Lincoln Bedroom to woo potential donors. "It's quite seductive to be invited to a state dinner and stay overnight—especially with this President, because he'll come up at midnight, and give you a tour, and talk with you about anything you have the remotest interest in," Ickes tells *The New Yorker*. D.N.C. officials insist that only friends of the Clintons stayed in the Lincoln Bedroom. One guest, however, who declined to be named, told Mayer that he was invited even though the President "didn't have the slighest idea who I was."

Many of the Democrats' fundraising schemes were borrowed from the Republicans, but, Mayer reports, were executed with less finesse. Former D.N.C. Finance Chairman Truman Arnold, a multimillionaire oilman from Texas who has backed Clinton since 1976, acknowledges that he tried to copy the G.O.P.'s businesslike approach to marketing access to political officials. But Arnold went even further, drawing up a brochure that spelled out exactly how many dollars would buy a meal with the President or the Vice-President. "I didn't think of it as influence peddling," Arnold tells *The New Yorker*. He recalled that he'd told D.N.C. staff, "We pimp for nobody—but we will be great concierges." Arnold says there was never a charge up front for the Lincoln Bedroom. "It's a bit like romance. You go out to dinner, and if everything feels right you proceed to the good-night kiss—or the Lincoln Bedroom."

Arnold's successor as finance chairman was Marvin Rosen, a Miami bond lawyer. Rosen is close to a number of Washington political figures, and D.N.C. colleagues soon came to suspect that he hoped to use the access that came with his new post as a business boon. Several witnesses recall Rosen's soliciting business for his own firm at top-dollar Clinton fundraising events. Counselor to the President Doug Sosnik acknowledges that he received "a couple of complaints" about Rosen's conduct. Rosen denies the charges, saying, "I categorically reject the allegation that I used that position, or even attempted to do so, for personal gain."

As Mayer points out, even some of Clinton's staunchest defenders concede that corruption is endemic to both parties. "The whole system is horrible," former Clinton aide George Stephanopoulos tells *The New Yorker*. "The problem is that you can't help having your perspective shaped by the people you talk to. And access comes from money."

The February 3rd issue of *The New Yorker* goes on sale at newsstands on Monday, January 27th.

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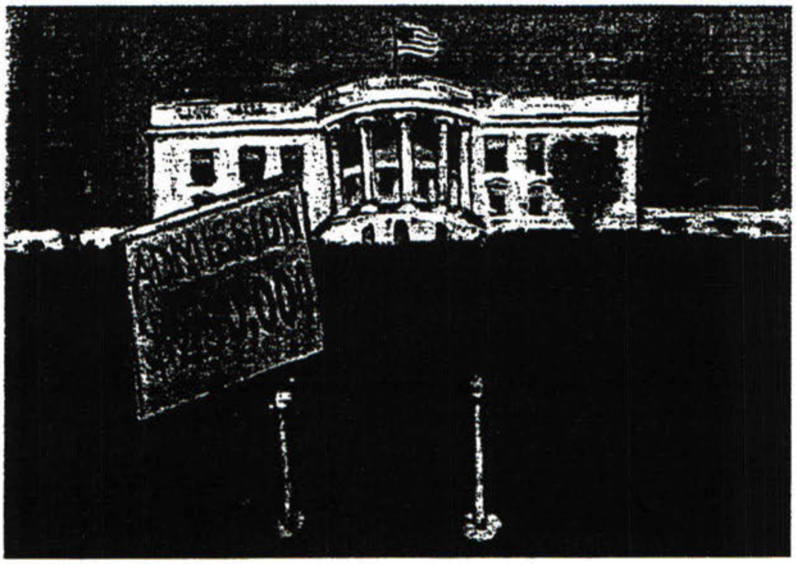
THE POLITICAL SCENE

# INSIDE THE MONEY MACHINE

*How the Democrats went wild.*

BY JANE MAYER

On the muggy afternoon of Saturday, June 22, 1996, a crowd of ordinary Americans lined up outside the White House, waiting patiently for the standard tour. Meanwhile, inside, a smaller crowd of somewhat less ordinary Americans was gathering for a somewhat less standard tour. Both sets of people were excited about what they would experience, but their expectations were notably different. The outside crowd was looking forward to shuffling awestruck through the State Dining Room, the East Room, and the other ceremonial chambers of the executive mansion. The inside crowd had been promised much more: a leisurely look at the West Wing, including the Oval Office; an opportunity to wander the White House grounds, play tennis on the White House court, take a dip in the White House pool, and bowl a few frames in the White House lanes; and, best of all, a friendly, informal barbecue with the President and the First Lady.



AHMET GÖRGÜN

There was another difference between the two tours: while the standard one was free of charge, the nonstandard one was originally intended as a lure for persons who undertook to give the Democratic Party two hundred and fifty thousand dollars—the largest sum ever assessed for attendance at a political event. The thought was that a participant could either donate the entire amount or raise it in smaller quantities from others. Soliciting a campaign contribution on federal property is unlawful, but the event's organizers apparently reasoned that nothing was amiss: after all, no one would actually be asking for money within the White House gates.

Even at a time when the faces of both major political parties have been disfigured by money, this event—described as a Day at the White House—was, perhaps, a marketing concept too far. Like the Victoria's Secret diamond-encrusted brassiere, which last Christmas repelled as many catalogue-browsers as it dazzled, a Day at the White House was both tacky and costly—and, as a product, something of a flop. According to one Democratic Party official, of the "maybe twenty" people the event attracted, only a handful qualified as major donors. One such was Arthur Goldberg, the president of gaming operations for Hilton Hotels, whose casino interests were threatened by new regulatory proposals in Congress. (Goldberg told me recently that he didn't recall any particular price tag for the day, and he added that his wife, who was unavailable when we talked, had made the arrangements. "She told me we were going," he said. "She's the boss.") But much of the crowd consisted of Party functionaries and nonpaying, or lesser-paying, guests.

One major Democratic contributor, who was asked to come and was also asked if he could think of any other couple who might like to come along for an additional two hundred and fifty thousand dollars, said that he was "flabbergasted" by the invitation; he was put off by the notion of essentially renting the White House for a day to the super rich. "We just said no, thanks." Others, such as Paul Montrone, a New Hampshire businessman and a major Party fund-raiser who helped with the event, have refused to comment. "Mr. Montrone has absolutely no interest in discussing it," a spokesman said.

The event itself was not without glitches. Although some guests, such as Arthur Goldberg, said they enjoyed lounging beside the White House pool, the weather was too hot and humid for tennis. The noxious weather also broke up the barbecue: diners were shepherded indoors. Some guests found consolation in a preview screening of what would become the summer's biggest hit movie, "Independence Day," shown in the Family Theatre and attended by several of the movie's stars. But President Clinton turned up late, and he was uncharacteristically out of sorts. He seemed preoccupied by the day's negative news stories, which included an attack by Bob Dole on the White House's possession of F.B.I. files on prominent Republicans. "People didn't get as much time with him as they had hoped," one Party official acknowledges. According to another, the guests were back outside the White House gates by nine.

DETAILS of such events at the White House are just beginning to surface, but already it is clear that, in the course of raising money for the most expensive political campaign in history, the White House marketed the prestige and glamour of the Presidency as never before. Clinton campaign officials have denied some of the more embarrassing stories, such as nights in the Lincoln Bedroom being auctioned off to the highest bidders; actually, they say, the bedroom was used only by friends of the President—many of whom were heavy financial supporters. "It's an urban myth, like alligators in the sewers," Amy Weiss Tobe, the spokesman for the Democratic National Committee, has said.

Nevertheless, a few alligators were spotted nestling under Lincoln's sheets. One major contributor who spent the night there, and who declines to be named, says that he had met Clinton in passing, but before he stayed overnight the President "didn't have the slightest idea who I was." As this contributor sees it, he was invited not because he was a friend, which he wasn't—or even because they shared mutual interests, which they did—but simply because he was rich.

Harold Ickes, Clinton's former political point man in the White House, explained that, rather than asking for a contribution up front, they used the Lincoln Bedroom to entice potential donors. "It's quite seductive to be invited to a state dinner and stay overnight—especially with this President, because he'll come up at midnight and give you a tour, and talk with you about anything you have the remotest interest in."

Such unabashed salesmanship undoubtedly helped to raise enormous sums of money, but there was a high political cost. Voters who saw Clinton as a populist were apparently repelled by his courtship of wealthy contributors. Late last September, as news broke of questionable campaign donations, Clinton's lead over Bob Dole dwindled, and the Democrats lost any chance of recapturing the House of Representatives. Clinton was especially embarrassed by reports of hundreds of thousands of dollars of potentially illegal foreign contributions, many of them solicited by an acquaintance, John Huang, vice-chairman of finance for the Democratic National Committee. Last week, the President endorsed a number of reforms announced by his party, including limits on the size of contributions and a ban on all gifts from noncitizens, but even as he did so federal inquiries about donations to the Democratic campaign were continuing.

IT wasn't supposed to be this way. In Bill Clinton's 1992 campaign manifesto, "Putting People First," the candidate lamented, "On streets where statesmen once strolled, a never-ending stream of money now changes hands—tying the hands of those elected to lead." In his first Inaugural Address the President promised to "reform our politics so that power and privilege no longer shout down the voice of the people." But shortly after he took office the leaders of Capitol Hill's then Democratic majority, whose active support Clinton needed in the coming battles over the budget and over health care, quietly let it be known that they would not welcome a major push for campaign-finance reform. Republicans were even less enthusiastic. In short order, Clinton [illegible]ed the issue from his list of legisla[illegible]iorities.

The mystery is how a President of such avowed reformist intentions wound up at the center of a fund-raising scandal. So far, Clinton himself has given few explanations, and he has downplayed the seriousness of allegations of impropriety. What blame there is, he has suggested, lies not with him but with the Democratic National Committee. Yet it was Clinton who chose the top officers of the D.N.C., and he picked some of the most successful exemplars of the culture against which he had ostensibly declared war. Inside the D.N.C., one top official says, "Don't kid yourself—Clinton was pushing as hard as anyone. This was his White House, and his baby."

Clinton has denied that donors influenced Administration policies in any way. But perceptions matter, too. "The White House says that there was no quid pro quo, but who believes them?" asks Roger Witten, a partner at the Washington law firm of Wilmer, Cutler & Pickering, who, as a former assistant special prosecu[illegible] the Watergate case, was present at [illegible]eation of the current campaign-finance laws. Whether or not corrupt practices took place, he argues, the supposition that they did "has an equally corrosive effect on our democracy. People lose faith, get apathetic, and think only fat cats, big corporations, and big labor have a say." Even some of Clinton's closest confidants concede that corruption is endemic in both parties. "The whole system is horrible," George Stephanopoulos, the former Clinton aide, told me recently. "The problem is that you can't help having your perspective shaped by the people you talk to. And access comes from money." Witten worries that twenty-five years after Watergate "we're exactly where we began."

An understanding of what happened in the most recent Presidential election begins with a loophole in the 1974 campaign-finance laws. By law, corporations, unions, and wealthy individuals may spend unlimited sums on so-called "party-building activities." As a result, there has been an explosion in the amounts collected by the two parties. Last year, according to federal records, this "soft money," as it is called, reached two hundred and sixty-seven million dollars for both parties combined, more than tripling the amount raised in the previous Presidential election year. Even before the final campaign costs are tallied up, the election of 1996 is being touted as the first billion-dollar election in American history. (As of the last filing period, the Republicans had reported spending about five hundred and fifty million dollars, and the Democrats about three hundred and sixteen million.)


*"I have in mind a V-chip to be implanted directly in children."*

Complicating the picture for the Democratic Party is a history of financial inferiority. The campaign-finance reforms that followed Watergate evened things out for a few years (and helped Jimmy Carter win election in 1976), but by 1980, with the election of Ronald Reagan and the growth of conservative political-action committees, the Democrats were once more financially overwhelmed.

It was the Democrats, alarmed at the disparity, who, beginning in 1979, led the effort in Congress to permit soft-money contributions, with the idea that donations from labor would make their party more competitive. They spoke of encouraging, at the state level, grassroots Party activities, such as organizing volunteers and printing bumper stickers. But the reality, which the Republicans quickly grasped, was that a sluice for unlimited individual and corporate political expenditures had been opened, in effect legalizing the kind of private spending that had horrified the nation during Watergate. For the Democratic Party, it was a huge miscalculation: the Republicans' traditional corporate base gave them an even greater financial edge than they'd had before.

Republicans have also, on the whole, been far more ingenious about marketing. Despite the recent uproar over the Lincoln Bedroom, it was the G.O.P that first formalized the old-fashioned business of trading money for political access. As far back as 1975, the finance chairman of the Republican National Committee invented the Republican Eagles, which promised club members access to Presidential gatherings at the White House, among other events, in exchange for a ten-thousand-dollar campaign contribution. And although former Reagan Administration officials insist that fat-cat sleepovers at the White House would never have been permitted—the former Reagan aide, Michael Deaver protests, "God, no! It's unthinkable!"—fund-raising literature from that period promised donors of twenty-five hundred dollars a chance to meet the Reagans "personally" and wander through "the entire second floor of the White House."

By 1988, when George Bush and Michael Dukakis were competing for the White House, the price of admission had climbed steeply. Bush's finance chairman, Robert Mosbacher, who was later named Commerce Secretary, came up with something called Team 100: to join, two hundred and forty-nine individuals each contributed a hundred thousand dollars to the Party. The Democrats responded in kind, with Dukakis's friend and fund-raiser Robert Farmer creating a hundred-thousand-dollar club of his own.

For some donors, giving brought satisfactions more palpable than the warm glow of doing the right thing. After Bush was elected, eight members of Team 100 were made ambassadors. Four years later, a study by Common Cause, the campaign-finance-reform group, found that members of Team 100 and their companies had enjoyed "a clear pattern of favorable government treatment," ranging from a thirty-five-million-dollar federal-construction grant to the quashing of a criminal investigation of what was alleged to have been a fraudulent fifty-million-dollar tax write-off.

Recent allegations that the Clinton Commerce Department favored big donors in its trade missions appear to apply to the G.O.P. as well. The 1996 brochure for Team 100, which, like the Eagles club, is still flourishing, promised numerous chances not only to meet with the highest-ranking Republican officials, including past and potential Presidents; it also promised participation in "international Team 100 business missions," in which meetings would be arranged with "some of the highest-ranking government and business officials" abroad.

Faced with this formidable history of wealthy and well-organized opposition, Clinton nonetheless experimented briefly after his 1992 election with the notion of devising a more populist approach to funding the Democratic Party. He placed at the helm of the Party his relatively obscure campaign manager, David Wilhelm, then thirty-six years old. Wilhelm wanted to put an end to soft money. He wanted to wean the Party from its wealthy and corporate sources of funds and, as he told me recently, to "broaden and decentralize the base." His plan was to aggressively seek small donations from middle- and working-class people, in an attempt to copy the Republicans' success with direct-mail operations.

The experiment was a disaster. By the end of 1993, Wilhelm had raised nearly nine million dollars in "non-itemized" contributions—that is, contributions of less than two hundred dollars—but the effort had cost the Party eight million dollars in direct-mail expenditures. By the end of 1994, the D.N.C. was at least four million dollars in debt. On Election Day, when Republicans took control of the House and Senate, Wilhelm was sent packing.

IT has often been observed that after the 1994 congressional defeat Clinton began his politics of "triangulation," emulating Republican positions. But it is less well known that from that point on he emulated the G.O.P.'s political machinery as well. The person he tapped to be his campaign finance chairman in early 1995 was Terence McAuliffe, a fabled fund-raiser.

If David Wilhelm seemed a clueless outsider, Terry McAuliffe was already such an insider that not one but two caricatures of him adorned the walls of the Palm, a Washington steak house favored by political operatives. McAuliffe, a boyish thirty-nine, is high-spirited, boisterous, and able to laugh at his own hucksterism, drawing others in with a wink. The Macker, as he sometimes calls himself, sends out more than five hundred drugstore valentines each February—not just to such doyennes as Pamela Harriman, the United States Ambassador to France, but also to the all-important secretaries whom he needs to put through his calls (and whose names he always remembers). McAuliffe has stressed that he had no role in soliciting any foreign contributions.

McAuliffe has been raising funds for the Democratic Party almost since the Watergate reforms were enacted. He became Carter's top fund-raiser in 1979, at the age of twenty-one, and his mentor in this arcane game was the former California congressman Tony Coelho, who, more successfully than any other figure in Democratic politics, had unabashedly built a duplicate of the Republicans' soft-money machine. In the mid-eighties, Coelho transformed the Democratic Congressional Campaign Committee, which he chaired, into a giant fund-raising mill, in which House members were marketed to lobbyists in almost every way imaginable, right down to thousand-dollar drinks with Speaker Thomas P. (Tip) O'Neill. As Coelho's finance chairman, McAuliffe, fresh out of Georgetown University Law Center, was at his elbow every day, taking the names and keeping the tallies. Some purists complained that the largely corporate clientele that could afford to participate in such a cash-driven system was increasingly pulling the Democratic Party away from its traditional political loyalties.

McAuliffe cultivated a raffish image: he once famously wrestled a Florida alligator in exchange for a fifteen-thousand-dollar check made out to the Democratic National Committee. Between campaigns, he grew impressively prosperous, in part by alchemizing his political connections into business ventures. He became chairman of the board of a small Washington bank that was known for making loans to Democratic politicians. In 1988, the bank made a loan of a hundred and twenty-five thousand dollars to Richard Gephardt's Presidential campaign; at the time, McAuliffe was Gephardt's top fund-raiser. Democratic rivals complained, whereupon McAuliffe said that he had abstained from voting on that particular loan. After Clinton was elected, McAuliffe landed a Presidential appointment to serve as American commissioner-general to a 1993 trade fair in Korea. The Washington *Post* reports that his current business interests, about which he is guarded, include a home-building firm, a title-insurance firm, and a mortgage-servicing firm, all based in Orlando, Florida.

In December of 1994, when Clinton asked McAuliffe to take charge of the finances of the reëlection effort, McAuliffe is said to have asked for only one thing in return: access. Bob Woodward, in his book "The Choice," recounts a breakfast meeting at the White House between McAuliffe and Clinton a couple of days after Christmas. McAuliffe now declines to discuss his fund-raising role, but, according to Woodward, he promised the President that, despite all the Democratic Party's troubles—its congressional defeat, its low morale, and its difficulties in finding a new chairman (the post was eventually filled jointly, by Senator Christopher Dodd, of Connecticut, and Don Fowler, the Party chairman in South Carolina)—he would raise money faster than it had ever been raised before. "Is there anything I need to do?" a relieved Clinton asked, according to Woodward. "Sir, I need to get people to see you," McAuliffe answered.

By early 1995, McAuliffe was occupied full time raising "hard" money for the Clinton-Gore campaign. His goal was to accumulate forty-three million dollars within just eight months—the maximum amount that he calculated was allowed under federal statute. Since no more than a thousand dollars could be solicited from an individual donor, McAuliffe's task was a gruelling one—a desperate, flat-out, twenty-four-hour-a-day scramble for small increments of cash. But when it came to massaging big donors he was peerless. It was McAuliffe, several colleagues say, who dreamed up the Day at the White House, and more often than not it was he who arranged other perks, too.

At the D.N.C., meanwhile, there was an equally high-pressure chase for soft money. To lead it, Clinton picked for the unpaid position an old hunting buddy, a multimillionaire Texas oilman named Truman Arnold, who had helped him financially since his run for attorney general of Arkansas, in 1976. The President may still have been talking publicly about campaign-finance reform, but his choice of Arnold for D.N.C. finance chairman spoke quite a different language.

On being rousted out of the duck blinds, where he had been getting in some late-season shooting this year, Arnold told me that part of his job, as he saw it in 1995, was to soothe major donors who had felt slighted during David Wilhelm's populist interregnum. At least half a dozen hundred-thousand-dollar donors "hadn't even been written a thank-you note," he explained. "It was just poor social graces."

Having made a fortune estimated at more than a hundred million dollars from, among other ventures, a chain of full-service filling stations called Road Runner (known for serving chicken fingers along with the gas), Arnold set out to make the Democratic Party more shopper-friendly. "If you were selling insurance, you'd have a playbook," he said. The Republicans, he knew, had their Eagles club, with promised access to top government officials, including the President. "We had a brochure from the G.O.P., and we virtually copied the format. I wanted some sort of consistency about it," he said, so that donors all over the country would know what they could expect to get for their money, and so that they would all be treated the same, whether they were friends of the President's or not. "I didn't want the people in L.A. to get better access than the oil jobbers in Texas," he explained.

In the early summer of 1995, the D.N.C. produced a brochure to be sent to all prospective contributors. In contrast to the Republican efforts, which had mixed promises of Presidential access in with other perks, Arnold's menu spelled out exactly how many dollars would buy a meal with the President or the Vice-President.

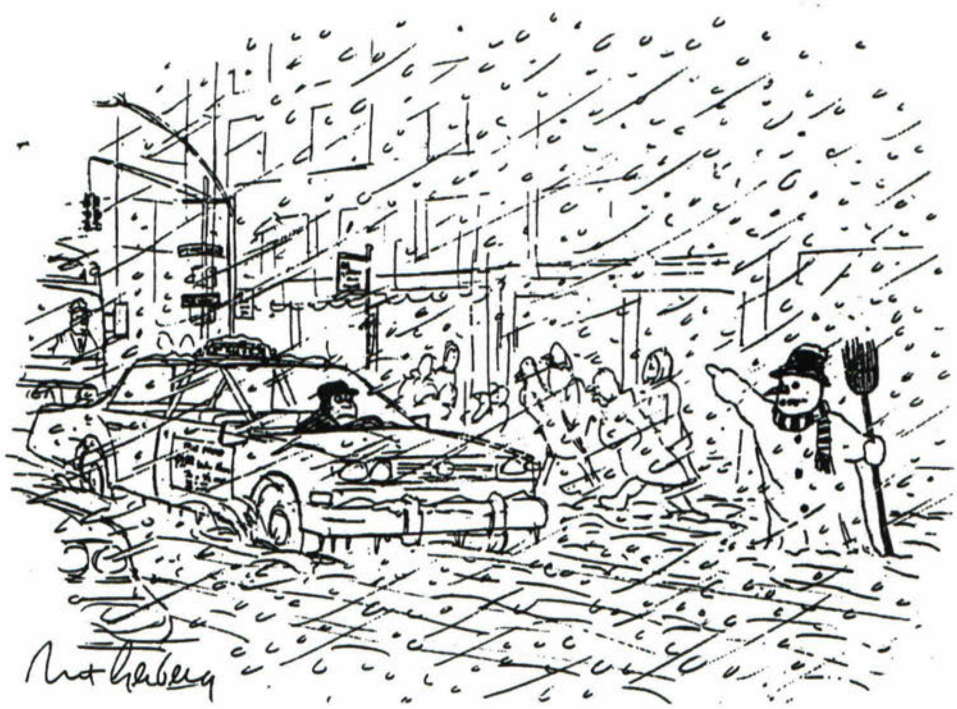
"I didn't think of it as influence peddling," Arnold said, in his slow twang. He recalled that he'd told his staff at D.N.C. headquarters, "We pimp for nobody—but we will be great concierges." For instance, he said he told donors, "If you want to go to a state dinner, we will put your name in play." As for the Lincoln Bedroom, he went on, there was never a charge up front—it was more of a special enticement. "I've been in sales all my life," he said, and concluded, "It's a bit like romance. You go out to dinner, and if everything feels right you proceed to the good-night kiss—or the Lincoln Bedroom."

Such frankness plays better in Texarkana than in Washington. When reports surfaced that Clinton was selling access to himself in a campaign brochure, a furor arose in the press. The President ordered that the brochures be recalled, and rebuked his old friend. The issue was style, not substance: Arnold had been too blunt. Besides, Arnold now says word of the brochure "came out at a time when the President was talking about campaign-finance reform. I guess it sounded hypocritical."

Arnold found he didn't much enjoy the relentless business of fund-raising. After five months at the D.N.C., he sold the two-and-a-half-million-dollar Kalorama Circle mansion that he and his wife had bought for their Washington stay, and headed back to the family ranch. But his "concierge service" continued to function.

When Arnold left the finance post, in July of 1995, it was not easy to find another unpaid volunteer to replace him. Several estimable Democratic business leaders—including Ian Cumming, of the Leucadia National Corporation—declined. Clinton made the demands of the job harder still when he decided—also in the summer of 1995, more than a year before the election—to authorize a massive advertising campaign, on the advice of Dick Morris, his outside political consultant.

Both McAuliffe and Harold Ickes had argued that the ads would be too costly,



but Clinton overrode their concerns. Having seen his health-care proposal defeated two years earlier, in part by an advertising campaign, he was determined this time to dominate the airwaves. The costs, though, were staggering. The constant polling and media buys alone came to a million and a half dollars a week—an expense that the Clinton-Gore campaign soon shifted over to the D.N.C.

At the rate that they were going, Ickes told Clinton in early 1995, he would have to help raise as much as two hundred and twenty-five million dollars that year, a hundred and thirty million of it to be spent on the Presidential race. Put another way, it would cost the Democrats about six hundred and sixteen thousand dollars every day to stay competitive with the Republicans. Clinton's mouth dropped open, according to a witness. But he nonetheless embraced the plan. The upshot, a senior White House official says, was that inside the boiler room of the D.N.C. "it was breathtaking—it was brutal."

Finally, in September of 1995, after a three-month search during which the D.N.C.'s finance operation had been largely staffed by college students, a new candidate presented himself for the finance chairmanship: Marvin Rosen, a Miami bond lawyer.

Officials in the White House, many of whom had met Rosen in Democratic fund-raising circles over the years, were aware that he had been implicated in a failed S. & L.—a potential liability, given the Whitewater affair. He had been personally named in a civil suit by the Resolution Trust Corporation in connection with his work as a lawyer for a major thrift in West Palm Beach which had failed. (Rosen denied any wrongdoing, but in 1992 his firm agreed to pay eight million dollars in a settlement with the government.)

In hiring Rosen, Clinton appeared to have come full circle—from decrying the culture of lobbying to hiring one of its most hard-driving practitioners. For Rosen, government-bond work depended on his relationships with government officials and, not surprisingly, he had nourished those relationships over the years with sizable cash contributions. At the time that he put himself forward for the D.N.C. job, Rosen's Miami law firm, Greenberg Traurig, had just opened a Washington office and was looking to expand its lobbying business in town. Rosen is close to a number of Washington political figures, such as Senator Edward Kennedy. Among those the firm hired were Senator Kennedy's wife, Victoria, and Commerce Secretary Ron Brown's son Michael. D.N.C. colleagues soon suspected that Rosen hoped to use the access given to him by his Party post as a business boon.

According to several witnesses, Rosen would attend top-dollar Clinton fund-raising events and solicit business for his own firm when the President was out of the room. Edward Faberman, a lawyer who at the time was American Airlines' vice-president for government affairs, recalls one such event when Rosen, who had done some legal work for the carrier, circulated through the room a number of times, saying, "Hey—I can help you with So-and-So in Washington." Then, according to others, he'd pass out his business cards. Both Party officials and donors were discomfited enough by Rosen's pitches that they complained to the White House. Counsellor to the President Doug Sosnik acknowledges that he received "a couple of complaints" about Rosen's conduct, but he prefers not to comment.

One big Democratic donor asserts that Rosen offered to set up a meeting with a Cabinet member and boasted that the Secretary and he socialized all the time. "Have you been invited to watch a movie at the White House?" the donor recalls Rosen asking him and other businessmen at a ten-thousand-dollar-a-plate Presidential dinner. "No problem. I can get you in." Then, says the donor, came the business card.

Rosen denied soliciting clients at D.N.C. functions. "I categorically reject the allegation that I used that position, or even attempted to do so, for personal gain," he told me last week. If he passed out a business card, he says, it was with his D.N.C. phone number on it. And he said he had "no recollection" of ever having told any client that he could help him gain access to Administration figures, although he did acknowledge that at least one Cabinet officer—Federico Peña, the Transportation Secretary—"is someone I know and I'm friendly with."

BY the time that John Huang appeared on the scene, the line between commerce and politics was blurred. Huang was a relatively obscure Commerce Department figure with longtime ties to Clinton; backed by the White House, he had persuaded Rosen to appoint him to the post of D.N.C. vice-chairman of finance. Huang quickly showed that he could raise millions of dollars from a new ethnic constituency—Asian-American—sometimes by offering a prospective donor the chance to be photographed with the President. If some of the money was contributed illegally by foreigners—or raised improperly in religious settings, such as a California Buddhist temple—who was going to object? The electoral imperative was to raise the great sums of money that are needed to win the White House, and Bill Clinton's fund-raisers understood that their most valuable commodity was the President. ♦

# Clinton Presidential Records
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Divider Title: **Jan. 25, 1997**

THE NEW YORK TIMES,
SATURDAY, JANUARY 25, 1997

# A Clinton Social With Bankers Included a Leading Regulator

## One of 103 White House Talks Set by the Party

By STEPHEN LABATON

A1

WASHINGTON, Jan. 24 — The Democratic National Committee organized a coffee meeting at the White house last May in which some of the nation's most prominent bankers met to discuss banking regulation with President Clinton, a senior banking regulator, the Treasury Secretary and the top fund-raiser for the Democratic Party, Administration officials said today.

"It was first of all an open-forum discussion about banking issues, for the President and his senior staff to get a one-on-one feel of what do we see happening, what do we need in order to finance America's needs," said Hjalma Johnson, the chairman and chief executive of the East Coast Bank Corporation of Dade City, Fla.

Noting that Eugene Ludwig, the Comptroller of the Currency, was among the guests, Mr. Johnson added, "Several of us don't really recall having an opportunity for bankers to visit with the senior regulator, Mr. Ludwig, with his boss, the Secretary of the Treasury, and his boss, the President."

The bankers' coffee meeting was scantly described among hundreds of pages of documents released by the White House today about 103 White House coffees arranged over the last two years by the Democratic Party that were attended by the President and other top officials, along with lobbyists and large fund-raisers, donors and Democratic supporters.

The White House also released a series of campaign reports outlining Democratic Party strategies for gaining political support from African-Americans, Asian-Americans, Hispanic-Americans, American Jews, other ethnic groups and disabled people. [Page 8.]

The coffees, which were often small, included senior fund-raising officials from the Democratic National Committee, top White House aides, and lobbyists with important interests before the Administration and Congress. They were organized by the Democratic Party to reward donors and introduce potential donors to the President and his staff. In an election year, this type of fund raising is common at the White House and in Congress, by both Democrats and Republicans.

But the meeting on May 13 in the White House Map Room with the bankers stood out because it also included a top regulator. Although it is not uncommon for the President and senior regulators to meet with bank executives on a variety of banking issues, officials and lobbyists said today that they could not recall ever hearing of such a meeting organized by a political party.

After being told today that the bankers' meeting had been organized by the Democratic committee, Mr. Ludwig said through his spokesman that he regretted his participation. "If he'd have known that D.N.C. officials were going to be attendance, he would not have gone," said the spokesman, Lee Cross.

The White House said today that the meetings were appropriate.

The guest list to the coffee included the top executives from the nation's largest banks, including Chase Manhattan, Nationsbank, Banc One, Bankers Trust, BankAmerica and J. P. Morgan. It also included Treasury Secretary Robert E. Rubin and

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two other senior Treasury Department officials: Under Secretary John D. Hawke and Mr. Ludwig. Officials said two senior Democratic National Committee officials — the national chairman, Donald L. Fowler, and the finance chairman, Marvin Rosen — also attended the meeting.

An Administration official who insisted on not being identified said the White House invitation to Mr. Ludwig only identified bankers and never said that any other party officials would be attending or that the event was being sponsored by the Democratic National Committee.

Still, Lanny J. Davis, a special White House counsel, said that there was nothing unusual or improper about the meeting and that it was perfectly proper and even helpful to regulators and the regulated for Mr. Ludwig and other Treasury officials to attend at a meeting arranged by the Democratic National Committee.

"We see nothing evil here about bringing people in who have a particular interest and to have them offer their ideas to other people in the government," Mr. Davis said in a telephone news conference. "The key issue is that as a result of those conversations, no government action was affected."

For weeks, reporters and Congressional investigators have been asking the White House for details about the coffees, ever since the disclosure last month that a large Democratic contributor had arranged the attendance at one for the head of a powerful Chinese conglomerate that includes a major arms manufacturer.

Mr. Davis said the Democratic National Committee had organized the bankers' coffee meeting and compiled the guest list, which it forwarded to the White House.

Amy Weiss Tobe, a spokeswoman at the Democratic National Committee, said the guest list had been suggested by Frank N. Newman, the Bankers Trust chairman and chief executive who served earlier in the Administration as the Deputy Treasury Secretary. Mr. Newman forwarded the list to Richard Sullivan, the committee's finance director, who sent the list to the White House.

Other Democrats and Republicans with experience at the White House and bank regulatory matters were critical of the meeting.

"It would be appropriate to discuss Glass-Steagall, but not appropriate to have political officials in the same meeting, especially during an election year," said Boyden Gray, the White House counsel in the Bush Administration, referring to the law that restricts banks from underwriting securities, one that major banks have been trying to roll back.

William Proxmire, the former Democratic Senator from Wisconsin who headed the Senate Banking Committee, said that the President should meet with bankers but that it was improper for such meetings to be arranged by the Democratic committee and to include both regulators and senior Democratic Party officials.

"The D.N.C. people should not have been there," Mr. Proxmire said. "The President should set an example. The American public has already come to believe that Congress and the White House have been up for sale because of the terrible amounts of money being raised and spent."

Although the bankers were listed as "D.N.C. supporters" in a summary of the coffee meetings, many are Republicans and their institutions have made large contributions to Republicans as well as Democrats.

Bank executives have been pressing the Administration to change regulations and laws that have made their operations more expensive and restricted their companies from moving into other business areas, like insurance, stock underwriting and other kinds of commerce.

Participants at the meeting said today that the bankers and White House officials discussed a variety of major banking issues that included the removal of the Depression-era Glass-Steagall law, which limits banks from entering into new businesses, as well as contributions to the federally backed fund that insures deposits.

"It was a listening session," said O. Jay Tomson, the chief executive of First Citizens National Bank, a $500 million bank in Mason City, Iowa. "If you're looking for something sinister or bad, it never occurred at that meeting."

Mr. Tomson, a registered Republican, said that he had never given money to either the Republican National Committee or the Democratic National Committee and that he had been invited by the White House and did not know that the event was sponsored by the Democratic Party.

Mr. Johnson, the chairman of East Coast Bank, said Mr. Clinton had been "an active participant" on discussions about ways to change the Glass-Steagall Act. "Several times he turned to Mr. Rubin and said, 'What do you think? Can we work with them on this?'" Mr. Johnson said.

The records showed that at other White House coffee meetings arranged by the Democratic Party, the President and senior aides invited more than 400 supporters, many from leading businesses. Those invited included executives from Tenneco, Walt Disney, Miramax, Nynex, Philip Morris, Circus Circus casinos, AT&T, Coca-Cola and Goldman Sachs.

The bank executives invited to the May 13 coffee included the following:

Mr. Newman of Bankers Trust
Richard M. Rosenberg of BankAmerica
Hugh L. McColl of Nationsbank
Douglas A. Warner of J.P. Morgan
Thomas G. Labrecque of Chase Manhattan
John B. McCoy of BancOne
Robert W. Gillespie of KeyCorp
Paul Hazen of Wells Fargo
John G. Medlin of Wachovia.

FOR EXAMPLE

### Coffee With Clinton

People invited to a White House political coffee at 8:30 A.M. on Monday, May 13, 1996, one of 103 put together by the Democratic National Committee from Jan. 11, 1995, to Aug 23, 1996.

FROM THE ADMINISTRATION

**President Clinton**
**Robert E. Rubin** *Secretary of the Treasury*
**Eugene A. Ludwig** *Comptroller of the Currency*
**John D. Hawke Jr.** *Under Secretary of the Treasury for Domestic Finance*
**Kate Carr** *Special Assistant to the President*
**Thomas F. McLarty 3d** *Counselor to the President for Business Affairs*
**Marsha Scott** *Deputy Assistant to the President for Political Affairs*

FROM THE DEMOCRATIC NATIONAL COMMITTEE

**Donald L. Fowler** *National chairman*
**Marvin S. Rosen** *Finance chairman*

GUESTS

**William H. Brandon Jr.** *Chairman and chief executive, First National Bank of Phillips County, Helena, Ark.*
**Emma C. Chappell** *Chief executive, United Bank of Philadelphia*
**Walter A. Dods** *Chairman and chief executive, First Hawaiian*
**Robert W. Gillespie** *President and chief executive, KeyCorp*
**Ernest Ginsburg** *Vice chairman, Republic National Bank of New York*
**Paul Hazen** *Chairman and chief executive, Wells Fargo Bank*
**Hjalma Jonson** *Chairman and chief executive, East Coast Bank Corporation*
**Thomas G. Labrecque** *Chairman and chief executive, Chase Manhattan Bank*
**Hugh L. McColl** *NationsBank Corporation*
**John B. McCoy** *Chairman and chief executive, Bank One Corporation*
**John G. Medlin** *Chairman, Wachovia Corporation*
**Terrence Murray** *Chairman, president and chief executive, Fleet Financial Group*
**Frank N. Newman** *President and chief executive, Bankers Trust Company*
**Charles E. Rice** *Chairman and chief executive, Barnett Banks*
**Richard M. Rosenberg** *Chairman, BankAmerica Corporation*
**O. Jay Tomson** *Chief executive, First Citizen National Bank*
**Douglas A. Warner** *Chairman and C.E.O., J.P. Morgan and Co.*

*Source: The White House*

THE NEW YORK TIMES,
SATURDAY, JANUARY 25, 1997

# How the President's Team Courted Key Voting Blocs

By ALISON MITCHELL

WASHINGTON, Jan. 24 — From plans to send sub-Cabinet level officials as speakers to ethnic groups, to a recommendation that "code words" be used to appeal to "ethnic Americans," documents released today show how an aggressive Clinton White House set out during the 1996 election year to court every conceivable constituency.

Under the direction of Harold M. Ickes, then the deputy White House chief of staff, working groups that included White House and agency officials as well as Democratic campaign workers drew up plans to woo political support and campaign money from six groups that were considered crucial to a winning Democratic coalition.

There were individual plans for blacks, Jews, the disabled, Americans of Hispanic origin and Americans of Asian descent. There was even a grab-bag category dubbed the "ethnic constituency," which included people hailing from places as disparate as Hungary, Armenia, Greece, Sweden and Arab nations.

The documents show the White House ready to mobilize Administration officials for the Clinton campaign as much as was possible without falling afoul of the Hatch Act, which limits the political activities of Federal employees. The documents also show how willing the Administration was to use access to senior Federal officials to win campaign supporters.

"Continue and expand the unprecedented access to the White House and key Administration decision-makers for the leadership of the ethnic communities," recommended the proposal for reaching out to the "ethnic constituencies." It added, "Concentrate this effort on penetrating the leadership of the national nonpartisan ethnic organizations."

Lanny J. Davis, a special White House counsel, said today that under the Hatch Act, White House officials and Presidential appointees were allowed to engage in political activities during their workday as long as they devote 40 hours a week to their official Government jobs. And he said it is lawful for them to engage in political activities in Federal buildings as long as Government resources are not used.

Mr. Davis said that in the last 10 days the Clinton campaign had reimbursed the Government $917 because in two instances Government computers had been used by individuals working on the outreach plans.

The re-election effort was envisioned as Government-wide, the documents show. The plan to reach out to black voters called for a "core group" of black Administration appointees in the Federal agencies to speak as "surrogates" for the President before black organizations.

"Agency surrogates will carry out these activities as part of their normal job duties in 1996," the document stated. "That is they will be helping to educate the African American public and key interest groups about Clinton Administration accomplishments — not campaigning.

"However, we will aim to escalate the level of surrogate activity in the six weeks preceding each primary," the document added. "This should not present a problem so long as surrogates limit their remarks to discussing Administration accomplishments, contrasting the Administration's budget with the Republican budget cuts etc., and do not encourage people to vote one way or another."

After noting what the Hatch Act does and does not permit, the document added: "Needless to say, it is inevitable that someone will be singled out for criticism by the press."

The plan for reaching out to Jews listed an array of Cabinet officials who could speak to Jewish groups — many of these officials Jewish themselves or involved in foreign affairs issues considered of interest to Jews.

The people who drafted the Hispanic outreach plan suggested that each member of the Cabinet be directed by the White House "to include at least two events focused on Latinos in the next six months." And in a section on fund-raising in the plan for reaching out to black voters, it said new donors should be invited to join an African American Leadership Forum, whose members "would be afforded the opportunity to interact with senior Administration officials and the Democratic Party's political leadership through policy briefings, luncheons and workgroups."

Sometimes the working groups were simply searching for ways to reach their target audiences. The group on ethnic constituencies counseled that language is important and that Democrats should recommend "code words, ethnic specific language and hot button issues" for use by the White House, the Clinton campaign and the Democratic National Committee.

# Bankers Met Privately With Clinton

## *DNC Arranged White House Session With Regulators Last May*

A1

By Susan Schmidt and Lena H. Sun
Washington Post Staff Writers

Last May, some of the nation's top bankers were granted an unusual private audience with President Clinton and three of his top financial appointees at a coffee arranged by the Democratic National Committee for big campaign contributors.

The gathering of regulators and regulated included Treasury Secretary Robert E. Rubin; his undersecretary for monetary affairs, John D. Hawke; and Comptroller of the Currency Eugene A. Ludwig. The president joined the officials in the White House Map Room to chat with chief executives invited from Chase Manhattan, Banc One, Wachovia, NationsBank and 13 other big financial institutions. Also in attendance were DNC chairman Don Fowler and finance chairman Marvin Rosen.

The May 13 gathering, disclosed in documents released by the White House yesterday, drew swift condemnation from public interest groups. Ludwig, one of the regulators who participated, said through a spokesman last night that he was invited by the White House Office of Public Liaison and would not have attended had he known it was a DNC-sponsored event. He learned that only yesterday, he said.

Even White House sources said some aides were deeply troubled by the coffee and believe it should not have occurred. The DNC ar-

See DNC, A8, Col. 3

DNC, From A1

ranged about 103 coffees to help build a record campaign war chest for the Clinton-Gore reelection effort.

"What we feared might be happening in those private meetings turns out to be true," said Ellen Miller, director the nonpartisan reform group Public Campaign. "It's not just the bankers and regulators; you have the fund-raisers there at the same time. That is not a subtle relationship. That is about as close to the quid pro quo as we're likely to see," Miller said.

But White House spokesman Lanny J. Davis said the administration saw nothing wrong with the meeting. "We didn't think it was inappropriate, we still don't," Davis said. It was a chance for regulators to learn more about issues affecting the industry, he told reporters in a conference call from the White House last night.

The White House also released documents yesterday showing that government employees drafted volumes of highly detailed strategies to raise money and generate support from minority voters for Clinton during the 1996 campaign.

The plans, ordered up by then-White House Deputy Chief of Staff Harold Ickes, immediately put the White House on the defensive about the extent to which White House employees and other political appointees were in essence an adjunct to the campaign apparatus, whether they violated the Hatch Act, and the propriety of offering, as one document promised, "unprecedented access" to the White House to targeted groups. The Hatch Act prohibits political activity by federal employees during work hours using government facilities.

Davis, who released the six-inch stack of "Constituency Outreach Plans" after requests from reporters, said the administration employees drafted the plans and met in "working groups" on their own time. The Clinton-Gore campaign reimbursed the White House $917 for the cost of White House computer time used to generate some of the plans. The money was repaid 10 days ago as the White House prepared to release the documents.

Davis said the May 13 event and the other DNC coffees included "individuals who are supporters, possible supporters or individuals interested in the president and his policies. . . . They were here to meet the president and ask his views on the issues." The DNC drew up a list of bankers to invite to the May 13 meeting. Not all contributed to the Clinton campaign.

DNC officials defended the meeting. "We feel that it's appropriate to bring people in from industry to go to the White House and listen to the president," spokeswoman Amy Weiss Tobe said.

A spokesman for Rubin and Hawke said the Treasury Department would have no comment about their participation at the coffee.

Lee Cross, a spokeswoman for Ludwig, said her boss considered the meeting inappropriate. "He was told that this was going to be a meeting of bankers and they were going to be discussing banking legislation and so he went. . . . If he had known that the DNC had also been invited to the meeting, he wouldn't have gone."

Cross said the bankers discussed legislative issues, including ideas for breaking down regulatory barriers between banks and other financial institutions. Just yesterday, there were news reports that Rubin's Treasury Department plans to send Congress a legislative package that would overhaul banking rules established six decades ago, giving banks broad new powers to venture into insurance and securities businesses.

One participant, Walter A. Dods, chairman and chief executive officer of First Hawaiian Inc. of Honolulu, who was also president-elect of the American Bankers Association, said he talked about the banking industry's unhappiness with fees charged it as a result of the savings and loan legislation.

"I was representing the industry, and that was my specific mission for being there," Dods said in a telephone interview. He said at least 50 percent of the 90-minute discussion was about the banking industry.

No one solicited him for donations, he said. But months later, the Hawaiian bank's political action committee contributed $5,000 to the Democrats and the same amount to the Republicans.

Several of the bankers, or their banks, were active political donors, but only one, Emma Chappell of Philadelphia, is listed in federal records as donating to Clinton's campaign. Bankers Trust Co. of New York gave the largest donation to the DNC, $75,000 in July, about two months after the meeting.

The constituency outreach efforts were also controversial. Ickes sent a four-page memo to White House political aides Jan. 3, 1996, commissioning the plans. While a memo from the boss accompanied with a cover letter on White House stationery hardly looked like an optional or voluntary assignment, Ickes cautioned the work was to be done on "nongovernment time."

Davis said only the one-line cover letter was done on White House time or stationery, a position even he seemed skeptical about. "That's the position were taking; I don't know how we can take it."

The outreach efforts were aimed at African Americans, Jews, Latinos, Asian Americans, "ethnic" voters and the disabled. Four of them contain fund-raising strategies. Most are steeped in detail.

The African American working group plan, for example, includes a table of "recommended hires" for the campaign in 31 states, saying blacks should be hired to run the Clinton-Gore campaign in the District of Columbia, Maryland, Ohio and South Carolina, and head up the get-out-the-vote drive in 22 states.

*Staff writers Charles R. Babcock and Clay Chandler contributed to this report.*

THE WASHINGTON POST
SATURDAY, JANUARY 25, 1997

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Divider Title: **Jan. 18, 1997**

THE WASHINGTON POST
SATURDAY, JANUARY 18, 1997

# Head of Chinese Arms Firm Met With Commerce Chief

By Lena H. Sun
Washington Post Staff Writer

The head of one of China's leading arms companies met with Commerce Secretary Ronald H. Brown early last year, the same day he went to a White House coffee klatch for political contributors hosted by President Clinton, according to U.S. officials.

The businessman, Wang Jun, is chairman of a Chinese firm that serves as the leading arms merchant for the Chinese People's Liberation Army. Wang is also chairman of one of China's most prominent financial conglomerates, China International Trust and Investment Corp., known as CITIC.

Clinton has said it was "clearly inappropriate" for him to have met with Wang on Feb. 6, 1996, and said the Democratic Party and the Secret Service need to screen White House guests more rigorously. Wang's White House visit was arranged by Charles Yah Lin Trie, a Democratic Party fund-raiser whose activities are now under investigation by the Justice Department.

At the time of Wang's meetings with Clinton and Brown, his company, Poly Technologies, was under investigation for illicit arms trading. Three months after the meetings, representatives of the company were charged with smuggling Chinese military assault rifles into the United States.

A Commerce Department spokeswoman said Brown's schedule shows Brown met with Wang for five minutes in Brown's office on Feb. 6. She said she did not know who arranged the brief meeting, what was discussed or who else was present.

She also said she did not know whether Brown or other department officials were aware of Wang's arms-trading connection. Notations on Brown's calendar identify Wang as chairman of CITIC, a state-run conglomerate with worldwide assets of $21 billion, including a Delaware steel mill. Brown often met with major foreign business executives in his efforts to promote sales of U.S. goods abroad.

Members of Congress have questioned the State Department about how Wang, who has a diplomatic passport, obtained a visa and whether officials knew of his arms background.

In a written response to Rep. Gerald B.H. Solomon (R-N.Y.), the State Department said it did not have in place a list of officials of Chinese arms companies at the time Wang applied for a visa, but put Wang's name into "the visa lookout system" last month, after The Washington Post published a story on his White House visit.

The department said that in Wang's application for a temporary business visa, he submitted letters from CITIC, from Trie and from Ernest G. Green, a managing director in the Washington office of Lehman Brothers Inc. and a Democratic Party fund-raiser. Green, a friend of Clinton's and Brown's, said yesterday in an interview that he never wrote such a letter, and only met Wang in February when Trie brought him to his office to talk about doing business with CITIC.

## CORRECTIONS

A headline in yesterday's Metro section incorrectly described part of a five-year spending plan presented by Prince William School Superintendent Edward L. Kelly. Teachers' cost-of-living raises would not be cut, but rather held at 1 percent for four out of the next five years.

Three phone numbers were incorrect in the inaugural story in yesterday's Weekend section. The number for Metro information is 202-637-7000. The number for the "Let's Party, Liberally!" inaugural ball is 202-785-5980; tickets are available at the door. And the number for the Glen Echo Inaugural Ball is 301-320-7099.

## CLARIFICATION

A story Thursday about payments made by Flagstar Cos., the corporate parent of Denny's restaurants, to a group of civil rights organizations failed to mention that the Fair Housing Council of Greater Washington, Inc. received $100,000.

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Divider Title: **Jan. 6, 1997**

THE WALL STREET JOURNAL
MONDAY, JANUARY 6, 1997

# Clinton Dinner Illustrates Fund-Raising Perils

A small dinner featuring President Clinton last summer at Washington's elegant Jefferson Hotel says a lot about why Democratic Party fund-raising practices have become so controversial.

Of the four principal businessmen who attended the July 30 event, two are Asian billionaires who are prohibited by law from contributing in federal elections. They didn't give money that night, but they have strong business ties to others at the dinner who did.

*By Wall Street Journal staff reporters Glenn R. Simpson in Washington, Leslie Chang in Taipei and Marcus W. Brauchli in Shanghai.*

The dinner is thus the latest instance in which President Clinton has given major foreign businessmen private audiences in conjunction with large campaign contributions to the Democratic Party. As a presidential practice this is unprecedented, said presidential scholar Stephen Hess, "a quantum jump from how most presidents spend their time."

Billionaires Eugene Wu of Taiwan, who sat next to the president, and James Riady of Indonesia, who sat across from Mr. Clinton, aren't listed as having given money. But a Litte Rock businessman and Clinton friend, C. Joseph Giroir, who also is an associate of Mr. Riady, did put up $25,000, although he didn't attend the dinner, Democratic Party records show. A wealthy Taiwanese-American businessman named Ken Hsui, who has extensive business ties to Mr. Wu, donated $150,000 and was present at the dinner. In addition, a wealthy Indonesian-American, Susanto Tanuwidjaja, with ties to an Indonesian business group contributed $100,000 in conjunction with the dinner, but didn't attend.

The DNC and the White House didn't know why DNC fund-raisers invited the billionaires Messrs. Riady and Wu to the dinner, given their ineligibility to make contributions. The DNC and the White House also didn't have information on what was discussed at the dinner. "I assume that they discussed the political situation of the day and had personal conversation," the DNC's Amy Weiss Tobe said.

The biggest contribution raised that night came from Mr. Hsui, who donated $150,000. Mr. Hsui runs a California company but is also the president of one of the 50 biggest companies in Taiwan, Prince Motors Co., and has extensive business ties to the Taiwanese billionaire Mr. Wu, who runs a conglomerate known as the Shinkong Group.

Felicia Ferrari, who works with Mr. Hsui, said he is a U.S. citizen and is very active in the Los Angeles community. His U.S. company, C.K. Victory Investments, has a portfolio valued at least $20 million, she said. She wasn't able to comment on why the $150,000 contribution was made, and Mr. Hsui wasn't available for an interview.

Mr. Hsui spends most of his time in Taipei, according to Yuan Chu-ping, senior vice-president and deputy chief executive officer of Prince Motors. The company does considerable business with the Shinkong group; it is a significant investor in both Taiwan Securities Co. and Taiwan-Sogo Shinkong Security Co., which are both part of the Shinkong Group, Mr. Yuan said.

Mr. Hsui's family is well-connected politically in Taiwan; his father, who is Prince Motors chairman, was a longtime legislator and holds a handful of honorary posts including adviser to the president.

Mr. Giroir, who gave $25,000, has long ties to Bill and Hillary Clinton. He also works with Mr. Riady's Lippo Group on business deals in Asia and has also had extensive contacts with the fund-raiser Mr. Huang. Mr. Giroir said he didn't remember giving money in conjunction with the event. Lawyers for Lippo couldn't be reached. Calls to the Tanuwidjaja residence in California weren't answered.

Mr. Hess, the presidential scholar, says Mr. Clinton certainly didn't invent the lust for political funds: "You can't say that he's the only one who was ever interested in raising money." The surprising thing is the degree of Mr. Clinton's personal involvement. "Most of them have an awful lot of insulation between them and big money," he said of major politicians. In the case of Mr. Clinton, "There was a lot less insulation than we expected."

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Divider Title: **Dec. 30, 1996**

# No detail too small in DNC fund-raising

Democrats' memos outline involved plan to attract Asian-American money, votes

By Tom Squitieri
USA TODAY

A1

Democratic officials launched an unprecedented effort to draw Asian-American dollars and votes this year, even while recognizing that the mission could skirt the edges of campaign law.

The scope of the operation — stretching from culling Asian-American names off dozens of fund-raising lists to analyzing demographic information — suggests a detailed, well-planned strategy that is in stark contrast to earlier Democratic claims that this was a fringe campaign action gone bad.

As more than 3,000 documents from Democratic National Committee (DNC) files make their way into the public light, the scope of Democratic efforts to pinpoint dollars and votes show they left little to chance.

"Administration of campaign activities will require the coordination of the White House, DNC, Clinton/Gore, Clinton administration appointees, community groups and thousands of individuals," reads a March 6, 1996, document from the Democratic National Committee's Office of Asian Pacific Affairs.

The documents also show that Democrats were ready in case questions arose about the strategy.

For example, those caught in scandals were advised "don't lie" in one DNC memo. Next they were to "announce an internal investigation, independent investigation or 'white paper' to examine the matter" in order to buy time. Finally they are to "impugn the source," the DNC advised.

One of the DNC documents is a flow chart showing the "White House administration" and the DNC forming a "working group" for fund-raising and vote-seeking efforts.

Please see COVER STORY next page ▶

Continued from 1A

That working group fed into the "national plan," which then led to "state plans" on the chart.

Government officials, such as those working in the White House, are restricted from engaging in political activities by federal election and ethics laws. Yet questions have been raised because some decisions regarding fund-raising resulted from a weekly money meeting, held on the White House grounds, attended by Deputy White House Chief of Staff Harold Ickes, White House political affairs director Doug Sosnik and DNC co-chairman Don Fowler.

So far, at least $1.2 million of the $3.4 million raised by John Huang, who was the DNC's vice chairman for finance, came from questionable sources and has been returned. That $1.2 million is the greatest sum to come under federal investigation since President Richard Nixon's re-election drive in 1972.

But the documents show White House and DNC officials were directly involved in efforts to recruit the Asian-American community in the 1996 campaign. Included was the highest-ranking Asian-American in the White House, Doris Matsui, a deputy assistant to the president and the wife of Rep. Robert Matsui, D-Calif.; Ginger Lew, general counsel in the Commerce Department; and William Kaneko, DNC director of Asian Pacific Affairs.

There is no evidence suggesting that big-dollar donors to Democrats won changes in policy even though meetings often featured discussions of Asian policy, especially China. But investigators are looking for such quid pro quos.

In 1997, the Federal Election Commission will start poking into the contributions. A special unit at the Justice Department has already started a probe into the DNC fund-raising and President Clinton's legal defense fund. House and Senate Republicans plan separate hearings into the fund-raising.

The documents show Democrats planned an ambitious outreach program to Asian Americans, including a call to raise $7 million from the Asian-American community. Part of that money was to be plowed back into Asian-American activities.

Documents also show it was the White House's responsibility to coordinate Clinton appointee travel schedules to meet fund-raisers. It was also White House responsibility to "invite (donors) to special White House or other events."

Other goals included:

▶ Formation of a network of Asian-American leaders. The idea was to organize committees in 10 key states, recruit 100,000 Asian-American volunteers nationwide, form a national database and solicit the top 1,000 opinion and community leaders for a grassroots effort.

▶ Develop talking points aimed at Asian-Americans, including immigration and economic development.

▶ Create "meaningful opportunities" for Asian-Americans to participate in Clinton's re-election. These would include an Asian-American rally in major cities and a series of coffee hours, breakfasts and lunches featuring Clinton and Gore.

▶ Increase Asian-American voter registration by 15%.

Beyond those activities, similar to efforts aimed at other voting groups, was a daunting goal of raising $7 million from Asian-Americans. That placed high demands on fund-raisers. They were goaded by DNC chairman Fowler and others to raise more and more, documents show.

Huang was the master spigot for the Asian money pipeline. Before his DNC job, he was a high official in the Commerce Department. Before that he worked for the Lippo Group, an Indonesian conglomerate that contributed thousands to Democrats and Republicans.

Revelations that a chunk of the money came from dubious sources, coupled with the White House's apparent rewarding of big-dollar donors with meetings with Clinton and other perks, continue to emerge.

"I appreciate your spending time with chairman Lee. He was honored that you were interested in his project and the jobs it will create," Michael Mitoma, the mayor of Carson, Calif., wrote to Clinton on April 8, 1996.

Mitoma faxed that note to Clinton after the president met the businessman, John Lee, at the Sheraton Carlton Hotel in Washington, D.C. — and just after Lee gave the DNC $250,000.

Lee was looking to build a factory in Carson. He spoke no English so just shook hands with Clinton and posed for a photo. Lee, who plays piano, had hoped to get the president to play the saxophone in a duet, a request lost in the translation.

More successful was Pauline Kanchanalak, president of a Washington, D.C., consulting firm called Ban Chang International USA. In 1994 Kanchanalak wanted to arrange a White House ceremony for a U.S.-Thai business council she helped organize. She had donated $260,785 to Democrats from October 1992 to September 1996.

One donation was $185,000. A few days after that was delivered she met with Huang. A White House visit was organized, and Clinton met with three businessmen from a Thai conglomerate that Kanchanalak represented.

Much of the money donated by Kanchanalak is among the $1.2 million the DNC has returned.

Most of the 3,000 pages of DNC documents made public last week were from Huang's files, including the 33-page "National Asian Pacific American Campaign Plan."

The plan was to capitalize on the feelings of many Asian-Americans who believe they had been excluded from the democratic process. "This election cycle will be a year when (Asian-Americans) will come of age politically," a DNC memo of March 6, 1996, said.

But until they actually contributed, potential donors were just names on a tally sheet slugged "body count," the documents show.

And just in case there was the chance that one donor might slip through the cracks, Democrats came up with another fund-raising strategy called "slice and dice." That targeted Asian-Americans by ethnic groups, occupations, interests and hobbies — right down to gay/lesbians, bungee jumpers and cigar smokers. The strategy worked, at least for 1996.

Millions in contributions were raised from Asian-Americans for the Clinton campaign. Clinton's percentage of Asian-American votes rose from 31% in 1992 to 42% in 1996.

Most of the money returned came from suspect foreign sources. In one case, $5,000 was returned because the donor was listed as a "Buddhist temple." "It was a temple, you idiot," said a notation on a DNC form.

USA TODAY

MONDAY, DECEMBER 30, 1996

12/30/96

**White House ethnic outreach gave greater to local groups By David Jackson Chicago Tribune (KRT)**

WASHINGTON It was a heady experience for John J. Pikarski Jr., a Chicago land use attorney, to sit in the Roosevelt Room of the White House last summer and listen carefully as the president of the United States privately briefed a small group on issues affecting Polish Americans.

''You're obviously honored beyond belief," Pikarski said.

When he returned to Chicago, Pikarski was moved to spend a long night in front of the fax machine at his Loop law office, grinding out press releases that explained Clinton's positions and sending them to Polish-American newspapers, fraternal organizations and professional societies.

Pikarski was among more than a dozen Chicagoans tapped as part of a Clinton re-election strategy that offered White House receptions and briefings to draw political support and donations from ethnic Americans.

Launched in January 1996 by then-deputy White House chief of staff Harold M. Ickes, the ethnic outreach strategy was designed to induce loyalty and campaign contributions by offering ''unprecedented access" to the president, according to records released by the administration Friday.

While attention has focused on the way big-ticket donors and major corporate officials, including bank chairmen, were wooed at White House receptions, the experience of Pikarski and other Chicagoans illuminates another aspect of the outreach effort: how it worked on the local level by not merely cementing ties with elected officials, such as Rep. Luis Gutierrez, D-Ill., but also by energizing and informing ethnic activists.

Those lesser-known links in the effort included Chicago attorney Julian E. Kulas, who was invited to another small Roosevelt Room gathering with President Clinton, this one for Ukranian-Americans.

In the room, too, were senior foreign policy officials, including National Security Adviser Anthony Lake and Deputy Secretary of State Strobe Talbott. Kulas took advantage of such access to pepper the officials with questions about the former Soviet republics.

''It was a working session, not a coffee klatch," Kulas said. ''There were no precinct-captain type of speeches."

Much like Pikarski, Kulas returned home, penning letters to Chicago's Ukranian-American media and spreading the word about Clinton's positions on issues of concern to them.

Fund raising was a part, albeit a small one, of Pikarski's efforts he chaired a $100-a-plate brunch at the Chicago Athletic Club that raised about $15,000.

But in several cases, the outreach teams turned to wealthier campaign backers, like Chicago investor Lewis Manilow. He wrote a $15,000 check to Democratic accounts two months after returning from a May 1996 coffee klatch with the president and Democratic Party finance directors.

That donation was among the more than $70,000 in political contributions Manilow and his wife, Susan, made to Democratic candidates during the last election cycle, and the White House coffee was his second since 1995, records show.

The Manilows, who declined to comment, were listed in records as members of the 1996 Clinton-Gore Jewish Leadership Council, an arm of the White House-directed campaign strategy.

Veteran Democratic activist Bettylu Saltzman was surprised to learn that she was listed beside them, and said she never saw the elaborate, 167-page Jewish outreach plan.

The report listed 32 administration officials who ''will be encouraged to get involved" in the campaign's Jewish council. But none of them showed up at a wine and cheese reception Saltzman held for 40 Clinton supporters in her North Side home. ''Not a single check was written," she said.

''I think a lot of this is constituency-building," said Saltzman, president of the nonprofit Business and Professional People for the Public Interest. ''It was really to get people activated and interested in voting, not fundraising."

The White House has been criticized for improperly using government offices to boost the president's re-election by making it part of ''normal job duties" for senior administration officials to speak before ethnic and other groups in what were campaign-related activities.

''I think this is good that there was a good strong working relationship between people at the White House and the Democratic National Committee," said James Lowry, a Chicago business consultant who was appointed to the African-American outreach committee and later gave $10,000 to the fall campaign.

The Latino outreach effort was overseen in part by Assistant Treasury Secretary George Munoz, the former Chicago Board of Education president.

''My job was simple," Munoz said. ''The campaign asked me for the names of Latino civic and political leaders who might be interested in doing grass-roots activities with respect to the campaign, and I basically told them who was who, and who should not be ignored."

Munoz suggested Gutierrez to chair the Illinois committee. Gutierrez said the two men ''always made sure that our meetings were not at (Munoz's office at) Treasury and that we met on Saturdays."

''I guess George Munoz didn't lose his First Amendment rights when he went to work for the Clinton administration," Gutierrez said, rebutting suggestions of impropriety.

But Guterriez and other Hispanic Democrats said there was a chasm between the outreach plan and the Clinton campaign's actual involvement with Hispanics.

The plan overseen by Ickes ''looks nice on paper, like there was all this strategizing and organizing, but most of those things never materialized," said state Sen. Jesus Garcia, D-Chicago, another member of the committee.

''I attended one meeting on Saturday morning with my daughter and about two dozen people and that was the beginning, middle and the end of the Latino outreach campaign unless you want to talk about acrimony and a sense of dissatisfaction that (Hispanic) people felt about the Clinton campaign," Gutierrez said.

''There was no money for election day to do outreach," he said.

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**South Koreans are suspicious of latest defections from North Korea By Michael A. Lev Chicago Tribune (KRT)**

SEOUL On a trip to his grandmother's house last March, a 14-year-old North Korean boy learned the truth about his slowly failing country. He saw crowds push and shove on the trains as they fled their homes, apparently in search of food, and a skinny youth who lay weakened in the aisles until he died.

Days later, the boy's father said his family's only hope would be to defect to South Korea, ''where we can study as much as we want, eat to our satisfaction and lead a life full of hope," the boy wrote in his diary.

The diary of Kim Hae Gwang is full of such powerful imagery, and was matched for drama by his family's daring escape by boat last week to South Korea.

But South Koreans, who cheer every defection from the North as a satisfying propaganda victory, are wondering if they have become victims of psychological warfare as well.

South Korean newspapers and opposition politicians say they suspect the diary may be a fake, and that while the family's escape from North Korea was real, it also was heavily orchestrated by elements within the South Korean government to divert attention from domestic political problems.

''There is something fishy concerning their defection," columnist Oh Young Hwan wrote in one of Seoul's newspapers.

''We have some suspicions the government was doing some coordinating, and it's not proper," said Park Hong Yeop, a spokesman for the opposition National Congress for New Politics.

Government officials declined to comment, but a spokesman for the ruling New Korea Party was quoted in the South Korean media as saying the opposition was exhibiting ''symptoms of a nervous breakdown."

The suspicions of fraud are based on evidence that is titillating, but circumstantial. Until the family speaks publicly or the government comments, the story will be only a conspiracy theory, but one that highlights the power of a defection on the Korean Peninsula, a remaining bastion of the Cold War.

''A defection shows that South Korea is the land of dreams and hopes," said Kang Ho Yang, spokesman for the Ministry of National Unification.

Defectors, who are debriefed by the South Korean government and interviewed by the press, provide a major piece of the evidence suggesting that North Korea may be headed for collapse.

North Korea has suffered two years of flooding and failed harvests, but it is still not known how widespread hunger and starvation may be. The North Korean government is isolated and secretive, and rarely discloses information about itself.

In the last two years, the number of defections has increased substantially. The South Korean government has become alarmed enough by the trend that it plans to build a defection compound with housing for 700 people that it would use as a way station and training center for defectors. The idea that the South Korean government could

# DNC hopes to clear the air on fund-raising

## Revelations could prove damaging

By Judy Keen
USA TODAY

The 3,000 pages of records released by the Democratic National Committee last week provide insight into its Asian fund-raising machine that is embarrassing and potentially damaging.

But the DNC's decision to share two boxes of John Huang's papers with the news media — before the GOP Congress reviewed them — was a

**NEWS ANALYSIS**

product of lessons learned in other Clinton controversies:

▶ Earlier this year, reports that the White House had requested confidential FBI files on prominent Republicans were followed by confusing, often contradictory statements.

▶ Documents linked to the Clintons' Whitewater land deal were leaked one by one to the news media by Republican congressional aides preparing for hearings in 1995 and 1996.

The result in both cases was a series of news accounts that kept the Clinton administration on the defensive.

This time, the DNC decided to release a huge file, detailing a fund-raising plan that may have skirted federal campaign laws and possibly contributed to the illegal donations from foreign nationals. It also details how White House access was offered to large donors.

The DNC released Huang's documents during the holidays. At first it made papers available to reporters for only a few hours at DNC headquarters.

But on Christmas Eve, the DNC decided to release copies of the documents to the news media. Media organizations were charged $600 each for the costs of copying the two boxes of records.

"We had allowed reporters well over 10 hours to look through the documents, but I had received some calls from reporters who expressed a need for more time," said Amy Weiss Tobe, DNC spokeswoman. "We decided to accommodate their needs."

Most of the documents are from the files of Huang. He is the former DNC finance vice chairman whose activities are at the heart of the Asian connection money controversy.

There are copies of checks solicited by Huang, descriptions and seating charts for fund-raising events he arranged, and memos from DNC chairman Don Fowler and other officials.

The documents describe a vast network targeting Asian-Americans. Donors' access to the president and Vice President Gore was almost routine.

The records also show that Huang was involved in fund-raising while he was a political appointee at the Commerce Department. He left Commerce in early 1996 to become a DNC fund-raiser. The DNC fired Huang after the controversy erupted.

And the documents suggest that Gore had more contact with a Buddhist temple in California than he had acknowledged. Gore attended a fund-raiser at the temple.

The papers also include information with little relevance to fund-raising, such as news clippings about Theodore Kaczynski, the Unabomber suspect. There are also clippings about the death of Commerce Secretary Ron Brown, for whom Huang once worked.

There are profiles of Democratic officials, such as outgoing Indiana Gov. Evan Bayh, and tables documenting the demographics of Asian-Americans in the United States.

Tobe said the decision to sell copies of the documents to the media was made by the DNC, not by White House officials.

The DNC was under pressure from congressional Republicans to release the documents. The records already had been fodder for daily news stories. They have been sent to the House Subcommittee on Civil Service, and some have been subpoenaed by the Justice Department.

Tobe said more papers will be made public when they are provided to the House panel.

"This is a rolling production," she said. "There will be more."

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# Documents from the files of fund-raiser John Huang

Among the 3,000 documents in the files of former Democratic National Committee fund-raiser John Huang are many that show the extent of the party's efforts to raise money from Asian-Americans. Some of those documents:

## Handwritten Fowler-Huang note

This note from Democratic National Committee Chairman Don Fowler to his finance vice chairman, John Huang, underscores the pressure the DNC placed on fund-raisers to bring in more money.

DEMOCRATIC★NATIONAL★COMMITTEE

Donald L. Fowler
National Chair

John,
We're making progress, but we have to do better. Thank you for your good work. Best wishes.

Don
4 Jun 96

## Fowler letter from Buddhist Temple abbess

Vice President Gore has said he was unaware that a controversial April 29 event at a Buddhist temple in California was a fund-raiser. This note from the temple's abbess, who Gore's office was acquainted with, indicates that Fowler went out of his way to be there.

佛 光 山 西 來 寺
International Buddhist Progress Society
3456 South Glenmark Drive
P.O. Box 5248
Hacienda Heights, California 91745 U.S.A.
Tel: (818) 961-9697 Fax: (818) 369-1944

May 12, 1996

Chairman Donald Fowler
430 S. Capitol St. SE
Washington, D.C. 20003

Dear Mr. Fowler:

I would like to express my deep gratitude for your participation in the April 29th event honoring Vice President Al Gore at Hsi Lai Temple. Thank you for making the special trip to Los Angeles to attend and be a key-note speaker. I sincerely hope you enjoyed the luncheon and had a pleasant afternoon. It was a special day for the Temple, and I hope that it was special for you as well.

Thank you again for participating in the event with Hsi Lai Temple.

Best wishes,

Tzu Jung
Tzu-jung Shih
Abbess, Hsi Lai Temple

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## $1 million photo

DNC spokeswoman Amy Weiss Tobe said Sunday that neither DNC officials nor Fowler were able to identify who presented Fowler, right, with this mockup of a $1 million check from the Asian Pacific Leadership, a Democratic fund-raising committee, on Feb. 19.


## Affinity group memo

The DNC's effort to woo Asian donors was sophisticated. It identified ethnic groups' by occupation and interests as diverse as bungee jumping and cigar smoking. This memo outlines the party's strategy.

WIN IN '98 DEMOCRATIC NATIONAL COMMITTEE

Democratic National Committee
Office of Asian Pacific Affairs

Affinity Group Endorsement Project (Slice & Dice)

Goals: Identify Key Business, Labor, Government, & Community Leaders
Create an organizing tool to mobilize the APA community
Enlist 1,000 DNC Endorsers per Category
Create a Print Advertisement Showing Support by Various Groups

Method: Identify key "sectors" of the APA community
Divide by ethnic group, occupation, interests, hobbies, etc.
Identify key leaders in each sector who have many friends & contacts
Gain consent to print their name in a brochure and/or advertisement
Report names to the Office of Asian Pacific Affairs

Suggested Categories:

| Ethnicity | Occupation | Special Interests |
|---|---|---|
| Filipino | Doctors | Civil Rights |
| Chinese | Attorneys | Senior Citizens |
| Korean | Engineers | Gay/Lesbian |
| Japanese | Labor | Golfers |
| Vietnamese | Dentists | Health Care |
| Hmong | Farmers | Bungee Jumpers |
| Pakistani | Computers | Religion |
| Bangladeshi | Plumbers | Immigration |
| Hawaiian | Government | Cigar Smokers |
| Samoan | Nurses | Sports |
| Tahitian | Teachers | History |
| Etc. | Etc. | Etc. |

Materials: Tracking Charts
Endorsement Sheets

Distr/Coord.: Project Coordinators (3)
Team Leaders: # Depending on Categories Created

Timeframe: June to September 1996

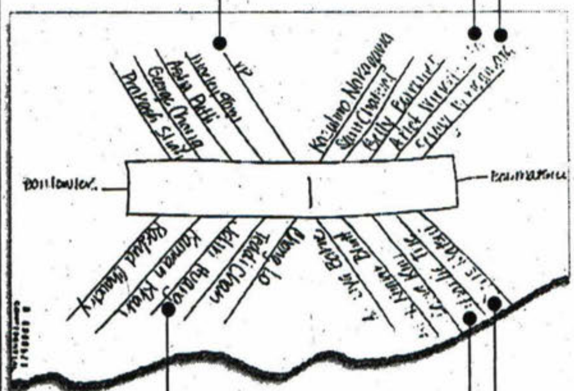
Information: Office of Asian Pacific Affairs
202-488-5079

## Seating chart

This advance seating chart for an event to be attended by Gore and Fowler includes:

**Soraya and Arief Wiriadinata**
A Springfield, Va., couple who contributed $450,000 to the Democratic Party. Soraya's father is Hashim Ning, an Indonesian businessman and major investor in Lippo Group, an Indonesian financial group. Donations from individuals associated with Lippo were among the first to raise questions about sources of Democratic contributions.

**Vice President Gore**




**John Huang**
DNC vice chairman for finance.

**Charlie Trie**
An Arkansas businessman and fund-raiser who collected more than $600,000, later returned, for the Clintons' legal defense fund.

**Doris Matsui**
Highest ranking Asian-American in the Clinton administration, chairwoman of the Asian Pacific American Working Group and wife of Rep. Robert Matsui, D-Calif.

Source: Reported by Judy Keen and Tom Squitieri, USA TODAY

USA TODAY
MONDAY, DECEMBER 30, 1996

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# Clinton Presidential Records
# Digital Records Marker



Divider Title: **Dec. 29, 1996**

The Washington Post
Sunday, December 29, 1996

# Oval Office Meeting Set DNC Asian Funds Network in Motion

A1

By Ruth Marcus
Washington Post Staff Writer

Three months ago, it looked like the Democratic Party's fund-raising problems centered on one man, John Huang, a former administration official with intriguing ties to Indonesia who seemed to have gone overboard in his attempts to bring in large sums from Asian American donors.

Now, the picture is much more complicated and bizarre. A network of Democratic fund-raisers and donors with foreign connections appear to have traded on their access to President Clinton to boost their business dealings, unchecked by a White House determined not to lose an election for lack of cash.

Money flowed in from donors with business affiliations not only in Indonesia but also in Taiwan, Korea, Vietnam and mainland China. Only U.S. citizens or companies and legal residents are allowed to make such contributions and in some cases the money either came from overseas or donors could not show they were the true source of the funds.

In one of the controversy's stranger aspects, large sums of money came in from adherents of two Taiwan-based religious sects, groups whose motivations for giving have yet to be fully explained. The money went not just into the Democratic Party's coffers, but into the president's personal defense fund, set up to help the Clintons cover their legal bills, though those gifts were ultimately returned.

The donors were granted extraordinary access to the president, including Oval Office photo sessions and small coffees with Clinton. In some cases, donors brought business associates to the private sessions, including foreign businessmen not entitled to vote or make political contributions here.

White House press secretary Michael McCurry acknowledged earlier this month that the administration was "not scrupulous or strict enough" in checking guests brought to such functions. "We've seen now a series of things that suggest that some people brought friends or associates here with them to the White House for purposes that might not be consistent with what the president would expect of those who are guests at the White House," he said.

Before and after the controversy erupted, the White House and its allies took pains to keep potentially damaging information out of the public eye until after Clinton was reelected. Senior officials characterized as "purely social" meetings between Clinton and some donors, then revised that statement after it became obvious that policy matters were discussed.

See FUNDS, A6, Col. 1

FUNDS, From A1

After defending many donations as legitimate during weeks of news media scrutiny the DNC returned funds it now concedes were illegal or questionable—about $1.5 million to date.

The legal defense fund made a deliberate decision to conceal until this month the extraordinary story of how one DNC fund-raiser, a Chinese American businessman from Little Rock named Charles Yah Lin Trie, last March delivered two manila envelopes bulging with money. The money was quietly returned but none of the White House officials who learned about Trie's unusual donations to the defense fund apparently checked on whether he was raising money for the Democratic Party as well.

The network of fund-raisers and donors includes former White House official Mark Middleton and other Arkansas friends of Clinton, particularly Trie, who owned one of the president's favorite Chinese restaurants before branching into international trade. Trie has acknowledged that his company made an improper DNC donation. The Washington Post reported earlier this month that Trie brought the head of a Chinese-owned weapons trading company to a White House coffee with Clinton. Clinton said later that it was "clearly inappropriate" for businessman Wang Jun to have been allowed at the event.

At this point, no one has shown that the administration conferred any particular favors on the fund-raisers or donors it seemed eager to court, other than to allow them to rub elbows with the president and perhaps benefit their business dealings by showing off their stature to associates.

But the White House and the Democratic Party will clearly be dealing with this question for some time.

The DNC has hired outside lawyers and accountants to scrutinize its practices. The Federal Election Commission also will be looking into the contributions. Attorney General Janet Reno has rejected Republican calls for an independent counsel, but she has created a special unit to investigate possible campaign finance violations. That unit has issued broad subpoenas to the White House, the DNC and the legal defense fund. House and Senate Republicans are planning congressional hearings to begin early next year.

The meeting that set this chain of events in motion took place in the Oval Office on Sept. 13, 1995. Attending the 20-minute session was Huang, a former top official of an Indonesian financial conglomerate called the Lippo Group who had parlayed his Democratic fund-raising work and connections to the president into a Commerce Department position. Clinton knew Huang and other Lippo officials from Arkansas, where they had financial interests.

Huang, in the Oval Office with his former boss at Lippo, James Riady, told Clinton he would like to shift jobs and turn his talents—and the connections he had amassed among the Asian community—to work for the DNC, raising money that would help not only the party but also Clinton's reelection campaign. Deputy White House counsel Bruce Lindsey referred Huang's request to Deputy Chief of Staff Harold Ickes, who oversaw DNC operations from the White House.

A little more than a month later, Huang was at work at the DNC, equipped with a title that had never before been bestowed on a staff fund-raiser: finance vice chairman.

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Even before he officially moved to the DNC, Huang had begun to steer large contributions to the party. He paid a bedside hospital visit that fall to Hashim Ning, an Indonesian businessman who was a major investor in the Lippo Group. While Ning was hospitalized here, Riady requested that Clinton send him a get-well letter. Former White House aide Middleton hand-carried the letter with Clinton's autopen signature to Ning's hospital bed.

Afterward, said DNC press secretary Amy Weiss Tobe, Ning's daughter and son-in-law, Soraya and Arief Wiriadinata, "expressed an interest in supporting the Democratic Party and the president." Huang "suggested they make contributions to the DNC," Tobe said. Eventually, the Wiriadinatas—who had never before made political donations and lived in a modest Virginia suburb—contributed a total of $450,000, putting them in the top ranks of party donors.

That was the start of a fund-raising stint apparently so successful that the president himself singled out Huang for praise at a July event in California, congratulating my "longtime friend John Huang" and adding, "frankly, he's been so effective I was amazed that you were all cheering for him tonight." In less than a year Huang raised $3.4 million.

Although for the most part the DNC at first defended the propriety of the money Huang brought in and rebuffed suggestions that it be sent back, in instance after instance questions arose about whether the donors had enough resources to make such contributions or whether they were legally entitled to give.

Federal election law permits donations from foreigners who are permanent residents of the United States and from U.S. subsidiaries of foreign corporations, but the money has to come from their U.S. operations. Moreover, donors must make contributions from their own resources and cannot contribute on behalf of someone else. In a number of cases, neither Huang nor anybody else at the DNC made the inquiries that would have determined fairly quickly that the money was suspect.

For example, the U.S. subsidiary of a South Korean company, Cheong Am, had just been established and had yet to generate any revenue—something that Huang failed to check or ask DNC lawyers to review after the company made a contribution. The company, which billed itself as Korea's leading maker of outdoor electronic display boards, has since disappeared, not only from the United States but also from its Seoul headquarters, the Los Angeles Times reported. The DNC has returned $260,000 it received from the company and its chairman, John H.K. Lee.

Likewise, Yogesh Gandhi, a California businessman and distant relative of Mohandas K. Gandhi, gave $325,000—a staggering sum for what was apparently his first federal political contribution. A check of newspaper articles would have turned up criticism of Gandhi by another family member and court records showing that the state of California filed liens against him and his foundation for nonpayment of $10,000 in payroll taxes, that one employee had won a judgment against him, and that the foundation had not filed the required tax returns in years.

Last month, the DNC said it was returning the money because Gandhi failed to offer proof that it was his.

Similarly, after months of defending the Wiriadinatas' donation and saying there was no reason to question it further, the DNC last month returned the Wiriadinatas' money because they failed to file income tax returns last year—something the DNC had known since mid-October.

Who is responsible for the fund-raising problems? Did Huang knowingly take contributions that skirted or violated election laws—or did he simply fail to make adequate inquiries? Did others at the DNC or the White House know about problems with his fund-raising—or did they simply not bother to inquire too deeply into his activities as the large checks rolled in?

DNC officials have pinned their failures largely on the decision a year before Huang came on board to junk a basic system for closely examining donations, running the names of large contributors through a computer database. Instead, they seem to have largely relied on the donors' representations that their gifts were legal. DNC officials also have said that the flood of money to the party was so great this year that DNC workers were simply overwhelmed.

They have admitted to other mistakes in judgment. Executive Director B.J. Thornberry said she had misgivings at the time about Huang's trip to Taiwan last May to prospect for donors but approved it anyway. Clinton has said he would not have allowed such a trip had he known of it, because, as McCurry said, "It was being done abroad and the circumstances under which the money is raised or donated leads to" the exact questions being reviewed by the DNC.

Huang arranged a fund-raiser, attended by DNC Chairman Donald L. Fowler and Vice President Gore, at a Buddhist Temple near Los Angeles that the DNC has since said was a mistake.

Thornberry and other DNC officials decided before the controversy erupted to break with two decades of practice and not file a final FEC report before the election, then abruptly reversed themselves. Thornberry called it "absolutely bar none the most bone-headed decision I've ever made."

The evidence is murky and conflicting regarding who had reason to suspect what about Huang's fund-raising and when. Sen. Christopher J. Dodd (Conn.), DNC co-chairman, said he did not oversee the party's day-to-day operations, the role left to Fowler. In a news conference last month, Fowler portrayed himself as having the ultimate responsibility for, but little detailed knowledge of, Huang's activities.

"I do not know why he went to the White House," Fowler said of Huang. "He worked under the supervision of [finance director Richard] Sullivan and Mr. Sullivan worked under my supervision."

Likewise, DNC finance chairman Marvin S. Rosen, a Miami lawyer, has said he played little role in supervising Huang, that Huang was already on the staff when he arrived, and that Fowler was responsible for the party's daily operations. Documents released by the DNC last week show numerous communications among Fowler, Rosen and Huang and the two top officials attended at least one White House coffee with Clinton, Huang and a Thai businesswomen. Treasurer R. Scott Pastrick, who also took a leading role in party fund-raising, has not returned telephone calls on the subject.

DNC finance officials knew that Huang was operating in a new arena, one that made them nervous. They arranged for a special briefing on the rules by general counsel Joseph Sandler at the start of Huang's tenure and—noticing that many of those who attended Huang-sponsored events spoke little English—Sandler reminded him of the laws on foreign contributions.

Sullivan has told friends he was not aware that the party had stopped its computer checks of donors, and warned Huang on several occasions to run donations by general counsel Sandler; Huang assured Sullivan that he had done so. But Sandler has said that he was not aware until questions were raised by reporters about some of the donations, including the Cheong Am check and the Gandhi contribution.

Meanwhile, the controversy has expanded far beyond Huang, drawing in others who apparently used their administration connections and their access to the Asian community for the benefit of Clinton and themselves.

Middleton, a former top aide to then-White House Chief of Staff and later presidential counselor Thomas F. "Mack" McLarty, has emerged as another key player. After leaving the White House in February 1995 to become a business consultant and international deal-maker, Middleton cultivated the Asian connections he had

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begun to amass at the White House, traveling to Indonesia and Taiwan.

And though he was off the White House payroll, his White House connections remained strong. Middleton, who sits on the board of the foundation that raises money to restore Clinton's boyhood home, helped raise at least $100,000 from two clients; he escorted one of them, Hong Kong businesswoman Nina Wang, on a tour of the White House in December 1995 and arranged for Singapore billionaire Yip Yan Wong, with whom Middleton was partners in a company, to attend one of Clinton's radio addresses.

He also twice accompanied Indonesian President Suharto's daughter, Siti Hediata Harijadi, to White House events; he is now seeking investors for a power project in Indonesia in which Harijadi has invested. He visited the White House 65 times after leaving the staff there, including lunching at the White House mess with business associates—a violation of White House policy that restricts mess privileges to current staffers.

"I never implied in any fashion that I still held a position at the White House or that I had any special influence there," Middleton said in a statement last month.

Trie, who helped Middleton with his business efforts after Middleton left the White House last year, has popped up in several capacities. He tried to deliver nearly $640,000 in questionable donations to the Clintons' legal defense fund, money that was rejected after fund officials found that many donors had links to a controversial religious sect. Shortly after Trie made the first delivery of money to the legal defense fund, he was appointed to an administration commission on U.S.-Asia trade.

He helped raise significant sums for the party, including the now-returned $325,000 donation from Yogesh Gandhi, according to internal party records released earlier this month. He has acknowledged that it was a violation of federal election law for a company he helped establish to make a $15,000 DNC contribution just 10 days after it set up U.S. operations. The law requires that political contributions from U.S. subsidiaries of foreign companies must come from revenue generated here. Trie brought the Chinese arms dealer, Wang Jun, to the White House coffee.

And new scrutiny has been focused on Pauline Kanchanalak, a Thai businesswoman who was permitted to bring five business associates—including three top officials of a huge Thai conglomerate—to a White House coffee with Clinton. Only three other guests from outside the DNC and White House were present at the session, which was dominated by discussion of U.S.-China policy. The Thai conglomerate, the C.P. Group, is among the largest foreign investors in China. On the same day as the coffee, which was attended by Huang, Kanchanalak and her sister-in-law, Duangnet Kronenberg, contributed $135,000 to the DNC, and Kanchanalak gave another $50,000 the following month.

White House records show that Kanchanalak, an international business consultant who is a legal permanent resident of the United States, visited the White House at least 26 times during the start of the Clinton administration, many of them to attend lunches, dinners and coffees for big party donors. But the DNC returned $253,000 contributed by Kanchanalak after she said that the money belonged not to her but to her mother-in-law and that she did not understand how the DNC could have been under the misimpression she had given.

Though the story is still developing, said Charles Lewis of the Center for Public Integrity, "What we've learned is how out of control our political process is when it comes to money. . . . The idea that this billionaire [James Riady] goes into the White House 20 times and has a former employee on the payroll of the administration and the DNC, and hundreds of thousands are washing through the party and seemed also to be washing in through people with no known assets show us a system run amok.

"That is not a partisan problem, it is a wider democracy problem. The people that are subsidizing our political process are those interests that want to benefit from the process financially, and that part of the story is still unfolding."

**FOR MORE INFORMATION**

*To review the key figures and events in the DNC campaign funds controversy, click on the above symbol on the front page of The Post's site on the World Wide Web at http://www.washingtonpost.com*

## THE PLAYERS IN THE DEMOCRATIC MONEY CONTROVERSY

Trie

**CHARLES YAH LIN TRIE**
Longtime Arkansas friend of President Clinton, who used to dine at Trie's Little Rock restaurant. The international consultant and member of a presidential trade commission delivered $640,000 in questionable donations to the Clintons' Whitewater legal defense fund this spring. The money was later returned.

**WANG JUN**
A Chinese government weapons dealer who attended a White House reception held by Clinton last February. Trie arranged the invitation. The president has said it was inappropriate for Wang, whose company later was implicated in arms smuggling into the United States, to attend.

James Riady

**MOCHTAR AND JAMES RIADY**
The patriarch and his son, respectively, of Indonesia's Lippo Group conglomerate. Family members and Lippo associates have contributed heavily to Clinton and the Democrats over the years. James Riady made numerous visits to the White House, including six in which he met with the president.

Huang

**JOHN HUANG**
Chief of Lippo's U.S. operations before his appointment to a senior Commerce Department position and later transfer to the DNC as a fund-raiser. He raised an estimated $3.4 million this election year, much of which was returned because of questions about the donations' origins.

**MARK MIDDLETON**
An international businessman and former White House aide who solicited funds in Asia for a foundation refurbishing Clinton's childhood home in Hope, Ark., to make it into a tourist attraction.

Hai

**HSI LAI BUDDHIST TEMPLE**
Vice President Gore attended a controversial fund-raiser with Asian Americans in April at the temple in Hacienda Heights, Calif.

**SUMA CHING HAI**
Leads a Taiwan-based Buddhist sect whose members gave the bulk of the contributions Trie delivered to Clinton's legal defense fund.

SOURCE: Associated Press

The Washington Post
SUNDAY, DECEMBER 29, 1996

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# White House Says Clinton Aide Was Not an Actual Fund-Raiser

By TIM WEINER

WASHINGTON, Dec. 28 — The White House said today that President Clinton's top Asian-American aide did not improperly raise campaign money or directly participate in fund raising.

The White House special counsel, Lanny J. Davis, took pains to distinguish between the role played by the aide, Doris Matsui, a deputy assistant to the President responsible for liaison with Asian-Americans, and a committee Ms. Matsui headed, the Asian Pacific American Working Group. The committee coordinated the activities of the White House, the Democratic National Committee and the Clinton-Gore campaign with regard to Asian-Americans.

The New York Times reported today that the working group, which included John Huang, a D.N.C. official, devised a campaign strategy that included raising $7 million from Asian-Americans and offering rewards to large donors, including invitations to the White House.

D.N.C. records show that a strategy paper called the working group the coordinator of "all White House, Democratic National Committee and Clinton/Gore 1996 activities for the Asian Pacific American community." Mr. Davis said today he believed that, contrary to the document, the group had not coordinated all campaign activities involving Asian-Americans.

Mr. Davis also said that while the strategy paper might have been sent to Ms. Matsui, she never read it. He added that it would have been illegal for Ms. Matsui, as a White House official, to raise money for the Presidential campaign. "Ms. Matsui has not engaged in any solicitations of contributions or any improper fund-raising activity," he said.

Ms. Matsui was traveling on Friday and could not be reached for comment. But Mr. Davis said that the White House considered it "proper and appropriate for a member of the White House staff to encourage citizens who are supporters and contributors to offer their input to the White House."

Mr. Davis contended that The New York Times had implied that Ms. Matsui was part of a group known as the Asian Pacific American Leadership Council, which he implied was a fundraising group. But the article in The Times said that the council was a group of donors, not fund-raisers.

The Asian Pacific American Working Group included Ms. Matsui; Mr. Huang; Maria Haley, director of the Export-Import Bank of the United States, who played a role in helping Mr. Huang get a job as a Commerce Department official in 1994; Ginger Lew, general counsel to the Commerce Department, and several staff members of the Democratic National Committee.

The 33-page document said that the fund raising would be done by the D.N.C., with the White House offering invitations to contributors as a "reward." The role of Mr. Huang in raising at least $1.2 million in improper contributions is under investigation by the Justice Department and Congressional panels.

The New York Times
SUNDAY, DECEMBER 29, 1996

## Clinton Presidential Records
## Digital Records Marker



Divider Title: **Dec. 28, 1996**

# DEMOCRATS HOPED TO RAISE $7 MILLION FROM ASIANS IN U.S.

## WHITE HOUSE HAD A ROLE

### Strategy Was to Offer Largest Donors Access to Clinton, According to Records

THE NEW YORK TIMES
SATURDAY, DECEMBER 28, 1996

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By TIM WEINER and DAVID E. SANGER

WASHINGTON, Dec. 27 — A White House official and a leading fund-raiser for the Democratic National Committee helped devise a strategy to raise an unprecedented $7 million from Asian-Americans partly by offering rewards to the largest donors, including special access to the White House, the committee's records show.

The strategy is laid out in a "National Asian Pacific American Campaign Plan," which was included among 3,000 pages of the committee's records made public over the last week. Those records, drawn largely from the files of John Huang, the committee's chief fund-raiser in Asian-American communities, suggest that the party's goal of raising the $7 million helped create a high-pressure atmosphere that led to at least $1.2 million in improper donations.

The records, and interviews with donors, show that Mr. Huang told potential contributors that the time was ripe for them to win the political clout that had eluded Asian-Americans for a century. Political contributions were the path to power, he told them. Writing big checks would open doors for this generation and the next.

In many instances, Mr. Huang meant that quite literally. His files — including business cards, campaign memorandums and canceled checks from contributors — leave little doubt that the quid pro quo promised in exchange for large donations was in many cases a face-to-face meeting with the President.

Mr. Huang and Doris Matsui, a deputy assistant to President Clinton and the wife of Representative Robert Matsui, a California Democrat, helped create the fund-raising strategy, the records show. As part of that strategy, members of the Asian Pacific American Leadership Council — a title conferred on people who gave at least $10,000 and companies that gave at least $15,000 to the Democratic committee — were to receive an invitation to the White House.

The plan was to "reward A.P.A.L.C. members by inviting them to special White House or other events" with the President and to "solicit input," the records show. Responsibility for orchestrating that reward fell to the White House, the Clinton-Gore campaign and the Democratic committee.

Those meetings often featured dis-

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cussions of Mr. Clinton's policies toward Asian nations, especially China, though no evidence has surfaced suggesting that the donors won changes in policy. Instead, the Democratic Party capitalized on decisions the President had already made — to extend China's preferential trading rights, to come to Taiwan's defense, to seek changes to the immigration and naturalization laws — to lure Asian-American donors.

The Justice Department is examining the legality of the donations solicited by Mr. Huang. They are also being scrutinized by a Congressional panel that asked the Democratic National Committee to make the documents available last week. Although Amy Weiss Tobe, a committee spokeswoman, declined to comment on the strategy plan, Lanny J. Davis, the White House special counsel, said, "We will review this document and have a reaction to it, if appropriate, in the next several days."

As the pressure to raise money intensified this spring to pay for television commercials and other campaign expenses, Mr. Huang, who joined the Democratic committee in December 1995 after a stint as a mid-level Commerce Department official, veered into forbidden territory. He took donations improperly from foreign corporations and from people who were neither American citizens nor foreign citizens living legally in the United States. And when Mr. Huang's fund-raising efforts went wrong, they usually went wrong with very large checks.

In some cases, those checks were drafted on the same day that a meeting was set up with Mr. Clinton. In one case, $250,000 bought a brief, and apparently somewhat comical, meeting at the Sheraton Carlton Hotel here between Mr. Clinton and a South Korean entrepreneur who had vague plans to build an electronics plant in Carson, Calif.

The entrepreneur spoke no English. Rather than labor through an uncomfortable conversation, he had his picture taken with the President and then left the dinner, eating instead with his entourage at a nearby Chinese restaurant.

In another case, Mr. Clinton's meeting with three business executives from the C.P. Group, a huge Thai conglomerate with interests in China and elsewhere in Asia, came within days of $185,000 in contributions from a Thai-American businesswoman, Pauline Kanchanalak. The Democratic committee later returned those donations, saying the money might not have come directly from Ms. Kanchanalak, as required by campaign law. The committee has offered a vague explanation, saying the money may have been given by a relative of hers.

And there are hundreds of thousands of dollars in checks from Arief and Soraya Wiriadinata, an Indonesian couple who appear on seating charts at a private dinner with Vice President Al Gore along with Mr. Huang and Charlie Yah Lin Trie, an Arkansas restaurateur and self-styled Asian trade adviser who personally delivered $639,000 in improper contributions to President Clinton's legal defense fund earlier this year. Those contributions have also been returned.

In March, Mr. Trie arranged for one of China's top weapons dealers to attend a private briefing with Mr. Clinton. Mr. Clinton now says he did not know who the Chinese official was, and says his attendance at the small briefing was "inappropriate."

In total, at least $1.2 million of the $3.4 million Mr. Huang raised came from questionable sources and has been returned. That money has become the greatest sum of campaign cash to come under Federal investigation since President Richard M. Nixon's 1972 re-election drive.

The Asian-American fund-raising effort was conceived by the Democratic committee and coordinated with the White House and the Clinton-Gore campaign, the records show. It was driven by a single stark statistic: Mr. Clinton received only 31 percent of the Asian-American vote in 1992 while President George Bush won 55 percent. Campaign money had flowed accordingly.

To reverse that situation, Mr. Huang joined the Democratic com-

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mittee in December 1995 and served on the committee's Asian Pacific American Working Group. The group, formed in February, included Ms. Matsui, the highest-ranking Asian-American in the White House; Maria Haley, director of the Export-Import Bank of the United States, who played a role in helping Mr. Huang obtain his job as a Commerce Department official in 1994; Ginger Lew, general counsel to the Commerce Department, and several staff members of the Democratic National Committee.

Its goal was to "coordinate all White House, Democratic National Committee and Clinton/Gore 1996 activities for the Asian Pacific American community," with an emphasis on fund raising, a strategy paper in the committee's records show. "Legal constraints" required the committee to raise the money, but the White House would help with the politics, said the paper, drafted in March and completed in April.

Mr. Huang had already organized "the largest Asian Pacific American fund-raising event in D.N.C. history," garnering more than $1 million at a Feb. 19 dinner with Mr. Clinton and a Feb. 20 breakfast with Mr. Gore, the paper said. But the goal, it said, was $7 million. And the pressure to reach that goal led to the string of questionable donations.

In March, Mr. Huang was approached by the Mayor of Carson, Calif., who also was a consultant for Japanese, Korean and Chinese enterprises. The Mayor, Michael I. Mitoma, had a client who wanted to meet the President. Mr. Huang solicited a $250,000 donation — since returned — from the client, called Cheong Am America, Inc., the Los Angeles subsidiary of a little-known South Korean company. The donation was illegal. Cheong Am had no revenues in the United States, meaning that the funds in the April 8 check, a copy of which was in Mr. Huang's files, were funneled to the Democratic National Committee from abroad.

Handwritten notes in Mr. Huang's files strongly suggest that the Democrats could have known Cheong Am had no business activities in the United States. A flow chart of the Cheong Am Business Group, also in the files, shows no American subsidiary.

The company's chairman, a South Korean known as John Lee, had convinced Mr. Mitoma that his company might spend $150 million to build a giant outdoor television-screen factory in the city. But he wanted to talk to the President about it.

In a telephone conversation, Mr. Mitoma said Mr. Lee had wanted to buy every seat at the dinner, at a cost of $500,000. But the Democratic committee would not let him.

So, he said, Mr. Clinton "just smiled, stood for a picture and said 'adios'" to Mr. Lee. "I would have been livid, if it had been my money," Mr. Mitoma said. But Mr. Lee, he said, "went away happy."

After Mr. Clinton's brief meeting with Mr. Lee at the Sheraton Carlton Hotel in Washington, Mayor Mitoma wrote the President suggesting more meetings when he visited South Korea later that month. He asked to introduce the President to "Chairman Chong who heads the largest industrial group in Korea," misspelling the group's name as Hundai.

He appeared to be referring to the honorary chairman of the Hyundai Group, Chung Ju Yung, who unsuccessfully ran for President of South Korea in 1992 and was subsequently convicted of diverting $62 million of the company's funds to his campaign. His company was convicted earlier this year of bribing former South Korean leaders.

The meeting never took place. A handwritten notation to Mr. Huang from another Democratic committee official, who signed the note only as "D," says "President Clinton cannot see these folks in Korea. This is *important*."

There is no question that Mr. Huang's legal fund raising struck a chord with many Asian-Americans who felt they had long been excluded by the political and policy-making process. Chi Wang, a Library of Congress employee, said he had been persuaded by Mr. Huang to buy $25,000 worth of tickets to a Clinton fund-raising party.

"I've lived in Washington a long time, 40 years," Mr. Wang said in an interview. "Nobody had every asked me for a large contribution. Huang said Asian-Americans don't get involved in American policy. And he tried to tell me that I should participate."

Yet the controversy has also angered some of the Asian-Americans whom Mr. Huang said he wanted to escort to political power.

"Now everybody asks us questions," said Richard Yeh, an executive of Kang Long Agriculture in South El Monte, Calif., whose company wrote a legal contribution for $12,500 at Mr. Huang's behest. "I think that no one now will want to donate when they are asked next time."

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THE NEW YORK TIMES, FRIDAY, DECEMBER 27, 1996

# Actions by Donor Raise New Questions About Buying Access to President

By STEPHEN LABATON

WASHINGTON, Dec. 26 — A large contributor of questionable donations to the Democratic Party brought one of Asia's wealthiest business executives to meet with President Clinton last summer at a White House kaffeeklatsch that was sponsored by the Democratic National Committee, Administration officials said today.

The contributor who arranged the meeting, Pauline Kanchanalak, is a central figure in investigations into allegations of improper fund raising by the Democrats and was a frequent visitor to the White House, seeing Mr. Clinton at least 10 times, according to security records disclosed today.

The disclosure raises new questions about whether large donors were, in effect, buying access to President Clinton for other people who could neither vote nor contribute money to the campaign.

The White House disclosed last week that Charles Yah Lin Trie, a major donor and fund-raiser under investigation, had arranged for a Chinese weapons dealer to meet with Mr. Clinton at a Democratic Party event at the White House.

Five weeks ago, the Democratic committee announced that it would return $253,500 in donations that were improper because they were listed in Mrs. Kanchanalak's name but, the committee determined, might have actually been supplied by a relative.

Mrs. Kanchanalak, a citizen of Thailand, arranged the White House meeting for executives from the Charoen Pokaphand Group, a Thailand-based conglomerate that is one of Asia's largest and most successful business empires. In some two dozen countries, the group controls more than 250 companies that produce everything from chickens and shrimp to petrochemicals, motorcycles and telecommunications equipment.

Barely known in the United States, the group is believed to be the largest foreign investor in China. A recent article in The Financial Times estimated that Dhanin Chearavanont, the chairman of the C. P. Group, as the conglomerate is known, is the 12th richest man in Asia.

Mr. Dhanin, joined by two other company executives, appeared with Mrs. Kanchanalak at the meeting on June 18. The White House would not say what was discussed at the meeting, which was attended by five other guests, as well as by Mr. Clinton, and three Democratic committee officials — Donald L. Fowler, the national chairman, Marvin S. Rosen, the finance chairman, and John Huang, the finance vice-chairman.

White House officials today defended this and other visits by Mrs. Kanchanalak.

"It is not uncommon in this or in previous Administrations for supporters and interested parties to attend briefings and other events at the White House to meet with the President and others," said Lanny J. Davis, a special White House counsel.

Mr. Davis said that although it was not surprising that some visitors might have contributed to the Democratic Party or to the President's re-election campaign, "no governmental action resulted from any campaign contribution."

*A frequent visitor to the White House is a central figure in inquiries on improper fund raising.*

Still, officials at the Democratic committee and the White House have acknowledged that they were lax in monitoring both the source of contributions and the people they were recommending as guests to the White House.

Internal documents disclosed recently by the Democratic committee suggest that the meeting with the C. P. group executives was part of a fund-raising effort organized by the Democratic committee. But White House officials emphasized today that no money actually changed hands at the White House, something that would be unlawful.

For the last few years, Mrs. Kanchanalak has worked in Washington for another large Thai conglomerate, the Ban Chang Group. White House security records show that since 1993, she has visited the White House 26 to 33 times, attending a variety of dinners and kaffeeklatsches sponsored by the Democratic committee as well as meetings with officials from the National Security Council.

The records also show that she had met with Vice President Al Gore at least twice. At least once, she was part of a delegation that went to the White House with the Deputy Prime Minister of Thailand. During her visits, Mrs. Kanchanalak alternated between using her married name and her maiden name, Pornpimol Parichattkul.

Most of the money from Mrs. Kanchanalak was solicited by Mr. Huang, who, before joining the Democratic committee, had been a trade official at the Commerce Department. So far, some $1.2 million of the $3.4 million raised by Mr. Huang has been returned after the committee found that the donations were inappropriate.

The relationship between Mrs. Kanchanalak and Mr. Huang has become a focus of Federal prosecutors and Congressional investigators who have begun to examine the fund-raising efforts by the Democrats.

While at the Commerce Department, Mr. Huang recommended that Mr. Clinton take part in a ceremony for the establishment of a United States-Thai business council. Both Mr. Clinton and the Prime Minister of Thailand dropped in on the inauguration of the council at an Oct. 6, 1994, meeting at the White House.

Mrs. Kanchanalak, who met with officials at the White House to discuss the business council, was in contact with Mr. Huang at the time, according to records at the Commerce Department. Among her donations was one for $32,500 to the Democratic committee on Oct. 20, 1994.

Mrs. Kanchanalak did not respond to telephone messages today seeking comment.

THE WASHINGTON POST
FRIDAY, DECEMBER 27, 1996

# After White House Coffee, a Big Donation

## *Thai Businesswoman Brought 5 Associates to Event, Wrote Check to DNC*

By Ruth Marcus
Washington Post Staff Writer

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A Thai businesswoman who is a major donor to the Democratic Party brought five business associates to a White House coffee with President Clinton, the same day she and a relative gave $135,000 to the Democratic National Committee, the White House said yesterday.

The business associates brought to the White House by the donor, Pauline Kanchanalak, included three top officials of a Thai business conglomerate with extensive interests in China. The primary topic of conversation at the hour-long June 18 session was U.S. policy in China, according to one participant invited by Kanchanalak, Karl Jackson of the U.S.-Thai Business Council.

DNC press secretary Amy Weiss Tobe said the coffee was also attended by DNC Chairman Donald Fowler, finance chairman Marvin Rosen and fundraiser John Huang, who was responsible for encouraging contributors in the Asian American community and who had ties to Kanchanalak dating to his time as a Commerce Department official.

Although Clinton held several dozen coffees with big donors as part of the DNC's fund-raising push, the June 18 coffee appears to have been unusual in that Kanchanalak and her five invitees dominated the guest list. Only three other people from outside the White House and DNC attended the session, first reported Tuesday by the Wall Street Journal.

According to DNC documents, the same day as the coffee, Kanchanalak gave $85,000 to the DNC, although her check is dated June 19. She followed that with another $50,000 in July. Also the same day as the coffee, Duangnet Kro-

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nenberg, Kanchanalak's sister-in-law, contributed $50,000.

DNC internal accounting records indicate the "event location" listed for the two checks as "WH coffee" and "6/18/96 coffee—WH." Fund-raising is not allowed inside the White House.

Kronenberg, who did not attend the coffee, said she gave the money independently of Kanchanalak and did not know about the event when she wrote the check. Tobe said the fact that the donations arrived the same day as the coffee was "a coincidence because there's no sticker price to go to White House events. If someone decides to give after going to a DNC-sponsored event, there's nothing wrong with that." Asked how the guest list was put together, she said Kanchanalak "asked to bring these people with her and we put them on the list."

White House special counsel Lanny Davis said "it should not be surprising that after hearing the president, many of the attendees might have been motivated to support the president and the Democratic national party, including financial support." He said that "to the best of our knowledge, no funds were solicited by anyone in the White House at White House events" and that "no governmental action resulted from any campaign contribution to the president's campaign or to the DNC."

The DNC last month returned $253,000 given by Kanchanalak, after she said the money was actually given by her mother-in-law, Praitun Kanchanalak. As a legal permanent resident of the United States, Kanchanalak is allowed to make political donations, but federal election law prohibits making donations in the name of another.

The June 18 coffee was not the only event at which large donors to the party were allowed to invite guests to meet the president, a practice that the DNC and White House have said they are reviewing. Clinton said last week that it was "clearly inappropriate" for Little Rock businessman Charles Yah Lin Trie to bring to the coffee Wang Jun, the head of a Chinese weapons trading company.

The White House said yesterday it could not comment on whether it was appropriate for Kanchanalak to bring to the coffee top officials of the Thai company, Charoen Pokphand Group, known as CP Group, Thailand's largest multinational corporation. Kanchanalak also brought with her two officials of the U.S.-Thai Business Council, a group that promotes U.S. trade policies favorable to Thailand, and which Kanchanalak helped organize.

She had earlier enlisted Huang's help, while he was working at the Commerce Department, to help her get Clinton administration backing for the U.S.-Thai Business Council. Kanchanalak also made contributions to the DNC in 1994 around the same time that Huang helped her in that effort.

The White House released information about Kanchanalak's White House visits to Rep. Benjamin A. Gilman (R-N.Y.), chairman of the House Committee on International Relations. The information shows that Kanchanalak was at the White House at least 26 times since the start of the Clinton administration.

They included a number of meetings with the president, including various DNC sponsored events and a meeting of the U.S.-Thai Business Council that was briefly attended by Clinton and the Thai prime minister. She also was at two sessions with Vice President Gore, including one October 1995 meeting at which the Thai deputy prime minister brought her as part of his official party.

She also discussed the U.S.-Thai Business Council with Sandra Kristoff, a National Security Council official specializing in Asia, and Mark Middleton, a former aide to White House counselor Thomas F. "Mack" McLarty. Middleton now has business dealings in Asia and connections to both Huang and Trie.

*Staff researcher Barbara J. Saffir contributed to this report.*

THE WALL STREET JOURNAL
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# Big Donor to DNC Arranged Meeting Of Clinton, Major Thai Conglomerate

By GLENN R. SIMPSON
*Staff Reporter of* THE WALL STREET JOURNAL

WASHINGTON — A Thai-American woman who gained access to the White House through her sizable contributions to the Democratic National Committee obtained a private meeting with President Clinton for the top executives of Thailand's largest business conglomerate.

Democratic National Committee records show that the businesswoman, Pauline Kanchanalak, made some $185,000 in contributions to the DNC in conjunction with the June 18 meeting, as previously reported. DNC records identify the meeting as a fund-raiser, but officials deny that was the purpose.

The three businessmen are the top executives of **CP Group**, a huge conglomerate with business interests throughout Asia. The company has extensive holdings in China, and the topic of the White House meeting was U.S. policy toward China. Ms. Kanchanalak is affiliated with another Thai conglomerate, **Ban Chang Group**, as well as the Thai government.

On a recent trip to Thailand, the only private businessman with whom Mr. Clinton met was CP Group's chief executive, Khun Dhanin, one of those who attended the June 18 White House meeting.

The White House identified the businessmen last night after numerous media inquiries. The administration has continued to resist and delay giving out information about potentially damaging meetings and letters. With regard to the meetings, although the Secret Service keeps computerized records of everyone who enters the White House, spokesmen for the White House say that the logs to which they have access are on paper and thus harder to search.

Ms. Kanchanalak visited the White House between 26 and 33 times, the White House disclosed yesterday. Seven of those meetings were for major Democratic donors. On three occasions, Ms. Kanchanalak met with an official of the National Security Council. Twice, she met with Mark Middleton, who in 1995 left the White House to pursue a career doing business deals in Asia based on his White House connections.

The more than $200,000 that Ms. Kanchanalak contributed to the DNC was recently returned when she said the money wasn't really hers. She and her attorney haven't commented on recent developments.

Ms. Kanchanalak first became active in Washington politics after she set up a group called the U.S.-Thai Business Council in 1993, with backing from then-Commerce Secretary Ron Brown and financial support from Ban Chang. Also at the White House meeting were two Business Council executives, Karl Jackson and Clark Wallace.

Another significant player in the council is Mark Grobmeyer, a friend of President Clinton and Vice President Al Gore who has also sought to do business in Asia based on his White House ties.

# Thai contributor made 26 visits to White House

## $250,000 from her was returned

The Washington Times

★ FRIDAY, DECEMBER 27, 1996

By Warren P. Strobel
THE WASHINGTON TIMES

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A Thai businesswoman who donated heavily to the Democratic National Committee visited the White House at least 26 times and brought Thai business executives to a small coffee meeting with the president in June, officials disclosed yesterday.

The meeting with the president was sponsored by the DNC, which last month returned more than $250,000 in donations from the businesswoman, Pauline Kanchanalak.

While administration spokesmen insisted there is no evidence that anything improper occurred, the revelations are expected to heighten questions about access to the White House. They follow revelations last week that a longtime Clinton ally, Charles Yah Lin Trie, brought a Chinese arms dealer to a meeting with the president.

In all, Mrs. Kanchanalak went to the White House for at least 10 events where Mr. Clinton was to be present between January 1993 and November 1996, according to information released by the White House. Also among them was an Oct. 6, 1994, meeting in the Roosevelt Room of her U.S.-Thai Business Council, which Mr. Clinton attended briefly.

Shortly after that meeting, Mrs. Kanchanalak made a large donation to the DNC.

The DNC last month returned $253,500 in contributions by Mrs. Kanchanalak, who also goes by the

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# CLINTON

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name Pornpimol Parichattkul, after she said some of the money came from her mother-in-law.

Those contributions are among the funds being investigated by a special Justice Department task force and various congressional committees.

John Huang, a former DNC fund-raiser and Commerce Department official whose activities are at the center of the investigations, worked closely with Mrs. Kanchanalak and lobbied the White House to host the inaugural meeting of the U.S.-Thai Business Council, according to previous reports.

White House officials said there was nothing inappropriate about Mrs. Kanchanalak's visits to the White House over the past three years.

But they could not explain why the meeting of a private business organization was held in so prominent a place as the White House's Roosevelt Room, or why the officers of the Bangkok-based firm were present at an event sponsored by the DNC and attended by Mr. Clinton.

Mrs. Kanchanalak, who heads the Washington consulting group Ban Chang International, did not return messages left on her home answering machine last night.

White House Special Counsel Lanny Davis said that White House briefings for supporters of the president have long been common practice and that Mr. Clinton spoke at such events "in the same fashion" as he did during public campaign appearances.

"To the best of our knowledge, no funds were solicited by anyone in the White House at White House events," Mr. Davis said. "No governmental action resulted from any campaign contribution to the president's campaign or to the DNC."

The subject of White House visits by Clinton supporters received fresh attention last week with revelations about Mr. Trie, a Little Rock restaurateur and longtime friend of Mr. Clinton who collected $640,000 in donations to the president's legal-defense fund that were later returned.

Mr. Trie visited the White House at least 23 times since January 1993. Among his guests at one event where Mr. Clinton spoke was Chinese arms dealer Wang Jun. The president acknowledged that Mr. Wang's presence at the White House was "clearly inappropriate."

Since the president's statement of displeasure, new efforts have begun to tighten up procedures for screening guests of White House invitees, an official said.

Mrs. Kanchanalak's visits to the White House were disclosed in a letter yesterday from Jack Quinn, the outgoing White House legal counsel, to Rep. Benjamin A. Gilman, New York Republican and chairman of the House International Relations Committee.

According to a summary of Secret Service logs provided to the committee, she was cleared to visit the White House on 33 occasions, and appeared to have actually entered the complex on 26 occasions. Officials cautioned that it is difficult to pin down the precise number of visits because the logs are not used for record keeping and because Mrs. Kanchanalak apparently signed in under different names.

Among the 10 presidential events Mrs. Kanchanalak attended was the June 18, 1996, "DNC Coffee." Such events usually involve small groups of the president's contributors and supporters, and their guests.

White House officials said Mrs. Kanchanalak brought five guests to that event, including Khun Dhanin, the chairman and chief executive officer of Bangkok-based Charoen Pokaphand Group Co. Ltd., and two other top officers of the company, including his older brother. C.P. Group, as it is known, has joint ventures with Ford Motor Co. and Nynex.

It was not known last night whether any of the three or their company was a contributor to the DNC in recent years.

The other two guests were Karl D. Jackson, president of the U.S.-Thai Business Council, and Clark S. Wallace Jr., the group's executive director.

Mr. Jackson, a member of the National Security Council staff specializing in Asia during the Bush administration, was among the guests at a state dinner for Mr. Clinton when he visited Thailand last month.

Mrs. Kanchanalak played a key role founding the council, which is meant to promote investment and cooperation between the private sectors in the United States and Thailand.

The group held its first meeting at the White House in October 1994 and was briefly joined by two high-level visitors — Mr. Clinton and Thailand's prime minister at the time.

According to newspaper reports, Mrs. Kanchanalak visited Mr. Huang at his Commerce Department office 12 days after the White House event and, two days after that, contributed $32,500 to the Democratic National Committee.

While disavowing any use of the White House for fund raising, Mr. Davis said, "It should not be surprising that after hearing the president [at such events], many of the attendees might have been motivated to support the president and the Democratic Party, including financial support."