RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Rochester M. Johnson (CN=Rochester M. Johnson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:16-JUL-1997 14:54:53.00

SUBJECT: transcript attached

TO: Charles W. Burson (CN=Charles W. Burson/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TEXT:
=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

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tSENATEGOVERNMENTALAFFAIRSSPECIALINVESTIGATIONSCOMMITTEEHOLDSDAYFOUROFHEARINGS

ONCAMPAIGNFINANCEJULY15,1997SPEAKERS:U.S.SENATORFREDTHOMPSON(R-TN),CHAIRMANU.S.
SENATORSUSANM.COLLINS(R-ME)U.S.SENATORSAMBROWNBACK(R-KS)U.S.SENATORPETEV.DOMENI
CI(R-NM)U.S.SENATORTHADCOCHRAN(R-MS)U.S.SENATORDONNICKLES(R-OK)U.S.SENATORARLEN
SPECTER(R-PA)U.S.SENATORROBERTC.SMITH(R-NH)U.S.SENATORROBERTBENNETT(R-UT)U.S.SE
NATORJOHNGLENN(D-OH),RANKINGU.S.SENATORCARLLEVIN(D-MI)U.S.SENATORJOSEPHI.LIEBER
MAN(D-CT)U.S.SENATORDANIELK.AKAKA(D-HI)U.S.SENATORRICHARDJ.DURBIN(D-IL)U.S.SENA
TORROBERTG.TORRICELLI(D-NJ)U.S.SENATORMAXCLELAND(D-GA)MICHAELMADIGAN,CHIEFMAJOR
ITYCOUNSELALANBARON,CHIEFMINORITYCOUNSELJULIANAUTOMO,HIPHINGHOLDINGSEMPLOYEE/
CO
NSULTANTTHOMASHAMPSON,SUMMARYWITNESSONLIPPOGROUPHAROLDARTHUR,FORMERLIPPOE
XECUTI
VEJAMESA.ALEXANDER,FORMERLIPPOEXECUTIVEGARYCHRISTOPHERSON,FORMERWHITEHOUSEOF
FIC
IALPAULBUSKIRK,COMMERCEDEPARTMENTOFFICIALPAULAGREENE,FORMEREMPLOYEE,STEVENS,I
NC

. '& [*]THOMPSON:Themeetingwillcometoorder,please.TheSenateGovernmentalAffairs Committeecontinuesitsinvestigationtodayintoillegalandimproperactivitiesassociat edwiththe1996federalelectioncampaigns.Lastweek,thecommitteeheardtestimonythatLi ppoexecutivesandLippoconsultantsandotherssoughttoconvincetheDemocraticNationalC ommitteetohireMr.Huangasafundraiser.CertainpeoplewereconcernedaboutMr.Huang'sac tivities--puttingthepresidentinsmalldinnersituationswithforeignnationalswhocoul dnotcontribute,althoughtheyweresupposedtobefundraisingactivities--andothermatte rsthatcausedMr.SullivanandapparentlysomeotherstobeconcernedattheDNC.Thenitturne doutMr.Huangfacilitatedtheraisingofhundredsofthousandsofdollarsinillegalcontrib utionsthathavebeenshownbythecommittee'sinvestigationtobeofforeignorigin.Today,w e'llhearfromsomeofthefewpeoplewhoworkedatLippowhohaveremainedintheUnitedStates. We'lllookatMr.JohnHuang'sactivitieswhenheworkedatLippo,includingwhetherheengage dinillegalmoneylaunderingthere.Ithinkthesignificancethereisthat,apparently,both Mr.HuangandLippowereperfectlywillingandadeptatputtingillegalmoneyintotheUnitedS tates.We'llalsoexamineLippo'srelationshiptothePeople'sRepublicofChina.Thenwe'll considerMr.Huang'sactivitieswhileheasemployedattheCommerceDepartment.We'llconsi derthenatureoftheinformationthathehadaccessto.Someofthisinformationcanbedisclos edinpublicsession,butsomeofitwillhavetobedisclosedinexecutivesessionofthiscommi ttee.Thenwewillexaminewhatcommunicationshehadduringthattimeandwhatpossibilities therewereforthedisseminationofthatinformation.LastFridayfollowingthecompletiono ftheappearanceofthecommittee'switness,formerDNCfinancedirectorRichardSullivan,t heDNCproduceddocumentstothecommitteethathadbeencopiedtoMr.Sullivan,amemorandum- -aseriesofmemorandums--toMr.FowlerfromDavidMercer(ph),whoworkedforMr.Sullivan. ,(#- Thedocuments--theywererelevanttoMr.Sullivan'sexaminationandwereproducedthe dayafterMr.Sullivanconcludedhisexamination.These--we'regoingtomakethesedocument sapartoftherecordandfollowuponthem.Theybasicallysetforthprettyclearevidencethat aforeigncitizen--Ithinkthroughhiswife--offeredtomakealargecontribution,$100,000 ,totheDNCinreturnforassistanceinarrangingforameetingwithatopnationalsecurityoff icial.ThesedocumentsclearlyappeartobeapartofwhatshouldhavebeentheDNCresponse.We wanttocheckonthatandmakesureandwe'llhaveanappropriateresponseasfarasthecomplian ceissueisconcerned.Butwewillmaketheseapartoftherecordatthistime,andfollowuponth ataccordingly.Beforewecallourfirstwitness,I'llcallonSenatorGlennforanystatement shewants...GLENN:Mr.Chairman,Ihavenoopeningstatementtoday.Wediscussedthisonthe- -thestuffyouenteredinto--thematerialyouenteredintotherecordhere.Wewanttocheckso meofthosethingsout,too.Sowelookforwardtodiscussingthat.THOMPSON:Allright.GLENN: Thankyou.THOMPSON:OK.We'llcallJulianaUtomo,please.Mr.Wexler(ph),goodmorning.WEX LER(ph):Goodmorning.THOMPSON:Ms.Utomo,thankyouforbeinghere.THOMPSON:Wouldyouple asestandandraiseyourrighthandplease.Doyoupromisethatthetestimonythatyouareabout togiveisthetruth,thewholetruth,andnothingbutthetruth,sohelpyouGod?Thankyouverym uch. ,(#- Iunderstandthatyouhavenoopeningstatement,soifwemay,we'lljustproceedwi thquestions.Isthat...WEXLER(ph):That'scorrect.THOMPSON:OKwithyou?WEXKER(ph):Tha twouldbefine.THOMPSON:Allright.Thankyou.Mr.Madigan.MADIGAN:Goodmorning,MsUtomo. UTOMO:Goodmorning.MADIGAN:Thankyouverymuchforbeingherethismorning.UTOMO:You'rew elcome.MADIGAN:Letmestartbyaskingyoualittlebitaboutyoureducationalbackground.Co uldyoutellthecommitteeaboutit?UTOMO:Mybackgroundisfromarchitecture,engineering, andalsoconstructionmanagement.MADIGAN:Andinabout1988,didyoubeginworkforoneofthe LippocompaniesintheUnitedStates?UTOMO:Yes,withHipHingHoldings.MADIGAN:Couldyoup erhapspullthatmicrophonealittlebitcloser?Tellthecommittee,ifyouwould,howitcamet obethatyoubeganworkforHipHingHoldings.DidMr.Riadyhireyou?UTOMO:Yes,hedid.MADIGA N:Andhowdidthathappen,briefly,ifyouwould?UTOMO:Actually,westudy,wefinishmasterd egreeatCleveland,OhioinMay1988,andmyhusbandgotajobinLosAngeles,soIjustsentaresu metoHipHingHoldingtoMr.Riady,ifthereisanyopeningforme.MADIGAN:Nowduringthefirst periodoftimethatyouworkedforHipHingHoldings,didyoureportdirectlytoMr.Riady? ,`" , UTOMO:Forthefirstfewmonths,yes.MADIGAN:DidtherecomeatimewhenyouworkedforHipHi ngthatyoureportedtoMr.JohnHuang?UTOMO:Yes.AfterMr.Riadyleft.MADIGAN:Nowtellme,i fyouwould,whenthatwastothebestofyourrecollection.UTOMO:Approximatelyin1989or'90 .Icannotrememberexactlytheyear.MADIGAN:Aroundthetimeperiodof1989to1990,Mr.Riady lefttheUnitedStatesandmovedbacktoJakarta.Isthatright?UTOMO:Yes.MADIGAN:Nowwheny ouwerefirstwithHipHingHoldings,Mr.RiadylivedinLosAngeles,isthatright?UTOMO:Yes. MADIGAN:Upuntilthistimeframethatyoutoldusabout?UTOMO:Yes.MADIGAN:NowamIcorrectt hatyouworkedatHipHingonafull-timebasisuntil1996andthatyoustillworkforHipHingnow onaconsultingagreement?Isthatright?UTOMO:Yes,butafterMarch'94Ididn'tcomeforthef ulleighthours.MADIGAN:DuringthetimethatyouworkedinHipHing,let'stakethe1992to199 4timeframe,didyoureportdirectlytoMr.Huangduringthattimeframe?UTOMO:Yesforproper tymatters.MADIGAN:Nowyourofficesatthattime,wherewerethey located?UTOMO:At711West CollegeStreet.MADIGAN:AndisthatthesamebuildingthathousestheLippo ,`", bank?UTOM O:Yes.MADIGAN:Whatfloorwereyouoneinthebuilding?UTOMO:Imoveseveraltimesfromthird floortothesixthfloor.MADIGAN:AndwherewasMr.Huang'soffice?UTOMO:Atsixthfloor.MAD IGAN:Samefloorasyouwereon?UTOMO:Yes.Butonlyforthreeorfourmonths.Isatinthesamesu ite.MADIGAN:Nowtoyourknowledge,hasHipHingHoldingsevermadeaprofit?UTOMO:Idon'tkn owexactly,becauseIdidn'ttakecareofthebooksuntillateMarch1994.MADIGAN:Butyouknow ,don'tyou,thattheonlypropertythatHipHingHoldingshasisanemptyparkinglotinLosAnge les.Isthatright?UTOMO:Yes.MADIGAN:Therearenootherassets.UTOMO:No,as...MADIGAN:T hatyouknowof.UTOMO:AsIknow,yes.MADIGAN:Now,duringthetimethatyouwerewithHipHing, howdidHipHingstayfinanciallyafloat,ifitsonlyassetwasanemptyparkinglot?UTOMO:Bas edonthedocumentsthatwerequestfundsforcapitalinjection.MADIGAN:Youwouldrequestfu ndsfromLippoJakartaandthe ,`", fundswouldbewiredintoLosAngeles,isthatright?UTOM O:IcannotsayifLippofromJakarta.Idon'tknowexactlythesource.Butwesendtherequestto Jakartaoffice.MADIGAN:Well,we'lltalkaboutthatinaminuteandI'llshowyouacoupleofdo cuments.YoualwayssentthedocumentstoaMrs.Ing(ph),isthatright?UTOMO:Yes.MADIGAN:A ndyouknewthatshewasinJakartaandthatherofficewasonthesamefloorasMr.Riady,right?U TOMO:Yes.MADIGAN:Now,duringthetimethatMr.HuangworkedatHipHing,HipHingmadepoliti calcontributions,diditnot?UTOMO:Yes.MADIGAN:AndMr.HuanghandledallthatforHipHing ,amIright?UTOMO:Yes.MADIGAN:Letmeshowyou,ifImight,andputuponthescreenhereExhibi tNumber101.NowExhibitNumber101,Ms.Utomo,isacheckdatedAugust12th,1992intheamount of$50,000payabletotheDNCVictoryFund,isthatright?UTOMO:Itappearsso,yes.MADIGAN:A ndtellmeifyouwouldwho'ssignaturesareonthatcheck.UTOMO:MysignatureonthetopandMr. AugustSetiawan(ph)onthebottom.MADIGAN:Mr.Setiawan(ph),isthatright?UTOMO:Yes.MAD IGAN:Andatthattime,whatpositioninHipHingdidMr.Setiawan(ph)have? ,`", UTOMO:Heis thepersonthathandledthefunds.MADIGAN:Washethecomptrollerofthecompany,sotospeak? UTOMO:Yes.MADIGAN:DidtherecomeatimewhenheleftheUnitedStatesandwentbacktoJakart a?UTOMO:Pardonme,sir?MADIGAN:DidMr.Setiawan(ph)leavethecountryandgotoIndonesia? UTOMO:Yes.MADIGAN:Sohe'snotheretoday?UTOMO:No.MADIGAN:NowletmeaskyoutolookatExh ibit102,ifwecouldputthatuponthescreen.NowExhibitNumber102isamemorandumdatedAugu st17,1992fromMr.HuangandMr.Setiawan(ph)tothisMrs.Ing(ph)thatwespokeaboutaminute ago,amIright?UTOMO:Yes.MADIGAN:Andyou'veseenthesetypeofmemorandabefore,haveyoun ot?WhileyouworkedatHipHing?UTOMO:Justrecently.MADIGAN:Butwhileyouworkedthere,yo usentmemorandumsyourselftoMrs.Ing(ph)inordertohavemoneywiredfromJakartabacktoHi pHingintheUnitedStates,amIrightaboutthat?UTOMO:Yes.Thisisliketheformweuseforthi s.MADIGAN:Thesamekindofformthatyouuse.We'lllookatafewoftheminamoment.UTOMO:Yes. MADIGAN:Butlet'slookatthisparticularone.Youseeinthefirstparagraphwhereitsays,pl easekindlywire$146,500? ,`", UTOMO:Yes.MADIGAN:DidIreadthatcorrectly?Anditsayst otheLippoBankLosAngeles,attentionJohnHuang,andAugustSetiawan(ph),isthatright?UT OMO:Yes.MADIGAN:Nowthismemorandumthenliststheexpensesthatthefundsareneededfor.A ndinthesecondline,itsays,DNCVictorycontribution,$50,000.UTOMO:Yes.MADIGAN:DidIr eadthatright?UTOMO:Yes.MADIGAN:Now,youdidthisonaregularbasisintermsofsendingmem orandato,overtoJakartaandhavingmoneywiredback,isthatright?UTOMO:BeforeMarch'94I don'tknowifit'sregularorit'sjustonceinawhile.MADIGAN:Let'slookatExhibitNumber10 3ifwecould.NowExhibitNumber103istheincomestatementforHipHingholdingsfortheyeare ndingDecember31st,1992.AnditshowsthatHipHinglost$482,000thatyear,amIright?UTOMO :Itappearsso,yes.MADIGAN:Fromthisdocument?UTOMO:Fromthisdocument.MADIGAN:Nowlet measkyouifImighttolookatExhibitNumber108.MADIGAN:Nowisexhibit108amemorandumthat youprepared?UTOMO:Yes.MADIGAN:Andit'sinthesameformatastheexhibit102memorandumth atweweerejustlookingat.AmIright? ,`", UTOMO:Yes.MADIGAN:AnditwassenttothesameMrs .Ing(ph)forreimbursementofexpenses,correct?UTOMO:That'scorrect.MADIGAN:Nowlet's gobacktoMayandletmeshowyouanothercoupleofexhibitshere.Let'slookatExhibitNumber1 04.ExhibitNumber104,we'lltakethemoneatatime,perhaps,ifwecan.ThefirstoneonExhibi tNumber104isacheckdatedSeptember23,1993for$15,000,payabletotheDNC,amIright?UTOM O:Yes.MADIGAN:Nowwho'ssignaturesareonthatcheck?UTOMO:ThetoponeisMr.Huang,andthe secondoneisMr.AugustDiawan(ph).MADIGAN:Nowthesecondcheck,whichiswrittenonexhibi t104,whichiswrittenfourdayslater,alsofor$15,000,alsototheDNC,arethesametwosigna turesonthatcheck?UTOMO:Yes.MADIGAN:AndMr.Huang'sbeingthesignatureontop?UTOMO:Ye s.MADIGAN:AndhowaboutthethirdcheckonExhibit104,whichisacheckdatedSeptember23,19 93from15--for$15,000totheDNC?Sametwosignaturesonthatcheck?UTOMO:Yes.MADIGAN:Now thebottomtwochecksarefromtwodifferentLippo-relatedcompanies,correct?UTOMO:Yes.M ADIGAN:ThefirstisSanJoseHoldings,Inc.UTOMO:Yes. ,`", MADIGAN:Isthatright?Andyou didworkforthatcompanywhileyouwereworkingoutatLippoalso.AmIcorrectaboutthat?UTOM O:Yes.Theyassignedmetohandletheirproperties.MADIGAN:WasitMr.Riadythataskedyouto workontheSanJosematteroriginally?UTOMO:Yes.MADIGAN:AnddidMr.Huangalsohandleanyp oliticalcontributionsthatwouldbemadebytheSanJosecompanywhileyouwerethere?UTOMO: Idon'tknowexactly.MADIGAN:DuringthetimethatyouworkedintheLippoofficestherewithr especttoHipHingandSanJoseandtheToycompany,itwasMr.Huang,wasitnot,whohandledallt hesepoliticalcontributionsthatwouldbemade?UTOMO:Ididn'thandlethebookkeepingandt hechecks.SosometimesIdon'tknowwho'sdirection,becausethecheckswerekeptbyMr.Augus tDiawan(ph).MADIGAN:ButMr.Huangistheonethathadtoapprovethesethings.UTOMO:Yes.MA DIGAN:Right?UTOMO:Yes.MADIGAN:AndifyouweregoingtosendrequestsbacktoJakartaformo ney,Mr.Huangwouldhavetoapprovethat,wouldn'the?UTOMO:Yes.MADIGAN:Letmeaskyoutolo okatanotherexhibit.Let'slookatNumber105.NowNumber105isanotherincomestatementfor HipHingholdings,thistimeshowingthatfortheyear1993,HipHinglostanother493,000.AmI correct?That'swhatthedocumentshows?UTOMO:Yes. ,`", MADIGAN:Nowletmeaskyouaquest ion,ifImight,aboutthebonusthatMr.HuangreceivedwhenheleftthelLippocompanies.Youwe reaware,weren'tyou,thathedidreceiveabonusbecauseseverallargewirescameinthatyoua skedaboutatthetime?UTOMO:Yes.MADIGAN:Andwhatwereyoutoldwithrespecttowhythesewir eswerecomingin?UTOMO:Hesaidit'sforhisseverancepay.MADIGAN:AndMr.Huangtoldyoutha tdirectly?UTOMO:Yes.MADIGAN:Letmeaskyoutolookatexhibit106.Ifyoucanputthatuponth escreen.Nowexhibitnumber106isamemorandumdatedJune27,1994,toMr.Huangfromthemanag ingdirectoroftheLippoGroup.Isthatright?UTOMO:Itappearsso,yes.MADIGAN:Anddoyoukn owhim?Themanagingdirectorwho'slisteddownthere?UTOMO:Iknowthenameonly.MADIGAN:An dhaveyouseenthatnameinconnectionwithcorrespondencebackandforthbetweenLippoandth eUnitedStatesandLippo/Jakarta?AmIright?UTOMO:No.Thisis...MADIGAN:Where--I'msorr y.UTOMO:Justfromtheirbrochure,theircatalogues.MADIGAN:FromtheLippobrochures,you recognizehisname?UTOMO:Yes. ,`", MADIGAN:Butyouyourselfdidnothaveanydealingswit hhimdirectlyduringthetimeyouwereatLippo?UTOMO:No.MADIGAN:Letmeinviteyourattenti ontothefirstparagraphofthememo,whereitsays,"IhavereceivedyourmemodatedJune13,19 94,andlearnedofyourdecisiontoaccepttheappointmentfromtheClintonadministrationto serveastheprincipaldeputyassistantsecretaryofcommerce."Doyouseethatlanguage?UTO MO:Yes.MADIGAN:Ireadthatcorrectly,didn'tI?UTOMO:Yes.MADIGAN:Now,whenyoulookdown onthedocument,itsays"severancebonus$425,000;unusedvacation$17,500;andMercedes$2 5,000."Isthatcorrect?UTOMO:Yes.MADIGAN:Doyouknow,bytheway,wherethe letteristhat- -orthememothat'sreferencedherethatJohnHuangwroterequestinghisbonus?Becausetheco mmitteehasneverbeenabletoobtainit.UTOMO:No,Ineverseenone.MADIGAN:Didyouseeitatt hetime?UTOMO:No.MADIGAN:Mr.Huangnevershowedyouthememobywhichhewouldhaverequeste dhisbonusandseverancepackage?UTOMO:No.MADIGAN:Takeamoment,ifyouwill,andlookatth enextpageofexhibit106.NowthisisageneralledgerforHipHingHoldingsfortheperiodendi ngMarchof1994,justacoupleofmonthsbeforeMr.HuangwenttoworkattheCommerceDepartmen t. ,`", Thesearedocumentsthatyou'refamiliarwith,Itakeit,inthe1994timeframe?UTOM O:Yes,IguessthiswaspreparedbytheCPA.MADIGAN:TheLippoCPA?UTOMO:TheHipHingHolding sCPA.MADIGAN:HipHing'sCPA?UTOMO:Yes.MADIGAN:Anddowninthemiddle,itsays"JohnHuang bonus,$230,000."Isthatright?UTOMO:Yes.MADIGAN:Nowthat'sinadditiontothenumberswe weretalkingaboutamomentago.Isitnot?UTOMO:Yes.MADIGAN:Nowletmeaskyoutolookatthet hirdpageofexhibitnumber106.Well,actually,beforewedothat,thataddsuptowhat?$600-a nd-somethingthousandifyouaddthe$468andthe$230?Mathwasnevermystrongsuit,butit'ss omewhereapproachingahalfamilliondollars,isn'tit?UTOMO:Yes.Thisappears.MADIGAN:N owthethirdpageofexhibit106I'llrepresenttoyouisapartofadocumentthatwasfiledbyMr. HuangwhenheenteredtheemploymentofthefederalgovernmentattheCommerceDepartment.Do youseedownonthebottomleft-handcornerofthatdocumentwhereitsays,"LippoGroup/USA"? UTOMO:Yes.MADIGAN:Andthenthereisinhandwriting--doesthatlooklikeMr.Huang'swritin gbytheway?UTOMO:I'mnotsure. ,`", MADIGAN:Doyouseewhereitsays1-2-3.Andthenthefir stsays"LippoGroup,B-E-N-E,"itlookslike,andacrosstheline,itsays"salaryandseveran cebonus"andthen"$71,050"?Andthennumber2says"LippoBank/Californiadirector'sfeesa ndbonus"another$18,950.Doyouseethat?UTOMO:Yes.MADIGAN:Andnumberthree,helistsHip HingHoldings--salary,bonusandseverancebonus,another$788,750.Doyouseethatlanguag e?UTOMO:Yes.MADIGAN:Nowthataddsuptoabout$900,000-something.Doyou--andIknowyouha ven'tseenthisdocumentbefore,butdoyouknowwherethe$788,000figurecamefromthatMr.Hu anglistedonhiscommercedocument?UTOMO:No,Idon'tknow.MADIGAN:Doyouknowwhyhewouldl istpaymentsfromtheLippoBankandHipHingHoldingsandtheLippoGroup?UTOMO:Idon'tknow, sir.MADIGAN:DuringthetimethatyouworkedtherewasMr.Huangadirectororamemberoftheb oardoftheLippoBankaswellashispositionatHipHingHoldings?UTOMO:Yes.MADIGAN:Didyou haveanyresponsibilitiesinconnectionwithMr.Huang'spositioninthebank?UTOMO:Noatal l.MADIGAN:Wheredidthepeopleinthebank--theLippoBank--office,asopposedtowheretheH ipHingofficewasduringthetimethatyouwerethere?UTOMO:It'sthesamefloor,butadiffere ntsuite. ,`", MADIGAN:Now,wherewereyouinproximitytowhereMr.Huangwasduringthetim ethatyouworkedthere?UTOMO:Iwasonthesixthflooronetime,thesamefloor,butdifferento ffice;andthenImovedtothethirdfloor,andhewasstillinsixthfloor.MADIGAN:Duringthet imethatyouandMr.Huangwerebothonthesixthfloor...UTOMO:Yes.MADIGAN:...whatdidhedo ?UTOMO:Idon'tknowexactly.MADIGAN:Whatwashisjobasyouunderstoodit?UTOMO:JustifIne edanapprovalforspecialexpensesoIneedtogotohimforhisapproval.MADIGAN:Duringthisp eriodoftimewhenyouhadtogotoMr.Huangforhisapproval,didMr.Riadyvisitfromtimetotim e?UTOMO:No.MADIGAN:NowonceMr.Riadyleftandyousaidinthe'89,'90timeframe,hemaintai nedhishouseinLosAngeles,didhenot?UTOMO:Yes.MADIGAN:AndamIcorrectthathishousewas intheBrentwoodarea?UTOMO:Yes.MADIGAN:Doyouknowexactlywhereitwas?Hadyouevervisit edit?UTOMO:Yes.MADIGAN:Now,amIcorrectthatpresentlyMr.Riadyisbuildinganewhouse?UTOMO:Yes,that'scorrect. ,`", MADIGAN:WhatdidhedowiththeBrentwoodhousethatyouhadvisited?UTOMO:Theytearitdownandthenbuiltthenewone.MADIGAN:Andwhenisthenewhousesupposedtobefinished?UTOMO:Approximatelyanotheroneortwomonths.MADIGAN:HaveyouspokentoMr.Riadyaboutthatnewhouse?UTOMO:No.MADIGAN:HasMr.RiadyspokentoanyoneelsethatyouknowaboutcomingbacktohisnewhousethatHe'shavingbuiltinBrentwood?UTOMO:Idon'tknow.MADIGAN:Doyouknowanyonewho'sinvolvedwiththathouse,theconstructionofthathouse?UTOMO:Thearchitects.MADIGAN:Andarethey--dotheyhavesomerelationtoHipHingHoldings?UTOMO:No.MADIGAN:Thenhowdoyouknowthem?UTOMO:Thearchitectcontactmeto--soeveryMondaysendmebillsforthecontractorsoIissuethecheckforthem.MADIGAN:Sothearchitectthat'sbuildingMr.Riady'shouseaswespeak,theysendthebillstoyou?UTOMO:Yes.Actually,thehouseisnotdirectly--Imean,notbelongtoMr.Riadyanymore.ItbelongstoLippoHoldingsAmerica,Inc.MADIGAN:IsLippoHoldingAmericaoneoftheLipposubsidiariesintheUnitedStates?UTOMO:Idon'tknowexactlyhowit'sconnectedtoLippoinJakarta,butthenameisLippo. ,`", MADIGAN:Well,we'lltalkaboutthatinamoment.Letmeaskyoutolookatexhibitnumber107,ifwecouldputthatup.Now107isanothermemorandumthatyouwrotetothisMrs.Ing(ph),isthatright?UTOMO:That'scorrect.MADIGAN:AndthismemorandumisaddressedtoherattheLippoGroup,amIright?UTOMO:Yes.MADIGAN:Andthat'sinJakartawhereyousendthis?UTOMO:Yes.MADIGAN:Andthismemorandum,liketheothers,requeststhatmoneybesentfromJakartabacktotheUnitedStates,isthatright?UTOMO:Yes.MADIGAN:AmIreadingthatright?UTOMO:Yes.MADIGAN:DoyouknowapersonbythenameofMeliTom(ph)?UTOMO:Yes.Imetheronce.MADIGAN:DoessheworkforLippo?UTOMO:HipHingHoldingspayhisconsultantfee.MADIGAN:Lookifyouwouldforamomentatexhibitnumber108.Ithinkyoumeanttosayherconsultingfee,nothis.Isthatright,Ms.Utomo?UTOMO:Yes.Sorry.MADIGAN:Inotherwords,HipHingHoldingspaidaconsultingfeetoMaeleyTom?UTOMO:Right. ,`", MADIGAN:Lookifyouwouldatexhibit108.Andwelookedatthatamomentago.That'sanothermemorandumfromyouandMr.HuangdatedJuly5,1994,again,toMrs.Ing(ph)withtheLippoGroup,right?InJakarta?UTOMO:ShehasthesameofficewiththeLippogroup,butIdon'tknowexactlywhatishertitle.MADIGAN:Right.She'stheonethatwejustlookedatamomentagowherethedocumentsaid,Mrs.Ing(ph),LippoGroup,right?UTOMO:Yes.MADIGAN:Andshe'sthesameladyyoumentionedamomentearlierinthetestimonywhohadtheofficeonthesamefloorasMr.RiadyinJakarta?UTOMO:Right.MADIGAN:Butyoujustdon'tknowasyousittheretheexacttitlethatshehad,amIright?UTOMO:Yes.WEXLER(PH):Ibelieve,Mr.Madigan,shealsodoesn'tknowwhoformallyemploysMissIng(ph).MADIGAN:Let'slookatnumber108.Inthemiddleofthatpage,itsaysconsultingfeeandtheninhandwritingoutatthesideitsaysMaeleyTom,$6,600.Doyouknowwho'shandwritingthatis?UTOMO:Mr.Huang.MADIGAN:Andisthathissignatureupatthetopofthatmemorandum?UTOMO:Yes.MADIGAN:Ifyoulookoveratthesecondpageofexhibit108,againdowninthemiddlewhereitsaysconsultingfeeandreimbursement,MaeleyTomandAssociates,thistime$18,000.Doyouseethat?UTOMO:Yes. ,`", MADIGAN:DoyouknowwhatshedidfortheHipHingcompany?UTOMO:No.MADIGAN:Youseethelineabovethatonthedocumentwhereitsays,triptoLittleRockandWashington,D.C.6/19to6/26,1994?UTOMO:Yes.MADIGAN:That'sjustafewweeksbeforeMr.HuangstartedattheCommerceDepartment.DoyouknowwhatthistriptoLittleRockwasaboutorwhyhewentthere?UTOMO:No.MADIGAN:Allright,letmeaskyoualittlebitmoreaboutthat.ThetriptoLittleRockwiththecost$6,293,andabovethatonthedocumentitsaysJ.H.reimbursement,thisisallmoneythatisreimbursedinthewiretransfersthatHipHingreceivesfromJakarta,correct?UTOMO:I'msorry.Pardonme?MADIGAN:Thisdocumentthat,number108...UTOMO:Yes.MADIGAN:ThisparticularonethatsdatedAugust9,1994,this,liketheotherswe'vebeenlookingat,is,ifIunderstanditright,isaformdocumentthatyousendovertoJakarta,correct?UTOMO:Yes.MADIGAN:AndthenJakartawiresmoneybacktoyou...UTOMO:Yes.MADIGAN:...asspecifiedinthisdocument.UTOMO:Right.MADIGAN:NowItakeitthatsomebodymusthave,atsomepointintime,instructedyouastohowtodothis,amIright?UTOMO:Yes.IjustfollowwhatMr.AugustDiawan(ph)hasdone ,`", beforeMarch'94.MADIGAN:SoMr.Setiawan(ph)usedtohandlethetransferspriorto'94,andthenin'94,youtookoverthetransfers?UTOMO:Yes.MADIGAN:AndyoudidthemortriedtodothemthesamewaythatMr.Setiawan(ph)toldyouthathedidthem?Isthatright?UTOMO:Yes

.MADIGAN:OK.Andyoudon'tknow,asyousithere,whatanyoftheseexpenseswerefor,forexamp
le,inthetriptoLittleRock,orwhytheywouldbereimbursedbyJakarta?UTOMO:No.MADIGAN:I
sthatright?UTOMO:Yes.MADIGAN:Nowifwelookovertothenextexhibit,thenextpartofnumbe
r108,actually.MADIGAN:It'saSeptember28,1994,memo,thesameformat.Giveme22nd.Whatd
idIsay?I'msorry,September22nd.I'msorry,theSeptember22ndmemorandum,1994.Yes,Your
Honor.(LAUGHTER)Goingbacktoapriorlife,I'mafraid.Yes,Senator.It'sthelastpageofex
hibit108.Andthistimethememoisjustfromyou,againtoMrs.Ing(ph). ,`", Anddowninthem
iddleofthisexhibit,italsohasaconsultingfeeforMaeleyTomintheamountof$4,913.Istha
tright?UTOMO:Yes.MADIGAN:Doyouknowwhoshereportedto?UTOMO:ToMr.Hanna(ph).MADIGAN
:I'msorry?UTOMO:ToMr.JoeHanna(ph)inJakarta.MADIGAN:Andshereporteddirectlytosome
oneinJakarta?UTOMO:Yes.MADIGAN:SoshedidnotreporttosomeoneintheUnitedStateswithr
especttowhatshewasdoingfortheseconsultingfees?UTOMO:No,no.MADIGAN:Anddownabitfa
rther,theLittleRockLimousine,Ltd.--$1,013.Doyouknowwhatthatwasfor?UTOMO:Itisfor
limousines.Ican--Idon'tknowexactlywhatfor.MADIGAN:Doyouknowwhatthe--thisparticu
larlimousineexpensewasusedfor?ThisisdatednowSeptemberof1994.MrHuangisalreadyint
heCommerceDepartment.Doyouknowwhatthatwasfororwhousedthelimousine?UTOMO:Atthatt
ime,sometimesMr.Hanna(ph)alsovisitUnitedStates.MADIGAN:Andthisparticular,doyouk
now?Orareyou--Idon'twantyoutoguess.Justtellmewhatyouknowaboutthings.UTOMO:Idon'
trecall.MADIGAN:OK.Nowtoday,youhaveaconsultingagreementwith--withHipHing.Isthat
right? ,`", UTOMO:Yes,that'scorrect.MADIGAN:Andwhatdoyoudobasicallyforthecompan
ytoday?UTOMO:TakecarespropertiesbelongtoSanJoseHoldings,ToyCenterHolding,andHip
HingHoldings,andalsoLippoHolding/America.MADIGAN:Well,letmehavethisotherexhibit
presentedifIcan,whichwejustobtained.Ifwecanmarkit108Aorsomethingofthatnature.Th
isisacopyofyourconsultingagreementthatIaskedyourattorneytogivemelastnight.Doyou
havethatthere?WEXLER(ph):Idon'tbelievethat'sinthebook.MADIGAN:We'llhavesomebody
bringitdowninamoment.UTOMO:Yes,thankyou.WEXLER(ph):Thisismarkedexhibit122.MADIG
AN:Allright.We'llcallitexhibit122then.It'sdatedNovember17,1996.Isthatright?UTOM
O:Yes.MADIGAN:Nowthisisamulti-pagedocument,butitbasicallysetsforthinthefirsttwo
pages,ifIunderstanditcorrectly,thecurrentarrangementthatyouhavewithHipHing.UTOM
O:Yes.MADIGAN:AndwasthispreparedforyoubyMr.Setiawan(ph)?UTOMO:Wedoittogether.Im
ean...MADIGAN:Thiswas...UTOMO:Itwasagreedbybothsides.MADIGAN:AndwasheintheUnite
dStatesatthetime? ,`", UTOMO:Yes.MADIGAN:Andhowdiditcomeaboutthatyourstatuswoul
dchangefromafulltimeemployee,ifyouwill,toaconsultingarrangement?WasthatMr.Setia
wan's(ph)idea?UTOMO:No,becauseIhavetwoveryyoungchildrentotakecare,soIcannotgoto
theofficeexactlyeighthoursaday.MADIGAN:Andatthispointintime,theyalsomovedtheLip
poofficesorsaytheLippoGroupcompaniesweremovedfromLosAngelesouttoadifferentplace
,right?UTOMO:Yes.MADIGAN:Whereweretheymovedto?UTOMO:ToRosemead(ph).It'saboutjus
t15minutesbyfreeway--10or15minutesbyfreewayfromtheLippoBank'soffice.MADIGAN:Wer
eyouinvolvedinthemoveoftheoffices?UTOMO:Yes.MADIGAN:Whathappenedtoallthedocumen
tsthatwereintheofficesinLosAngeles?Wehaven'tbeenabletogetourhandsontoomanyofthe
m.Doyouknow?UTOMO:Webringallofthedocumentstothenextoffice.MADIGAN:AlloftheHipHi
ngdocuments?UTOMO:Yes.MADIGAN:HowaboutthedocumentsforthevarietyofotherLippo-rel
atedcompanies?UTOMO:Yes.MADIGAN:AndwhenyouenteredthisagreementinNovemberof'96,t
heremainderoftheexhibitshowsresignationlettersfromthevariouscompanies,isthatrig
ht?UTOMO:Yes. ,`", MADIGAN:Whywasthatdone?Doyouknow?UTOMO:I'msorry.Pardonme?MAD
IGAN:ThedocumentsaysthatyouresignedfromHipHing,fromCalbotHoldingsInc.,fromLippo
EnergyCo.,andfromLippoHoldingAmericaInc.Doyouknowwhythatwasdone?UTOMO:BecauseIw
astheofficerofthesecompanies.MADIGAN:Wasthatdoneinconjunctionwiththemoveoftheof
ficesfromdowntowntothesuburb?UTOMO:No,becauseIresignedfromHipHingjusttomakesure
thatIresignfromallthecompanies.MADIGAN:Sotomakesurethebookswerestraight,youresi
gnedfromallthecompaniesandenteredaconsultingagreementjustwithHipHing.UTOMO:Yes.
MADIGAN:OK.Thankyouverymuch.GLENN:Thankyou,Mr.Chairman.I'dliketohaveMr.Barontot
hepreviousquestionplease.BARON:Thankyou,SenatorGlenn.Goodmorning,Ms.Utomo.Ms.Ut
omo,Mr.Madiganinhisquestioningtoyousaidthat,suggestedthatHipHingownedanemptylot

inLosAngeles.Isthatcorrect?UTOMO:Yes,that'scorrect.BARON:Andthatlotisusedandhas beenusedasaparkinglot,isthatcorrect?UTOMO:Someofit.BARON:OK.Anddoyouhaveanyidea ,amIcorrectthatthatparkinglothasbeenassessedasbeingworthseveralmilliondollars?U TOMO:That'scorrect.BARON:AndamIcorrectthatoriginallytheideawastodevelopthatopen lotintosomeotherkindofpropertywithabuildingonit,`", orotherkindsofdevelopment? UTOMO:Yes.BARON:AnddidtherecomeatimebecauseoftheeconomicconditionsinCaliforniat hattheplanstodevelopthelotwereabandoned?UTOMO:That'scorrect.BARON:Nowtherewasal soinMr.Madigan'squestions,heraisedthefactthatMr.Setiawan(ph)isgonefromthecountr y.HeleftandwentbacktoIndonesia.UTOMO:Yes.BARON:Isthatcorrect?UTOMO:Yes.BARON:OK .Thatoccurredbackin1994,diditnot?UTOMO:Yes.ApproximatelyMarch.BARON:Notrecently .Hehasn'tbeenbacktoworkatHipHingorforLippoBanksincethattime,hashe?UTOMO:No.Heca mewhenwehavetomovetheofficeandthentocountedagreement.BARON:Right.Buthehasn'tcom ebacktoworkhereforalongperiodoftime.HebasicallymovedbacktoIndonesiain1994.UTOMO :Yes.BARON:Now,wereyouawareduringthetimeperiodthatyouworkedwithMr.Huangthathewa sveryactiveinmanyChinese-Americancommunityorganizations?UTOMO:Idon'tknow.BARON: Youdon'tknow.DoyourecallhimbeingactiveintheAsianBankersAssociation?Wouldyoubeaw areofthat?UTOMO:Idon'tknow. ,`", BARON:Doyourecallhimbeingactiveasaninvitedmemb eroftheCommitteeof100,whichisanorganizationheadedbyYo-YoMaandI.M.Pei.UTOMO:Idon 'tknow.BARON:Youdon'tknowaboutthat.UTOMO:No.BARON:Now,doestheparkinglotgenerate revenueforHipHing?UTOMO:There'sincomefromparkinglots.BARON:Right.IsHipHing,toyo urknowledge,incorporatedasanAmericancompanyeventhoughit'sownedbyaforeigncompany ?UTOMO:Yes,it'sstateofCalifornia.BARON:It'sincorporatedinthestateofCalifornia.U TOMO:Right.BARON:AndsoitpayspropertytaxeshereintheUnitedStates?UTOMO:Yes.BARON: Andthere'salsoanentityknownastheToyCenter.UTOMO:Right.BARON:Andthatisanotherent itywithwhichyouarefamiliaraspartoftheLippoorganization?UTOMO:Yes.BARON:Andwhatk indofpropertydoestheToyCenterown?UTOMO:ToyCenterhavethree-storybuildings.Isabou tapproximately13,000square.Andthenis90percentleasedandtenantspaytherent.BARON:H owaboutanentityknownasSanJoseHoldings?Areyoufamiliarwiththatentity? ,`", UTOMO: Yes.BARON:OK.AndthatisalsoanAmericanCompany.It'sincorporatedinCaliforniaasisthe ToyCenter.Isthatcorrect?UTOMO:Right.BARON:AndwhatassetdoesSanJoseHoldingsown?UT OMO:Hasthreeparcelofproperty.Oneisfive-storybuilding.BARON:Anddoesitgenerateinc ome?UTOMO:Yes.BARON:OK.Now,canwelookatsomeoftheexhibitsthatyoureviewedwithMr.Ma digan?Let'slookannumber103,ifyouwould.BARON:Doyouhavethatinfrontofyou?UTOMO:Yes .BARON:NowthatisanincomestatementforHipHingHoldingsfortheperiod1992?AmIcorrect? UTOMO:Yes.BARON:AnditshowsthattherewastotalincomeforHipHingofalittleover$38,000 --$38,400?Isthatcorrect?UTOMO:That'scorrect.BARON:Andthatistheyearinwhichthe$50 ,000checktotheDNCwasmadeoutandsent,isthatcorrect?UTOMO:Yes.BARON:SoHipHinghadab out$12,000lessinincomegeneratedinthiscountrythanthe$50,000thatwascontributedtot heDNC,isthatcorrect?UTOMO:Yes.Itappearsso.BARON:Nowletmedirectyourattentiontonu mber105,ifyou,`", would.Doyouseethat?UTOMO:Yes.BARON:Nowthatisanincomestatemen tfortheyear1993forHipHingHolding,isitnot?UTOMO:Yes.BARON:Anditshowstotalincomeo fapproximately$35,000,$35,200tobeexact?UTOMO:Yes.BARON:Nowlet'sgobackto104,andi n1993weseeachecktotheDNCfor$15,000.Doyouseethat?UTOMO:Yes.BARON:Andthat'sinSept emberof'93.UTOMO:Right.BARON:AndthatisontheaccountofHipHingHoldings.UTOMO:Yes.B ARON:Andin1993,asfarasyouknow,that'stheonlypoliticalcontributionthatHipHingmade in1993,asfarasyouknow?UTOMO:Isfromthisstatementisappear--is$32,000.BARON:OK.Let measkyouthis.Theyhadmoreincomethan$15,000in1993,isthatcorrect?UTOMO:Correct.BAR ON:OK.Andtakealookifyouwouldat,it'sthedocumentbehind105,itisa1993incomestatemen tforSanJoseHoldings.Doyouseethat?UTOMO:Yes.BARON:Nowithadtotalincomeof$172,108, isthatcorrect? ,`", UTOMO:Right.BARON:Andso,andthat'sfor1993.UTOMO:Yes.BARON:An difyougobacktwopages,inSeptemberof'93,SanJoseHoldingsmadeacontributiontotheDNCi ntheamountof$15,000?UTOMO:Yes.BARON:OK.Soithadincomeinexcessoftheamountthatwasc ontributedtotheDNCthatyear,isthatcorrect?UTOMO:Yes.BARON:Pleaseturntothenextpag ewhereyouhaveanincomestatementforToyCenterHoldingsofCalifornia,Inc.,doyouseetha t?UTOMO:Yes.BARON:Andithad--andthisisfortheperiodof1993,correct?UTOMO:Yes.BARON:Andithadincomeof$132,404.24tobeexact,isthatcorrect?UTOMO:Yes.BARON:PleaseturnbacktothecheckthatwasissuedinSeptemberof'93ontheaccountofToyCenterHoldingsofCaliforniaInc.Doyouseethat?UTOMO:Yes.BARON:Andthatwasintheamountof$15,000?UTOMO:Yes.BARON:Andso,ToyCenterHoldingsofCaliforniahadsubstantialincomeinexcessofthe$15,000thatwascontributed,isthatcorrect? ,`", UTOMO:Yes.BARON:NowI'dliketoexplorealittlebit,ifwemight,thebonusthatwaspaidtoMr.JohnHuang.UTOMO:Yes.BARON:AmIcorrect--well,letmecheckifyouknow--thatMr.Huangwouldhavereceivedabonusannually,thatthatwasatypicalpartofhiscompensation?UTOMO:Idon'tknowexactly.BARON:OK.Doyouknowwhetherhereceivedabonusfor1993,theyearbeforeheleft?UTOMO:Don'tremember.BARON:DoyouknowwhenannualbonusesarepaId?UTOMO:UsuallyisclosetotheendoftheyearmaybeJanuaryorFebruary.BARON:OK.Ofthefollowingyear?UTOMO:Ofthefollowingyear.BARON:Soacheckin,say,JanuaryorFebruaryof'94wouldbea1993bonus.Wouldthatbefair?UTOMO:Yes.BARON:OK.NowifIcoulddirectyourattentiontodocument106,whichyou'veseenbefore.Doyouseethat?UTOMO:Yes.BARON:Allright.Turntothenextpage.It'sageneralledgerforHipHingHoldingsfortheperiodendedMarch31,'94.Doyouseethat?UTOMO:Yes.BARON:AnddoyouseethereferencetoabonustoJohnHuangintheamountof$230,000? ,`", UTOMO:Yes.BARON:IsitfairtoconcludethatthatrepresentsMr.Huang's1993bonusbeinggiventohim,reflectedontheledger,atthebeginningof'94?UTOMO:Yes.BARON:OK.Andthatwas230,000?Right?UTOMO:That'scorrect,yes.BARON:OK.Nowgobackonepage,andthatisamemorandum--thisis106now.ThisisamemorandumdatedJune27,1994,toMr.Huang,whichsetsouthisseverancebonus,asdistinguishedfromhisannualbonus.UTOMO:Yes.BARON:Isthatcorrect?Andtheseverancebonusis$425,625.Isthatcorrect?UTOMO:Accordingtothis,yes.BARON:Right.Atisappearsonthepage.UTOMO:Yes.BARON:Whichisroughlydouble--actually,somewhatlessthandoublehisannualbonus.UTOMO:Right.BARON:Now,I'dlikeyou--I'dliketohaveputuponthescreenacheckdated7/15/94toMr.Huangintheamountof$284,798.74.Doyouseethatonthescreeninfrontofyou?UTOMO:Yes.BARON:AmIcorrectthatthatrepresentsthenetchecktoMr.Huangforhisseverancebonus?Thatis,netaftertaxeshavebeentakenout?UTOMO:That'scorrect. ,`", BARON:Mr.Utomo,afterMr.HuanglefttogotoCommerce...UTOMO:Yes.BARON:...didyoueverspeaktohimoverthetelephone?Didheevercallyou,ordidyouevercallhim?UTOMO:Yes.BARON:Andapproximately--I'mnotaskingyouanexactcount--butwhat'syourbestrecollectionofhowmanytimesyouspoketohimoverthephonewhilehewasatCommerce,eitherbyacallthatwasinitiatedbyhim,oronethatyouinitiatedtohim?UTOMO:Maybearoundfive.BARON:Aroundfive.UTOMO:Yes.BARON:Andwhatwasthesubjectoftheconversation,ifyourecall?UTOMO:Becauseit'sjustcloseafterheleftasthereisstillsomemailsthatIhavetoforwardtohim.BARON:Forwardingmailtohim?UTOMO:Thereis--mailcame(ph).BARON:Right.UTOMO:AndthenstillgotoHipHingHoldings.BARON:Right.UTOMO:SoIforwardedittohim.BARON:DidMr.HuangeveraskyoutorelayinformationtoMr.Riady?UTOMO:No.BARON:DidheeveraskyoutorelayanyinformationtosomeoneelseinAsia? ,`", UTOMO:No.BARON:Didheeveraskyoutorelayinformationtosomebodyatthebank?UTOMO:No.BARON:DidheeveraskyoutotransferhiscalltoyouoryourcalltohimtoMr.Riady?UTOMO:No.BARON:DidheeveraskyoutotransferorconnecthiscalltoanyoneinAsia?UTOMO:No.BARON:AmIcorrectthattheusualexpensesforoperatingHipHingHoldingwasapproximately28,000amonth?UTOMO:Yes.BARON:Indulgemeonemoment.Thankyou,Mr.Chairman.Ihavenofurtherquestionsofthewitness.MADIGAN:Justafew,ifImight,Ms.Utomo.THOMPSON:ThiswillcomeonSenatorCollins'time,becausehehadpreviouslygivenmepermission.(LAUGHTER)MADIGAN:Thankyou,Senator.I'llbeverybrief.Mr.Barontookyouthroughexhibit105,whichhasalltheincomestatementsforHipHing,SanJoseHoldingsandToyCenter(ph)andaskedyouonlyabouttheincome.Eachofthosestatementsshowsexpensesaswellasincome.Right?UTOMO:Yes.MADIGAN:Andeachofthosestatementsshowsthateachofthosecompaniesforeachofthoseyearslostmoney.Right?UTOMO:Itappearsonthis(ph). ,`", MADIGAN:NowIetmejustinviteyourattentionbacktoexhibit101,whichisthe$50,000checktotheDNCin1992.There'snoquestionbutthatthatmoneywasrequestedbyyoutobewiredfromJakartatoreimbursethemoneyspentonthatcheck,right?Accordingtothisdocument.UTOMO:Itwasn'tbyme.MADIGAN:No,I'msorry.Let'stakealookonestepatatime.Let'slookat--number101isthecheck,right?UTOMO

:Yes.MADIGAN:And102isadocumentthatisfromJohnHuangandMr.Sethiwan(ph),which,accor dingtothedocument,specificallyseeksreimbursementforthe$50,000giventotheDNCfromJ akarta.Correct?Isn'tthatwhatthedocumentsays?UTOMO:Itappears...MADIGAN:According tothedocument.Iunderstandyoudidn'twriteit.UTOMO:Uh-hmm.MADIGAN:AmIright?UTOMO:Y es.MADIGAN:Nothingfurther,Mr.Chairman.THOMPSON:Anythingfurtherwiththiswitness?B ENNETT:Mr.Chairman?THOMPSON:SenatorBennett.BENNETT:Ihavesomequestionsforthiswit ness,ifImay.THOMPSON:Ourorderhere--IsupposeoutoftherestofSenatorCollins'time,yo umayusetherestofSenatorCollins'time.BENNETT:Theyarerelativelyfew.Ms.Utomo,didan yofthesecompaniesevermakeanymoney?Toyourknowledge?,`", UTOMO:Thereisincome.BEN NETT:Ididn'taskincome.I'mtalkingbottom-lineprofit.Didanyofthesecompaniesevermak eanymoney?BENNETT:Wedonothaveanincomestatementshowingthatanyofthemdid.UTOMO:Ita ppearsso,yes.BENNETT:Itappearssothattheydid?UTOMO:Itappearssothatsomeofthisonet hereisaloss.BENNETT:Yes.UTOMO:Yes.BENNETT:Thatallofthemlostmoney.IfIcouldtakeyo uto,veryquickly,exhibits103and105,andtheincomestatementsthatareinthere--inevery instance,aspartofthelossesthatareshown,oneoftheitemsofexpenseiscontributionandd onations.Exhibit103--contributionanddonationswere$55,400.Isthatcorrect?UTOMO:Ye s.BENNETT:Doyouknowifthatincludesthe$50,000totheDNC?UTOMO:Idon'tknow.Ididn'tpre parethisone.BENNETT:Isee.Thesameistrueinnumber105.HipHingHoldingslost,orgave,co ntributionsof$32,000.That'stheyearthat$15,000wenttotheDNC.Doyouknowifthat'sincl uded?UTOMO:Idon'tknow.BENNETT:Isee.Ishan'tpursueit,butthetimepatternisinallofth eotherincomestatements.Andmyonlypoint,Mr.Chairman,isthatpoliticalcontributionsa renotlegallydeductible.Ifthisincomestatementwasusedfortaxpurposesandtherewasata xdeductionclaimedforthesecontributions,thatwouldbeillegalunder ,`", thetaxlaw.I havenothingfurther,butIwantedtopointthatout.THOMPSON:Thankyou,SenatorBennett.An ythingfurtherforthiswitness?LEVIN:Mr.Chairman,Ijusthaveabriefquestionactually.D oyouhaveavailabletoyoutheincomestatementsforSanJoseHoldingsandToyCenterHoldings for1992?Isthatsomethingyoucouldreadilyputyourhandon?Idon'tthinkthesewereremarkeda sexhibits.WEXLER(PH):Ifthey'renotinthebook,wedon'thavetheminfrontofus.LEVIN:All right.Mr.Chairman,theseare...THOMPSON:...whatwe'redealingwithhere.MADIGAN:(OFF-MIKE)documents.I'veneverseenthem.Idon'tknowwherethey...THOMPSON:Idon'tknowthatw e'veeverseenthosedocuments.Couldwehave...LEVIN:Thesearinourbookhere.So...Atany rate,Iwouldjustoffertheseintotherecord.THOMPSON:Well,whatarethey?LEVIN:Theseare theToyCenterincomestatementsandtheSanJoseHoldingsincomestatementsfortheyear.THO MPSON:Couldwehave--couldweseecopiesof--couldwehavecopies?LEVIN:IfIcanjustsaywha ttheyshow--theybasicallyshowthesamepattern,thatthere'sincomeandthatthere'sexpen ses.AndIcanjustofferthese.Icanreadthem.It'sthesame--exactsamepatternthat'sbeend escribedbefore. ,`", ForSanJose,therewasincomeof$155,000,expensesof$330,000;and forToyCenter,it'sincomeof$167,000,expensesof$199,000.Arethosethedocumentsthatyo u'relookingataswell?UTOMO:Yes.LEVIN:Andthatraisesthequestion,Iguess,astothe--wh ichSenatorBennett,Ithink,maybereferringto--I'mnotsure--astowhetherornotthequest ionofcontributionsfromAmericancorporations,whichareownedeitherdirectlyorindirec tlybyforeigncorporations,whenthey'reallowedtomakecontributionsfromincomeearnedi ntheUnitedStates,whetherornotthatmeansnetincomeorgrossincome.Andapparently,ther e'snoclearguidanceonthat.Andthatmaybesomethingweoughttorepairinthelawifthereisn oguidanceinthelaw,Mr.Chairman.Iwouldjustsimplyofferthisas--theseexhibits.Intheo necase,however,inoneoftheseincomestatementsforoneyear,inthatcase,that$50,000con tributionin1992,thereneithergrossnornetincomewassufficienttocoverthe$50,000cont ribution.Sointhatcase,unlesstheargumentisthatthisisalegalcontributionforsomeoth erreasons,suchasthefactthatmaybeitdidn'tgotoacandidate'scampaignbutwenttoaparty ,thenthatisadifferentissue.Butthere'soneandpossiblytwocorrectionsinthelawthatIw ouldsuggestweoughttobelookingatintheareaofforeigncontributions,whichareillustra tedbythesedocuments.AndIwouldofferthese--Mr.Chairman,Icanofferthemlater.It'snot a...THOMPSON:Well,they'llbemadepartoftherecord.LEVIN:Yes.Thosearetheonlyquestio nsIhaveofthiswitness,exceptIwouldpointoutthat1992contributionof$50,000,Mr.Chair man,isthesameyearthatwehavebeenpointingouttheforeigncontributionallegedlythroug hMr.Kojima...THOMPSON:AndyouwerewonderingwhyIwasbeingsoliberalbefore?LEVIN:Yes, right,right. ,`", (LAUGHTER)Butatanyrate,wewillcomebacktothatissuesinceithappen stobethesameyear--1992--asthis$50,000contribution.ButI'llsavethatforanotherdate .THOMPSON:Well,don'tgettoooptimisticbecausethe--seriously,Idothinkthatthingstha tshowapatternofconductarecertainly--arecertainlypermissible.Andwemayhave--wemay havesomeoneachsidetherethatfitsthatbill.MissUtomo,thankyouverymuchforbeinghere. LIEBERMAN:Mr.Chairman...(UNKNOWN):Mr.Chairman...THOMPSON:Oh,I'msorry.I'msorry.D idn'trealizetherewereothers.Anyoneelseoverhere?Goahead.LIEBERMAN:Thanks,Mr.Chai rman.Verybriefly,MissUtomo.Thankyouforbeinghere.Ijustwanttounderstandaboutyouro riginalconnectiontoHipHing.Iunderstoodwhenyougraduatedfromschool,yourhusbandhad obtainedajobinLosAngeles,andthenyousentaresume.DidyouknowaboutHipHing?Ordidyouk nowtheRiadyfamilybeforethen?UTOMO:NotRiadyfamily,justtheLippoBank.LIEBERMAN:You knewabouttheLippoBank.UTOMO:BecauseLippoBankisoneofthebiggestinIndonesia.LIEBER MAN:Yes.Soyouhadnopersonalcontactwiththefamily,butyousenttheresumebecausetheLip poBanknamewasfamiliartoyou?UTOMO:Yes.LIEBERMAN:OK.Andyouarrivedtherein1988or'89 ? ,`", UTOMO:September'88.LIEBERMAN:'88.AndwasJohnHuangalreadyworkingthereatHip Hingwhenyouarrived?UTOMO:No,Ididn'tseehim.LIEBERMAN:So--buthestartedworkingatHi pHingshortlythereafter?AmIright?UTOMO:Yes.LIEBERMAN:1989.UTOMO:Approximately,ye s.LIEBERMAN:Yes.AndamIcorrectthatheworkedthereuntil1994?Or1993?UTOMO:'94approxi matelyJuly.LIEBERMAN:WhenhewenttoworkfortheCommerceDepartment.Soitwasaperiodofa boutfiveyearsthatyouworkedtheretogether.WereyoutheonlytwoemployeesofHipHing?UTO MO:Mr.AugustodeAwan(ph).LIEBERMAN:That'sright.UTOMO:Yes.Andthereis--wassecretar y.LIEBERMAN:Yes.UTOMO:Yes.LIEBERMAN:Anddidyouhaveoffices--onelargeofficeoroffic esnexttooneanother?UTOMO:MyofficewithMr.Huangofficeisnextonthefloorlikethreeorf ourmonths.LIEBERMAN:OK.Forthreeorfourmonths,yourofficewasrightnexttoMr.Huang's? ,`", UTOMO:Yes.LIEBERMAN:Andthenintheothertime,youwereonthesamefloor,Iassume.I sthatcorrect?UTOMO:Onceinawhilenotthesamefloor.LIEBERMAN:Sometimesnot.UTOMO:Yes .LIEBERMAN:Butmeantime,hewasthesupervisorofHipHingatthatpoint?Inotherwords,youw ereclearthatyouwereworkingforhim?UTOMO:Yes.LIEBERMAN:OK.Andcanyoutellusfromyour experiencewithhimoverthisfive-yearperiodanythingaboutwhatMr.Huang'sdutieswere?W hatwashedoingduringthatperiodoftime?UTOMO:Iguessheworksalsoforthebank.LIEBERMAN :Hedidsomeworkforthebank.UTOMO:Yes.LIEBERMAN:DidhedoanythingregardingHipHingits elf?UTOMO:IfIneedapprovalfromhim,Ijustcametohim.That'sit.LIEBERMAN:Ifyouneedwha t?UTOMO:Approval--for...LIEBERMAN:Approval,yes.UTOMO:...forirregularexpense.LIE BERMAN:Butasfarasyoucanremember,mostofhistimewasspentonbankwork?UTOMO:Idon'tkno w. ,`", LIEBERMAN:Youdon'tknow.UTOMO:No.LIEBERMAN:Eventhoughyouweretherewithhim forthatfourorfiveyears.But...UTOMO:Idon'tseehimeveryday.LIEBERMAN:Yes.OK.Didany one--obviously,we'reinterestedhereinpoliticalcontributionsfromHipHing--didanyon eeverdiscusswithyouwhyHipHingwasmakingpoliticalcontributions?UTOMO:No.LIEBERMAN :Did--whenyousignedthe$50,000checktotheDNCVictoryFund,didanybodyexplaintoyouwha titwas?UTOMO:No.LIEBERMAN:Sotheyjustaskedyoutosignit?UTOMO:Right.LIEBERMAN:Andw ithoutknowledge,yousignedit.WithoutknowledgeofwhatthepurposewasiswhatImeantosay .UTOMO:Yes,that'scorrect.LIEBERMAN:OK.Allright,Idon'thaveanyotherquestions,Mr.C hairman.Itdoesseemtomethatthroughthiswitnesswehave--althoughIsupposequestionsco uldbemadeabouttheincomeandlossstatements--there'saprettycleardocumentthereremques tingareimbursementfora$50,000donationtotheDNCVictoryFund,whichcertainlylookslik ethemovementofforeignmoneyintoanAmericancampaignin1992.IthankthechairandIthanky ou,MissUtomo,foryourtestimony.UTOMO:IfImayadd--actuallytheDNCexact(OFF-MIKE).Id idn'tknowuntilrecently. ,`", LIEBERMAN:Couldyousaythatagain?TheDNC...Ididn'thea rthesecondword.WEXLER(ph):Shedidn'tknowwhattheDNCstoodforuntilrecently.LIEBERMA N:Oh,didn'tknowwhatitwas.Sothiswasliterallyablankcheckthatyou--thatyousigned.Im ean,whoaskedyoutosignthecheck?UTOMO:Icannotremember.LIEBERMAN:Youdon'tknowwheth er--well,whomightithave...UTOMO:ButusuallyMr.AugustdeAwan(ph)orMr.Huang.LIEBERM

AN:OrMr.Huang.Oneortheother...UTOMO:Yes.LIEBERMAN:...wouldhaveaskedyoutosign.OK .Thankyou.THOMPSON:Mr.Torricelli.TORRICELLI:Thankyou,Mr.Chairman.Ms.Utomo,didth ereappeartobeanythingunusualinyourmindabouttheorganizationofanyofthesethreecorp orations--ToyCenter,SanJoseorHipHing--inhowtheywereorganizedoroperatedascorpora tionsestablishedforthepurposeofholdingrealestate?UTOMO:No.TORRICELLI:Infact,are n'ttheyactually,intherealestateindustry,fairlystandardenterprisesorganizedforth elargelyorexclusivepurposesofholdingrealestatefordevelopment?UTOMO:Yes.TORRICEL LI:Duringthecourseoftheoperationsfrom1991to'93,bymyrecords,HipHingHoldingsmade1 6politicalcontributions;theToyCenterHoldings10;SanJoseHoldings,six.Butineachand everyoneofthoseinstances,therewassufficientrevenueinthe ,`", accountfromincomet otheproperties withthesoleexceptionofthecontributiontotheDemocraticNationalCommi ttee,whichapparentlywasillegallyreimbursed.Isthatyourownimpression?UTOMO:Idon't know,becausebeforeMarch'94,Ididn'thandleallthebookkeepings.Andactually,Ijustlea rnedalittlebitbylittlebitregardingthefinancialstatementafterMarch'94,becausemyb ackgroundwasnotinthe...TORRICELLI:Well,asyou'vereviewedtherecordsofeachoftheset hreecorporations,isitnotaccuratethatfromwhatyoucandecipher,ineachandeveryinstan cewheretherewasapoliticalcontribution,therewasadomesticsourceofrevenueequaltoor greatertothelevelofthepoliticalcontribution,withtheexceptionoftheDNCcontributio natissue?UTOMO:Yes.TORRICELLLI:Soitwouldappear--althoughyoudonothavedirectknowl edgeonallofthese,becauseyouwerenothandlingthebooksatalltimes--wehaveatotalof32c ontributionsbythesethreecorporations,andinonlyoneinstancedoesitappearthattherew asnotalocalsourceofrevenueinexcessoftheamountofthecontributions?UTOMO:Itappears so.TORRICELLLI:Thatwouldappearthatforthosewhobelievethatanyoneorallofthesecompa nieswereestablishedsolelyforthepurposesofbeinganillegalconduitoffunds,thatitwou ld--thefactswouldnotseemtosupportthatcontention?UTOMO:Yes.TORRICELLLI:Doyoureco gnize,MissUtomo,thatitisthebeliefofsomethatthesecorporationsmayhavebeenestablis hedforthepurposesofputtingforeignmoneyintothedomesticpoliticalprocessinthiscoun try.Butitwouldbeyourcontention,basedonyourownlimitedexperience,thatthatwasnotth efunction,theintentionoreventhepurposeofanyoneofthesecompanies?Isn'tthatyourtes timony?UTOMO:Yes.TORRICELLLI:Itisalsothebeliefofsomethatthesecompanies ,`", ori ndividualsassociatedwiththemmayhavebeenrepresentingforeigngovernmentsintendingt ocontributetotheAmericanpoliticalprocess.Butitisyourtestimonythatthat,toyourkno wledge,wasnottheinstanceinthesecircumstances?UTOMO:Yes.TORRICELLLI:Itisthebelie fofsomethatMr.Huangmayhaveinfactbeenrepresentingaforeigngovernmentinaconduitofc ontributions.Buttoyourknowledge,havingworkedwithMr.Huangandthesecompanies,infac thavinghadanofficenexttohis,havingbeenassociatedandresponsibleforsomeofthebookk eepingandthepaperworkofthesecompanies,isityourtestimonythatyouhavenoknowledgeth atthosewerethecircumstanceseither?UTOMO:Yes.Idon'tknow.TORRICELLLI:Thepropertya tquestionownedbyHipHingwasworthatvarioustimesseveralmilliontо$7million?UTOMO:Th at'scorrect.It's,Iguess,atthattimemorethan$10million.TORRICELLLI:Butyouwereunsu ccessfulinfindingthemeansbecauseofmarketconditionstodevelopit?UTOMO:Yes,themark etwas(OFF-MIKE)down(ph).TORRICELLLI:I'venotedinyourcontributions,considerableco ntributions,tostatepartiesorCaliforniapoliticalfiguresthatwerethroughoneoftheth reecorporations,isthataccurate?UTOMO:I'msorry?TORRICELLLI:Well,I'venoticedthaty oucontributedthroughoneormanyofthesecompaniestovariouspoliticalfiguresinCalifor nia.UTOMO:Yes.TORRICELLLI:Thecompanyobviouslywaslosingconsiderablemoney.Itheldr ealestate,butitcontinuedtopaytaxes,paybills,andmeetitsobligationsinholdingreale statethatwasgeneratingnoprofitandinfactlosingcapital.Isn'tthataccurate?UTOMO:It appearsso. ,`", TORRICELLLI:Itdefinitelyappearsso.Doyouhaveanyknowledgewhether, asaresultofallthesepoliticalcontributionsthrougheachofthesecompaniesoverallthes eyearstoalltheseCaliforniapoliticalfigures,therewaseveranyeffortorintentionoran yevidencethatanytimeeffortwasexpendedtoeitherassistinthedevelopmentofthepropert yorchangeitszoningorchangeitscircumstancesthatwouldhavemadeitmoreprofitable?UTO MO:No.TORRICELLLI:So,infact,despitethesepoliticalcontributions,whateverrelation shipswereestablishedoradvantagesweregained,noneappearstohavebeenusedforanydirec teconomicbenefitofthecompany?UTOMO:No.TORRICELLLI:Mr.Chairman,Ihavenofurtherque stions.MADIGAN:Justverybriefly,MissUtomo,whenyousummarizethedocumentsthathavebe enplacedinfrontofyou,andyoulooknotonlyatrevenue,butyoulookattheexpensesperyear, startingin1992withHipHingHoldingsandmovingto1993withHipHingHoldings,SanJoseandt heToyCenter,thedocumentsshowthateverysingleyearforeachofthosecompaniestheylostm oney,right?UTOMO:Yes.THOMPSON:Allright.SenatorAkaka.AKAKA:Thankyouverymuch,Mr.C hairman.MissUtomo,didyoueverdiscusspoliticalcontributionswithMr.Huang?UTOMO:No. AKAKA:OrwithMrs.Sathiwan(ph)?UTOMO:No.AKAKA:Didyoueverhearthemdiscusspoliticalc ontributions?UTOMO:No.AKAKA:Didyouevermakeapoliticalcontributionyourself? ,`", UTOMO:No.AKAKA:Well,Iwanttothankyousomuchforcoming.Iwanttoaddmywelcometoyou.And mayweapologizefordraggingyouallthewayfromCaliforniaheretothishearing?AndIjustwa ntedtotaketheopportunitytothankyouforcomingfromCalifornia.UTOMO:Thankyou.AKAKA: Thankyou,Mr.Chairman.THOMPSON:Anythingfurther?Thankyouverymuch,Ms.Utomo.Weappre ciateyourbeingherewithus.Andyou'reexcused.Andwewilltakea10-minuterecess.Let'str ytostartbackpromptlyafter10minutes.(RECESS)THOMPSON:Let'scometoorderplease.Then extwitnesswillbeMr.ThomasR.Hampson.Mr.Hampsonwillbeabletoexplainalittlebitmorea bouttheorganizationoftheLippoGroup.Mr.Hampson,wouldyoupleasestandandraiseyourri ghthand?Doyousolemnlysweartotellthetruth,thewholetruthandnothingbutthetruthinth etestimonyyou'reabouttogive?HAMPSON:Ido.THOMPSON:Thankyouverymuch.SenatorBennet t.BENNETT:Thankyou,Mr.Chairman.Fortherecord,Mr.Hampson,let'slayoutyourbackgroun dandyourqualifications.Iunderstandyou'represidentofSearchInternational,aresearc handinvestigationsfirm.Willyoutelluswhatthatfirmdoes?HAMPSON:Well,we'rebasedout ofChicago,andit'safirmthatIfounded14yearsago.Weconductresearchandinvestigations worldwide,andwespecializeinqualifyingprospectivebusiness,`", partnersoracquisi tiontargetsonbehalfofourcorporateclients.Wealsoprovidecompetitiveassessmentandb usinessintelligenceservices.BENNETT:DoyouspecializeinAmericancompaniesthatneedi nformationaboutforeigncompanies?HAMPSON:Yes,sir.BENNETT:Sowecanlooktoyouasanexp erttounderstandhowforeigncommerceworksandhowforeigncompaniesareorganized?HAMPSO N:Yes.BENNETT:Mr.Hampson,didyouhearthetestimonyofthepreviouswitness?HAMPSON:No, Ididn't.BENNETT:Well,letmecharacterizeitbecauseI'dlikeyourcommentonit.AsIsawit, comingfromabusinessbackgroundmyself,wehavehereaseriesofsmallfirms--bysmall,Imea nnooneofthemisdoingmorethanaquarterofamilliondollarsayearintotalrevenue,andsome ofthemdoingsubstantiallyless,oneofthemdoinglessthan$50,000ayearinrevenue.Butweh aveaseriesofthem--halfadozenorso--noneofwhichhasevermadeanymoney.Allofthemhavee xpensesthatareinexcessoftheirincome,insomecasessubstantiallyinexcessofincome.An dyettheycontinue,fromyeartoyeartoyeartoyear,withnoactiononthepartofmanagementto trytosolvetheirfinancialdifficulties.Theexecutivewhoseemstobeconnectedwithallof thesefirmsearns$90,000ayear,receivesanannualbonusof$230,000,anduponleaving,isgi venaseverancepayapproachinghalfamilliondollars.Inyourresearch,haveyoucomeacross anycircumstanceslikethat?Doyouconsiderthatanormalactivityonthepartofaforeigncom panytryingtodobusinessintheUnitedStates?HAMPSON:Ihaven'tseenanythinglikethatbef ore. ,`", BENNETT:Thisisnotstandardrealestateoperations,inyouropinion?HAMPSON:N o.BENNETT:Wouldyouliketoapplyforajobwhereyouwouldgetsalaryandbonusofthatkind,pr esidingovercompaniesthatcontinuallylosemoney?HAMPSON:Idon'tknowthatIwould.BENNE TT:Well,Ithinkthat'saprettygoodjob,Mr.Chairman,togetthatkindofincomeandbepresid ingovercompaniesthatneverproduceanykindofrevenue.Well,let'sgoontotheareatha twewanttogothroughwithyou.THOMPSON:Couldyoupullyourmicrophonealittlecloser.BENN ETT:There'sbeenalotofconversationabouttheLippoGroup,andwe'dlikeyoutoexplaintous whattheLippoGroupis.Basedonyourbackgroundandyourinvestigationofthis,you'reinapo sitiontotellus.WhatistheLippoGroup?HAMPSON:It'samultibilliondollarconfederation ofcompaniescontrolledbytheRiadyfamilyofIndonesia.It'saconglomerateverymuchlikeA T&T,althoughit'snotaslarge--orITT.Also,there'snocentralcompanythatmanagesanddir ectsthevariousunits.Infact,there'snorealentityknownastheLippoGroup.Althoughther e'snocentralstructure,thegroupofcompaniesiscontrolledbyaninterlockingnetworkoff amilyrelationships.MochtarRiadystartedthecompanymorethan30yearsagobypiecingtoge theragroupofdifferentfirms.HestartedwitharetailbankingbaseinIndonesia,buttheLip poGrouphasexpandedtoencompassbanking,finance,insurance,propertydevelopment,comm unicationsandmanufacturinginterests.Thefinancialsideofthebusinesswasintentional lydevelopedandstructuredtofacilitateinternationaltrade,initiallyintheAsiaarea,a ndlater,itwasexpandedintotheWest.AlthoughtheprincipalfigureintheLippoGroupisDr. Mochtar ,`", Riady,anIndonesianofChinesedescent,todayhistwosons--StephenandJame s--managetheentireLippoempire.StephenRiadyisresponsibleformostoftheHongKongoper ationsoftheLippoLimited--LippoGroup,suchasLippoLimitedandtheHonkKongChineseBank .HAMPSON:HisactivitiesareprimarilyfocusedonbankingandpropertydevelopmentinHongK ongandmainlandChina.JamesRiadyisresponsiblefortheLippoBank,flagshipLippoBankofI ndonesia,andalsoLippoLand(ph),whichisheadquarteredintheIndonesianareaandisdevel opingpropertyinIndonesiainasubsidiary--orasuburbofJakarta.BENNETT:Whataretheydo ingintheUnitedStates?Isitrealestatedevelopment?Isitbanking?Isitinsurance?Whatar ethe...HAMPSON:TheprimaryoperationintheUnitedStatesistheLippoBank.Ithasheadquar tersinLosAngeles.Andthen--butithasalsoseveralbranches--oneinSanFrancisco;SanJos e;andWestminster,California.BENNETT:Dotheymakemoney?HAMPSON:Itdoesn'tseemthatth eymakethatmuch.Idon'thaveaccesstotheirfinancialrecords.BENNETT:DoyouknowofanyAm ericanentityofLippothatdoesmakemoney,basedonpublicdocuments?HAMPSON:No,Idon'tpe rsonally.BENNETT:Sothey'reintheUnitedStates,butthere'snoevidencethatthey'remaki nganymoneyintheUnitedStates?Theirmoneyisallmadeelsewhereintheworld?HAMPSON:Well ,no,I--whatIdidwasevaluatethepublicrecorddocumentsthatareavailablethroughavarie tyofonlinedatabases.Andalotofthosespecificfinancialrecordsarenotavailable.BENNE TT:Isee.HAMPSON:Theyhave,youknow--theyare--mostofthemareprivatelyheldcorporatio nsthatdon'tproduceanypublicdocuments,`", thatshowtheirfinancialstatement.BENNE TT:SoitwouldbeunfairformetoconcludethattheyarenotmakingmoneyontheirAmericanoper ations?HAMPSON:Yes,thatwouldbeunfair,Ithink.BENNETT:Isee.Idon'twanttobeunfair.H AMPSON:AtleastfromwhatIknow.BENNETT:OK.Well,whatistheconnectionbetweenLippoandt hePeople'sRepublicofChina?HAMPSON:Well,overthepastfewyears,therecordisveryclear thattheLippoGrouphasshifteditsstrategiccenterfromIndonesiatothePeople'sRepublic ofChina.LippocurrentlyisinvolvedindozensoflargeTLjointventuresonthemainland,inc ludingconstructionanddevelopmentofapartmentcomplexes,officebuildings,highways,p ortsandotherinfrastructure.Lippo'sprincipalpartneronthemainlandisChinaResources ,acompanywhollyownedbythegovernmentofthePeople'sRepublicofChina.Theinterrelatio nshipoftheLippoandthegovernment-sponsoredcompaniessuchasChinaResourceshasgrownm arkedlysince1993.Lippo'sfirstknownbusinessconnectionwithaPRC-controlledcompanyw asinlate1991,whentheHongKongChineseBankattemptedtoinvolveChinaResourcesinacquir ingtheHongKongbranchoftheBankofCreditandCommerceInternational,betterknownasBCCI .ThedealfellthroughwhenChinaResourcesbackedout.However,inlate1992,ChinaResource spurchased15percentofHongKongChineseBank.Subsequently,atacriticaltime,whentheIn donesianinterestswereundergreatfinancialstrain,andindeed,therewasabriefrunonthe LippoBank,ChinaResourcesinjectedtensofmillionsofdollarsintothecash-starvedLippo Land.Finally,inmid-1993,ChinaResourcesincreaseditsstakeintheHongKongChineseBank to50percent.PressreportsindicatethatChinaResourcespaid50percentoverthemarketpri ceofthestock,morethana$125millionpremium.Since1993,theLippoGroupandChinaResourc eshavegrowncloserandcloser,withdozensofshareddevelopmentprojectsthroughoutmainl andChina. ,`", Justtwoweeksago,StephenRiadyannouncedthatthenameofLippo'sHongKon gChineseBankwouldbechangedtoLippoChinaResourcestoreflectthatChinaResourcesisnow anequalpartner.Bywayofillustratingthechange,Ipreparedseveralcharts.There'sa1992 chartoverhereonmyright.Ican'tseeit,but...BENNETT:Icanseeit,butIcan'treadit.HAMP SON:Well,boththe1992chartandthe1997chartareanalyticalcharts.Theyareintendedtoev aluatetherelationshipthatexistsbetweenthevariousentities.I'veprovided--puttheinformationinaverylargedatabase.Andestablishconnectionsbetweenthevariousgroups,wh ichshowhowtheentitiesarerelatedtoeachotherandwhatdirectionownershipinterestisin volved.HAMPSON:Theyarenotintendedtobeflowcharts.WhatI'dliketodoisreferyoutoseve ralexhibits.ExhibitNumber117,ifyoucouldputthatonthescreen,isachartthatshowstheL ippoGroupin1997.Anditgreatlysimplifiesandmakesmorecleartherelationshipsthatexis tedorthatexistedatthistime.Asyoucanseeontherightofthechart,LippoLimited,headedb yStephenRiady,andasubsidiaryisaHongKong,China,bank.They'relocatedonthemainlanda ndinvolvedinanumberofdifferentdevelopmentprojectsinmainlandChinatogether.Thesea reonlyasmalllistofthosethatareavailable.Ontheleft-handsideofthechart,you'llseet he--extremeleft--you'llseethefinancialactivities,centeredinIndonesia,thatprovid etheIndonesiansideoftheirfinancialnetworkthatthey'vesetup.InthemiddleisLippoLan d(ph),andthevarious--orthetwodifferentdevelopmentprojectsinIndonesiathatLippoha sstartedbackinaboutthemid-'90s.AlloftheseentitieshaveconnectionstothePeople'sRe publicofChina,andessentially,that'swhatthischartoverhereshowsinaverymuch--inave rycomplicatedway.However,thattypeofrepresentationisextremelyimportanttoevaluate thedetailoftherelationships,becauseit'sfromthedetailthatwegetthegeneralrelation shipsthatexist. ,`", ThesecondchartthatyoucanseeisLippoGroupinearly1992,Exhibit 118.Youcanseeallofthemajorentitiesonthesecharts.Butatthattime,therewasnoknownbu sinessconnectionbetweentheLippoGroupandChinaResources,whichisessentiallythePeop le'sRepublicofChina.BENNETT:Soyourpointisthatinthefive-yearperiod,Lippowentfrom afamily-ownedentityheadquarteredinIndonesiatoajointventure,ineffect,withtheChin esegovernment,withtheprimarysourceofactivityheadquarteredinthePeople'sRepublico fChina.Isthatafaircharacterizationofwhatyou'resaying?HAMPSON:Yes.BENNETT:Tellus alittlemoreaboutChinaResourcesandwhattheycanbringtothetableasajointventurepartn er.HAMPSON:Well,ChinaResourcesisahugetradingcompany.It'sahundredpercentownedbyt hegovernmentofthePeople'sRepublicofChina.It'sinvolvedineverythingfrompeanutstop ropertydevelopment,andfrommineralstomachinery.Ithashundredsofsubsidiaries.It'ss heersizedwarfseventheLippoGroup.It'spurposeistofostertradeandtopromotedevelopme ntofthemainland'seconomy.Throughbusinesstiesithasestablished,thegroupseeksoutte chnologythatthecountryneedsandbuysit.ChinaResourcesalsohasamoregeopoliticalpurp ose.Itiswell-establishedinthepublicrecordthatthegovernmentofthePeople'sRepublic ofChinausesChinaResourcesasanagentofespionage,economic,militaryandpolitical.Ifi tsagentscan'tbuythetechnology,theyobtainitbyothermeans.Theyacquireinterestincom paniesinordertousethemassurrogates,aswellastoprovidecoverforcovertoperatives.Th ecompanyiskindoflikeasmilingtiger--itmightlookfriendly,butit'sverydangerous.BEN NETT:Well,now,let'stalkabouttheLippoactivitiesintheUnitedStatescurrently,becaus eyourimplicationisthattheChinaResources,byvirtueofitsrelativelynewassociationwi thLippo,cancomethroughLippoentitiesintotheUnitedStates.Idon'twanttoleadyou.Buti sthatafaircharacterizationofwhatyou'releadingto? ,`", HAMPSON:It'spossible.Righ tnow,ifI'dreferyoutoExhibitNumber19--119,thisisanotherchartthatwasprepared.This largelyisdevelopedfromadocumentproducedbyHipHingHoldingsCompany.AsImentionedear lier,mostoftheoperationsoftheLippoGroupintheUnitedStatesareverycloselyheldandpr ivate.There'snotagreatdealofinformationaboutthem.Andwedon'tknowverymuchaboutthe iractivities,atleastIdon't.Imean,there'snotthatmuchinthepublicrecordthat'savail able.Butyoucansee...BENNETT:WenowknowthatatleastSanJoseHoldings,ToyCenterandHip HingHoldingsdon'tmakeanymoney,andneverhave,basedonthetestimonywe'vehadbefore.HA MPSON:OK.BENNETT:Allright.Goahead.Ididn'tmean...HAMPSON:Iwasjustgoingtopointout thatyoucanseethattheLippoBankinCaliforniaistheprimary--reallytheprimaryactiveop erationoftheLippoGroupthatI'mawareof,atleastfromthepublicrecorddocumentsthatare available.TherestofitareprivatelyheldcompaniesthatallhavetiesbackintotheLippoGr oupoperationsinternationally.BENNETT:Doyouhaveanyinformationonthepublicrecordth atwouldindicatetherewasanyactivityonthepartoftheChinesegovernmentthroughChinaRe sources,throughLippo,intheUnitedStatesinanyoftheseorganizations?HAMPSON:Ihaveno knowledgeofthat.BENNETT:Doyouhaveanyknowledgethatithasnothappened?HAMPSON:No.BE NNETT:So,that'ssomethingwe'llhavetopursueotherthanthroughpublicdocuments.HAMPSO

N:Yes.BENNETT:Asidefromthefactthatyourchartsgiveusterribleeyestrain,Iwanttothan kyouforcomingtohelpusgetabetterunderstandingofexactlywhatitiswe'redealingwith.T hankyou. ,`", Mr.Chairman,Ihavenothingfurther.THOMPSON:SenatorGlenn.GLENN:Mr.Ba ron.BARON:Thankyou,Senator.Goodafternoon,Mr.Hampson.Wejustmadeitbytwominutes.Yo udescribedearlierthatyouarethepresidentofSearchInternational,andyoudescribedwha tSearchInternationalis.HowmanyemployeesdoesSearchInternationalitselfhave?HAMPSO N:Five.BARON:Andyou'rebasedinChicago?HAMPSON:InChicago,yes.BARON:Andareallfivei nvestigators?Ordoesthatincludeclericalpeople?HAMPSON:Well,Idon'thaveanyclerical people.Idohaveanadministrativeassistant.BARON:OK.Soyouhavefourinvestigatorsanda nadministrativeassistant?HAMPSON:Yes.BARON:Now,ingatheringinformationonaforeign company,amIcorrectthatyouwouldtypicallyusemanydatabasesthatarepublic?HAMPSON:Ye s.BARON:Andisitfairtosaythatinputtingtogetheryouranalysisthatmuchofthematerialy ou'verelieDontodayisavailableinthepublicdomain?HAMPSON:Yes.BARON:Thiswouldinclu deLexis-Nexis,Dun&Bradstreet--databasesofthatsort? ,`", HAMPSON:Yes,sir.BARON:O K.Now,inyourgatheringofinformationconcerningtheLippoGroup,didyouhaveaccesstoast udydonebytheHarvardBusinessSchoolin1993?HAMPSON:Yes,Idid.BARON:Anddoyourecallth attheHarvardBusinessSchoolprofiledescribestheLippoGroup,basedinIndonesia,asanun consolidatedfederationofcompanieswithamultibilliondollarassetbase,asecondmajorb aseinHongKong,andactivitiesthroughoutthePacificRimwhichenjoyedremarkablesuccess .HAMPSON:Yes.BARON:Doyouagreewiththat?HAMPSON:Yes,Ido.BARON:Doesthatconfirmyour ownanalysis?HAMPSON:Yes.BARON:AndamIcorrectthatyoulearnedinyouranalysisandresea rchwithregardtotheLippoGroupthatitisaprofit-drivenentity.Imean,itiswhatwewouldt hinkofasacapitalistventure.HAMPSON:Oh,yes.BARON:Allright.Anddoyourecallalso,acc ordingtotheHarvardBusinessSchoolProfilethattheLippoGroupwasabletoattractandhire experienced,well-regardedexecutives?Doyourecallthat?HAMPSON:Yes.Yes,Ido.BARON:H igh-caliberprofessionals,Ithink,isoneofthephrases.Now,thepopulationofChinahasin excessofabillionpeople.AmIcorrect? ,`", HAMPSON:Yes,itdoes.BARON:Anditcertainly isalsooneofthelargestmarketsintheworld.Isitnot?HAMPSON:Yes.BARON:And,ofcourse,a sanentity,itandthroughitsvariousarms,ithasmoneythatitwishestoinvest.Doesitnot?H AMPSON:Yes.BARON:AndmuchofthatinvestmentisoutsideofChina.Isitnot?HAMPSON:Yes,it is.BARON:Andthere'snothingunusualaboutthatinherently.Isthere?HAMPSON:No.BARON:A mIcorrectthatinChina,doingbusiness--andwe'retalkingaboutthePRC--ifyou'redoingbu sinessinChina,doingbusinesswithChinesecompaniesmeansdoingbusinesswithcompanieso wnedbytheChinesegovernment,suchasChinaResources.HAMPSON:Notalways.BARON:Idon'tm eanalways,butifyou--ifonewishestodobusinessinChina,veryoftenoneendsupdealingwit hanentitysuchasChinaResources,whichisownedbythegovernment.HAMPSON:Right.BARON:N ow,amIcorrectthattheLippoGroupalsohasrelationshipswithcountriesotherthanChina?A ndbyChina,I'mtalkingaboutmainlandChina.HAMPSON:Yes.BARON:CountrieslikeTaiwan?HA MPSON:Yes. ,`", BARON:Japan?HAMPSON:Yes.BARON:France?HAMPSON:Yes.BARON:England? HAMPSON:Yes.BARON:Now,thechartsthatyouhaveprovideddon'tsayanythingabouttherebei nganyChinesegovernmentmoneyinanyofLippo'sAmericanentities,dothey?You'renotinapo sitiontosaythat,areyou?HAMPSON:No,I'mnot.BARON:Sotheydon'tshowanyChinesemoneyin Lippo/USAorinHipHingHoldingsorinToyCenterHoldings.Youdon'tknowthat,doyou?HAMPSO N:No,Idon't.BARON:SanJoseInvestments?HAMPSON:Idon'tknow.BARON:Butasfarasyouknow ,there'snoChinesegovernmentmoneyinanyofLippo/USA'sentities?HAMPSON:Iwouldn'tkno wonewayortheother.BARON:Right.Ifyouhadseenevidenceofit,youwouldhavebroughtitfor ward,wouldyounot?HAMPSON:Yes.BARON:Now,youindicatedthatLippohasbusinessventures jointlywithChinaResources,acompanythatiseitherpartiallyorentirelyownedbytheChin esegovernment.Isthatcorrect? ,`", HAMPSON:Yes.BARON:AndoneofthoseventuresistheH ongKongChineseBank,Ibelieve?HAMPSON:Yes,itis.BARON:Allright.Now,Ibelieveyou'vea lsotestifiedthattheLippoGroupisahugeinternationalconglomerate.HAMPSON:Yes.BARON :Atourbestcount,ithasabout143subsidiariesallovertheglobe.Doesthatsoundright?HAM PSON:Ithinkthere'smorethanthat.BARON:Giveortakeacouple?HAMPSON:No,there'squitea bitmorethanthat.BARON:OK.HAMPSON:Thisisonlyasmallrepresentationofthecompaniesth atareavailable.Infact,thisisjustthecorerelationshipsthatexist.Thechartwouldbemu ch,muchbiggerifwehadalloftheadditionalcompanieslistedonit.BARON:Allright.I'dlik etohavethechartoverontheeasel.Pleaseputitinapositionsothewitnesscanseeit.Maybey ououghttotakedownthe...(UNKNOWN):Youcantakethat...BARON:...therewego.Now,doyour ecognizethoseasLippojointventuresthatapartofthemakeupofthevariousinvestmentstha tthecompanyhas?HAMPSON:Yes.BARON:AmIcorrect--I'msorry.HAMPSON:Idon'trecognizeac oupleofthemoffthetopofmy ,`", head.ButIdo--IseeseveralofthemthatIremember.BARON :Right.Andthefactthatyoudon'trremembermaybebecausetheyhavesomany,andyoujustdon't rememberthem.HAMPSON:That'sright.BARON:OK.Andindeed,amIcorrect--didyoucomeacros sthefactthatevenPatRobertsondoesbusinesswithLippo?HAMPSON:No,Ididn'tcomeacrosst hat.BARON:Well...(LAUGHTER)HAMPSON:Iwasn'tlookingforhim.BARON:Well,thereheis.Yo urecognizetheface?HAMPSON:Yes.BARON:OK.AndweassumethatPatRobertson'sinvestmenti nLippowasnotpartofsomegrandschemetopermittheChinesegovernmenttoinfiltrateourpol iticalsystem?HAMPSON:Iwouldn'tknow.(LAUGHTER)BARON:OK.Mr.Hampson,areyouawaretha tBoeinghasbusinessventuresinvolvingcompaniesinwhichtheChinesegovernmenthasastak e?HAMPSON:Yes.BARON:GeneralMotorshasthesamekindofrelationshipwithChinesecompani esinwhichtheChinesegovernmenthasastake.HAMPSON:Yes.BARON:EastmanKodakhasbusines sventuresofthattype.Dotheynot?HAMPSON:Idon'tknow. ,`", BARON:Itwouldn'tshockyou tofindoutthattheydid?HAMPSON:No.BARON:It'sagreatplacetosellfilm,wouldtnot?Over abillioninpopulation.HAMPSON:Iwouldthinkso.BARON:AreyouawarethatMicrosofthasbus inessventuresinvolvingcompaniesinwhichtheChinesegovernmenthasastake?You'reaware ofthat?HAMPSON:No.BARON:Itwouldn'tshockyoutofindputthatthatwasthecase,though,wo uldit?HAMPSON:No.BARON:CocaCola,all-Americancompanylikethat,hasbusinessventures withtheChinesegovernment,withcompaniesinwhichtheChinesegovernmenthasastake.Doyo uknow--areyouawareofthat?HAMPSON:No,Iwasn't.BARON:Doesitshockyou?HAMPSON:No.BAR ON:Ihavenothingfurther.THOMPSON:Whydon'tweletthesenatorgoahead.LEVIN:Justacoupl eofquestions,Mr.Chairman.ShallIproceed?THOMPSON:Yes.LEVIN:DidyoureadtheHarvards tudy,bytheway,onLippo?HAMPSON:Yes,Idid.LEVIN:Didanythingyoufoundinthepublicreco rdconflictwiththeHarvardstudythatyouread? ,`", HAMPSON:No.NotthatIrecall.LEVIN: WhenyoulookedatthepublicrecordonLippoandyousawthatoneoftheholdingcompanieswasHo pHing,isthatcorrect?(OFF-MIKE)achart?HAMPSON:HipHing.LEVIN:HipHing,Imean.HAMPSO N:Yes.LEVIN:YouhaveHipHong?HAMPSON:Well,Ididn'tputitinthere.LEVIN:Allright.Well ...HAMPSON:Isee.Iknowit'sHipHing.LEVIN:It'sHipHing.Andwhenyoulookedatthepublicr ecordonHipHing,didyou--we'reyouabletodeterminewhattheirincomewas1992?HAMPSON:No .LEVIN:Wereyouabletodeterminewhattheirgrossornetincomewasin'92?HAMPSON:No.LEVIN :Thatwasn'tinthepublicrecord?HAMPSON:No.LEVIN:Doyouknowwhetherornot,forinstance ,theygrossedeven$100,000in'92?HAMPSON:Ihavenoidea.LEVIN:Didyoudoathoroughexamin ationofthepublicrecord?HAMPSON:Ididaverycompletedatabaseresearchonanumberofdiff erentrecords.Iwouldn'tconsideritexhaustive. ,`", LEVIN:Butyoudidareasonablythor oughdatabasesearch?HAMPSON:Yes.LEVIN:Andthatdidnotdisclosewhateithernetorgrossi ncomewasin'92?HAMPSON:No.LEVIN:Thisgetsintothequestionofhow,then,doesapolitical partyreceivingacontributioncheckoutwhetherornottherewasadequateeithergrossornet incometocoverthatcontribution.LEVIN:Now,you'renotabletoanswerthat.I'mnotaskingy outhequestion.Butthat'swhatyourtestimonyraiseshere.Acheckcomesinfor$50,000.Ifit 'snotfromaforeignsource,itisclearlylegal.Peoplecanargueastowhetherornotifitisfr omaforeignsourceit'slegalornot.Butitshouldn'tbereceivedinanyevent.AsfarasI'mcon cerned,itshouldn'tbelegal.Butthecheckcomesinin1992,andtheyhiresomebodylikeyou.H owmanyweekshaveyoubeenworkingonthis?HAMPSON:Acouple.LEVIN:Acoupleofweeks.Sothey hiresomebodylikeyouforacoupleofweeks,say,here'sthischeckfor$50,000andchecktheda tabaseandseewhatthesourcesare.Butinanyevent,itdoesraisethequestionastohowwhendo zensorhundredsofcheckscomein,whatisthevettingprocedurewhichisreasonablyexpectab leofapartyoracampaign,becauseevenyourreasonablythoroughpublicsearchofthepublicr ecorddoesn'tdisclosethiskindofafigureorwhatthatgrossornetfigurecould--wasinthat particularyear.Mynextquestionisthis:You'veindicatedthatthere'sagreaterfocusnowo

nChinaonthepartoftheLippoGroup,isthatcorrect?HAMPSON:Yes.LEVIN:Inthelastfiveyea
rs.Isthatfairlytypicalofalotofcompanies,thatthere'sbeenashiftoffocusinthelastfe
wyearstoChinaasanopportunityforprofit?Isthathappeningwithalot,`", ofentities?B
oeing,othershavebeenmentioned.Isthat...HAMPSON:Alotofcompaniesaremakinginvestme
ntsinChina.Ihaven'tseenalotofcompaniesbecomingpartnerswithacompanylikeChinaReso
urces,however.LEVIN:YouindicatedChinaResources,Ithought--didn'tyousayhadhundred
sofsubsidiariesorhundredsof...HAMPSON:Yes.LEVIN:Anddoyouknowapproximatelyhowman
yofthose--doyoucallthemsubsidiariesorjointventures?HAMPSON:Yes.LEVIN:Doyouknow-
-haveyoutrackedthegrowthofthosesubsidiariesandjointventuresintheChinaventures?H
AMPSON:No.IonlytrackedthoseentitiesthatIcouldtieintotheLippoGroup.LEVIN:Sothaty
ou'renotabletotellus,forinstance,whetherornotthere'stwiceasmany,fivetimesasmany
,10timesasmanysubsidiariesnowthatjoint--thatChinaventuresisinvolvedinastherewer
ein1992?HAMPSON:No,Iwouldn'tknow.LEVIN:Doyouknow,intermsoftheLippoGroup'sincome
,doyouknowwhatpercentageoftheincomeortheassetsofLippoGrouparenowinChinacompared
tofiveyearsago?HAMPSON:It'sverydifficulttotell.Icouldn'tevenbegintospeculate.LE
VIN:OK.Thankyou,Mr.Chairman.THOMPSON:SenatorLieberman,wemayhave--wehaveavoteon,
butwemayhavetimeforyouifyouwantto...LIEBERMAN:Thanks,Mr.Chairman.I'lltrytodothi
squickly.Mr.Hampson,goingbacktothatHarvardstudy,verybriefly,ononeoftheexhibitsi
nit,theylistcountryrepresentativesforthe ,`", LippoGroup.Theyhavefivecountriesi
nit.NexttotheUnitedStates--thisisasof1992--JohnHuangislisted.Onthebasisoftherev
iewyoudid,doyouhaveanyunderstandingofwhatitwouldmeanforJohnHuangtobethecountryr
epresentativefortheLippoGrouphereintheUnitedStates?Washe--ishechiefofficerorasa
lesrep?Or...HAMPSON:Idon'tknow.LIEBERMAN:Youcan'ttell.OK.Second,theLippoGroupan
dtheindividualsassociatedwithitcontributedsubstantialamountsofmoneytoAmericanpo
liticalcampaignsoverthelastseveralyears,amountsofmoneythatarequestionableorrais
equestionsbecausethecompanywasn'tdoing--theLippoGroupwasn'tdoingthatmuchbusines
shereintheUnitedStates.ButoneofthetheoriesraiseddoesnotgotoChina,butgoestoJakar
taandIndonesia.AndthequestionIwanttoaskyouis,inyourreview,didyou--onthebasisofy
ourreview,canyoutellusanythingabouttherelationshipbetweentheLippoGroupandtheInd
onesiangovernment?HAMPSON:Ididn'tlookatthat.LIEBERMAN:OK.Finalquestion.ChinaRes
ourcesHoldingCompany.Ibelieveyouindicatedthatthatholdingcompany,whichboughta15p
ercentinterestinLippoGroupin'92,andnow,Ibelieve,holdsa50--intheLippoHongKongBan
k...HAMPSON:Yes.LIEBERMAN:...nowholdsa50percentinterest,hadbeenusedforespionage
purposesbytheChinesegovernment.Whatisthebasisofthatconclusionthatyou'vemade?HAM
PSON:There'sanumberofpublishedreportsinthemediaaboutthis.TherewasaBBCbroadcasta
fewyearsagowhereitquotedan--intelligenceagentsonthatparticularsubject.Therewere
acoupleofotherreferences,too,thatIcan't--Ihaveitinmymaterials,butIcan'trecallth
eexactsource.LIEBERMAN:OK.So,again,thesewerefrompublicsources,not,`", fromclas
sifiedinformation?HAMPSON:No.LIEBERMAN:Thankyou.Thanks,Mr.Chairman.THOMPSON:All
right.No.Ithoughtwe'dbringhimbackifyou--wehaveavoteon.Let'srecessforlunch.Andle
t'sreconveneat2:15?2:15.(RECESS)THOMPSON:SenatorGlenn,didyouhavefurtherquestion
softhiswitness?GLENN:Mr.Chairman,justoneminuteworth.Iwasgoingtoaskbeforewewento
utforthebreakwhether,youknow,thetitleofyourcompanywouldindicatethatyoudosearche
sabroadandIwasjustwonderingifyoudoactualpersonnelsearchesinaforeigncountry,andt
heobviousfollowupquestionwouldbewegotacoupleofdozenpeopleoutsomeplaceouttthereth
atwe'dliketofind.Doyouthinkyoucouldfindthem?(LAUGHTER)HAMPSON:Wemight.GLENN:Tha
t'snottherightanswer.Doyouthinkyoucanorcannotorisyoursthewrongcompanytodothat?H
AMPSON:Well,wecouldfindthemifwe'regivenenoughtime.GLENN:Welltimeisoftheessencei
nthiscase.I'mreasonablyseriousaboutthistoo.I'dliketohaveabipartisaneffort.Let's
findsomeofthesepeopleandifwefindthemseeifwecantalktothem.Doyoudothatkindofwork,
orareyoumainlyinvolvedwithcorporateandbusinessconnectionsasyour,asthewriteupofy
ourbackgroundindicates?HAMPSON:Mostofitiscorporateworkthatwedo.GLENN:OK,you'ven
everdoneworklikethat,likeI'mtalkingabout?HAMPSON:Theonlything--we'vetrackeddown
manypeoplefor ,`", witnessesorwhateverpurposeitmightbe.GLENN:Wellthismightbesom

ethingwe'dwanttotakeandmakeabipartisaneffortontoseeifyoucouldgooutthereandfinds omeofthesefolks.Ifyoucould,I'dbeallforit.Don'tknowwhetherwecouldgetthemtotalkon cewe'rethere,butwemighttryit.Thankyou,Mr.Chairman.THOMPSON:Thankyou.Mr.Madigan, didyouhaveacoupleofbriefquestions?MADIGAN:Yes,Mr.Chairman,justbriefly.Mr.Hampso n,ifyouwouldlookbackforusatthechartontheright,whichasIunderstoodyourtestimonyis theconfigurationoftheLippoGrouptodayaswesithere.Isthatright?HAMPSON:Yes.MADIGAN :NowwhatdoesthechartontherightreflectastothepresentinteresttodayofChinaResource sinanyLippoentity?HAMPSON:ThechartshowsthatmostoftheLippoentitiesrepresentedont hisdisplayhaveatleastsomeownershipinterestbyChinaResourcesHolding.MADIGAN:Andso Icanfollowthis--actuallycan'tseeitallthatwellfromhere--withthedifferentcoloredl ines,isthepresentinterestthatChinaResourceshasinanyLippoentityreflectedonthisch artreflectedonthischartbyaparticularcolorline?HAMPSON:Yes,thepurplelineshowanow nershipinterestbybothChinaResourcesandtheLippoGroup.MADIGAN:Soit'sthepurpleline sonthischartthatwouldreflectthat.Isthatright?HAMPSON:Yes.MADIGAN:Nowtoyourknowl edge,doesChinaResourceshaveanyownershipinterestinCoca-Cola,Microsoft,GeneralMot ors,oranyoftheothercompaniesbeingaskedaboutbyMr.Baron?HAMPSON:No,sir. ,`", MADI GAN:That'sallIhave,Mr.Chairman.THOMPSON:That'sallthatwehave,Mr.Hampson.Iwillpoi ntoutthatIwashandedattheintermissiontheadvisoryopinionoftheFederalElectionCommi ssion,1992-16.Says,"contributionsbydomesticsubsidiariesofforeignnationals."Appa rently,inordertobelegal,adomesticsubsidiarymustmakeapoliticalcontributionoutofn etprofitsandnotrevenues.Andsowiththatwewillexcuseyou,Mr.Hampson,andthankyouvery much.HAMPSON:Thankyou.THOMPSON:We'regoingtocallHaroldArthurasournextwitness.THO MPSON:Mr.Arthur,I'msorry.I'mnotgoingtoaskyoutostandagain.Wouldyoupleaseraiseyou rrighthand,please?Doyousolemnlyswearthetestimonyyou'reabouttogiveisthetruth,the wholetruth,andnothingbutthetruth,sohelpyouGod?ARTHUR:Ido.THOMPSON:Thankyouverym uch,Mr.Arthur.I'llcallonSenatorCollins.COLLINS:Goodafternoon,Mr.Arthur.Iknowtha tyouhavealengthyopeningstatement,whichIcanassureyouwiththechairman'sconcurrence willbesubmittedfortherecord,andwhichhasbeenprovidedtoallmembersofthiscommittee. So,unlessyou'dliketomakeafewopeningremarks,we'llproceedtoquestions.ARTHUR:Proce ed.COLLINS:Thankyou,Mr.Arthur.Mr.Arthur,Iunderstandthatyouarealong-timeofficera nddirectorofLippoBank,andthatyoucurrentlyserveaschairmanoftheboardofdirectors,i sthatcorrect?ARTHUR:That'scorrect.COLLINS:Mr.Arthur,whoownsLippoBank?ARTHUR:Mr. JamesRiady. ,`", COLLINS:Andisitaccuratethatsome98percentor99percentofthestocki sownedbyMr.Riady.ARTHUR:That'smyunderstanding.COLLINS:OK.IsLippoBankpartoftheLi ppoGroupthatwe'vehearddiscussedearliertoday?ARTHUR:TheLippoGroupconsistsofacons ortium.Itconsistsofagroupofsmallorlargedifferenttypesofentities,allwiththecommo nalitiesofbeingrelatedinsomerespecttotheRiadyfamily.COLLINS:I'mgoingtotakethata sayesandasconsistentwithyourdepositioninwhichyouareaskedwasthereanywayinwhichth ebankwasnotpartoftheLippoGroup,andyourespondedthattherewasnoway.Doyoustillstand bythatstatementinyourdeposition?ARTHUR:Ofcourse.COLLINS:Thankyou.Aspartofyourdu tiesduringtheperiodthatyouoccupiedthepositionofCEOofLippoBank,youattendedLippoG roupconferencesinJakarta,whereseniorexecutivesthroughoutthegroupwerebroughttoge ther,isthatcorrect?ARTHUR:That'scorrect.COLLINS:Andwhatwasthepurposeofthoseconf erences?ARTHUR:Tointroducethevariousentitieswhichwereconsideredtobepartofthegro uptooneanotherforthepurposeofknowingwhatthebusinessrelationshipscouldbedevelope d,andwhatmarketingfunctionswecouldshare.COLLINS:OK.WereMr.JamesRiadyandMochtarR iadyinattendanceatthosemeetings?ARTHUR:Yes.COLLINS:DuringyourtenureatLippoBank, youworkedwithanindividualnamedJohnHuang.CouldyoutelluswhatpositionorpositionsMr .HuangheldatLippoBank?ARTHUR:Mr.Huangwasthepresidentandchiefoperatingofficeroft hebankin1986to1988,Ibelieve.IwastheCEOatthattime,until--letmestartoveragain.Iwa stheCEOfrom'84until'87.,`", JohnjoinedthebankaspresidentandCOOin'86,andheheldt hatpositionuntil'88.COLLINS:Thankyou.Beyondhisdirector'sdutiesatthebankwhichhes ubsequentlywenttoafterhewasnolongerCOO,didMr.HuangalsoserveastheUnitedStatesrep resentativeoftheRiadyfamily?ARTHUR:Thatwasmyunderstanding.COLLINS:Areyouaware,M r.Arthur,thatin1992,theLippoGroupattemptedtopurchasetheHongKongbranchoftheBankofCreditandCommerceInternational,whichisknownasBCCI?ARTHUR:Iunderstandthatiscorrect.COLLINS:OK.DoyouhappentobeawareofthefactthattheRiadyssentMr.HuangtoBeijingtonegotiateaspectsofthattransactionwiththeChinesegovernment?ARTHUR:Idonotknow.COLLINS:OK.Mr.HuangmaintainedanofficeatLippoBank,didn'the?ARTHUR:Yes.COLLINS:I'dliketodirectyourattentiontoanexhibit.It'sexhibit109,that'sinyourbook.Andit'llalsobebroughtuponthescreen.ARTHUR:OK.COLLINS:Thefirstpageofthisexhibitisalittlebithardtoseeonthescreen.Maybewecangotothesecondpage,whichlabelsthevariousrooms.Whatwe'relookingatisthelayoutoftheLippoBankexecutivesuiteduringtheperiodthatwe'rediscussing.Couldwehavepagetwooftheexhibitputup?ARTHUR:Yes.COLLINS:Thismaymakeiteasiertofollow.Woulditbefairtosaythatthisisasmallofficesuiteandthatyousatinclose ,`", proximitytoMr.Huang'sofficeforthebetterpartofthefouryearsdayinanddayout?ARTHUR:That'scorrect.Butthenamesarewrong.COLLINS:Thenamesarewrong?OK.Butitiscorrectthatyouwereincloseproximitytohisoffice.Isthatcorrect?ARTHUR:Myofficewas(OFF-MIKE)--itislabeledJamesPerLee.COLLINS:OK.Soit'srightdirectlynexttoit.ARTHUR:That'scorrect.COLLINS:Thankyouforthatclarification.Mr.Arthur,woulditbefairtosaythatduringthisfour-yearperiod,thatyoudevelopedaclosebusinessrelationshipwithMr.Huang?ARTHUR:IdevelopedarelationshipwithMr.Huang.Notaclosebusinessrelationship,no.COLLINS:Ijustwanttodirectyourattentiontoyourdeposition,ifIcould,justonthatpoint,justforclarity.Onpage17ofyourdeposition,youwereasked,didyoucometohaveapersonalrelationshipwithMr.Huang?Andyourresponsewasthat--quote--"IhavehadaclosebusinessrelationshipwithJohnformanyyears."ARTHUR:That'scorrect.COLLINS:OK.BasedonyourconnectionswithMr.Huangduringthisfour-yearperiod,whatwereyourobservationsaboutwhatMr.Huangdidinhisofficedayinanddayout?ARTHUR:Inthe--inhisoffice?COLLINS:Yes.ARTHUR:Ireallyhaveno--Ihaveno--Ireallydon'tknowwhathedidinhisoffice.Hewasnotinthebank.COLLINS:But...ARTHUR:Theofficewasaspacethatwasleased.Andheoccupiedtheoffice . ,`", COLLINS:Butyoudidsitinthenextofficeforaperiodofyears.Yousharedasecretaryatsomepoint.Isthatcorrect?ARTHUR:Yes.COLLINS:Andyoutravelledwithhimoccasionallyto--isthatcorrect--toJakarta?ARTHUR:No.COLLINS:No.Didyouevertravelwithhim?ARTHUR:Idon'tthinkI'veevertravelledJohn.COLLINS:OK.Yousharedasecretary.Yousatnextdoor.Byyourdeposition,yousaidthatyoudevelopedaclosebusinessrelationship.ARTHUR:That'scorrect.COLLINS:Butyoudon'thaveasenseofwhathedid,daytoday?ARTHUR:Idonot.COLLINS:IsthatbecauseheheldverycloselytohimhisactivitiesforothersubsidiariesoftheLippoGroup?ARTHUR:No,notnecessarily.WeneverdiscussedhisrelationshipwiththeLippoGroup.COLLINS:Andyouneverdiscussedwhathewasdoing?Whathisdutieswere?ARTHUR:No.Ipresumeditwasbusinessrelationsandcustomerdevelopment.COLLINS:Mr.Arthur,areyouawareofthenewsreportsthatsurfacedlastfallstatingthatMr.HuanghadmadenumerousphonecallstoLippoBankfromhisofficeattheU.S.DepartmentofCommerce?ARTHUR:Iamawareofthenewspaperreports.COLLINS:WoulditbefairtosaythatyouandtheCEO,PerLee,andyourfellowboardmembersatthebankwereconcernedwhenyouread ,`", thepressaccountsthatJohnHuanghadmadenumerousphonecallstothebankwhileintheemployoftheU.S.DepartmentofCommerce?ARTHUR:Iwasnotconcerned.Mr.PerLeeIcannotanswerfor.He'snothere.COLLINS:OK.Inresponsetothosepressreports,however,it'smyunderstandingthatMr.PerLeeperformedaninvestigationintothephonecalls.Isthatcorrect?ARTHUR:Iunderstandthathedid.COLLINS:Andhispreliminaryinvestigationrevealed,fromhisperspective,thattherehadbeen60contactsbetweenMr.HuangandthebankafterheleftLippoBank.Isthatcorrect?ARTHUR:I'mnot--Idonotknow.COLLINS:OK.ThatisourunderstandingbasedonMr.PerLee'sdeposition.Now,I'dliketodirectyourattentiontoanotherexhibit.It'sexhibitnumber114.WhatI'mshowingyouhereisaphonebillanditindicatesthatMr.Huang'sLippoBankcallingcardwasinusemakingcallsfromMr.Huang'sCommerceDepartmentphone,aswellashishomephoneinSilverSpringwellafterheleftthebankinJulyof1994.AndI'dlikeyoutotakealookatthisparticularexhibit.Thisparticularexhibitshowsthattherewere41phonecallsin23days--41phonecallsin23days--thatwerechargedtotheLippoBankcallingcardbetweenJuly18thandAugust9th,1994.Thisraisesaquestioninmymind.AfterheleftthebankwasMr.Huangauthorizedtocontinueto usehisLippoBankcallingcard?ARTHUR:Iamsorry.Icannotansweryourquestion.IfMr.PerLe ewerehere,hecould.COLLINS:Woulditbetypicalforanemployeewhohaslefttheemployofthe bank,aformeremployee,tocontinuetohaveaccesstoaLippoBankcallingcard?ARTHUR:Ican' tanswerthatquestion. ,`", COLLINS:Well,inyourexperienceofbeingtheCEOofthebank,c anyourecallanycaseswhereanindividualwhowasleavingtheemployofthebankwasgivenperm issiontocontinuetousethebank'scallingcard?ARTHUR:Wewouldnothavegivenpermission. COLLINS:Youwouldnothavegivenpermission.AsImentioned,Mr.PerLee'spreliminaryinves tigationindicatedthattherewassome60callsthat--or60telephonecontactsthathecouldd ocument.Wouldyoube--yousaidyouweren'treallythatconcernedaboutthat.Wouldyoubemor econcernedifyouweretolearnthatthestaffofthecommitteehasdocumentedmorethan230tel ephonecontactsbetweenMr.HuangandLippoBankafterheleftthebank?Wouldthatheightenyo urconcern?Togofrom60to230?ARTHUR:Mr.PerLeetoldmehehadmadethesurvey,thatno--none ofthosecallsweredirectedtoanyoftheseniorofficersofthebank.Iwouldnothavebeenconc erned.COLLINS:Well,letmeaskyouanotherquestion.You'renotconcernedat60calls.You'r enotconcernedat230calls.WouldyoubeconcernedifItoldyouthatthestaffhasdocumentedt hatthereweremorethan400telephonecontactsbetweenMr.Huang,whilehe'sworkingattheUn itedStatesDepartmentofCommerce,andvariousLippoentitiesorpeopleworkingforvarious Lippoentities?Thatjusttoputthatincontext,thatamountstomorethanacallperbusinessd ayduringJohnHuang'sentiretenureattheU.S.DepartmentofCommerce.ARTHUR:Iamnotaware ofanyofthosephonecalls.Ireallyhavenoknowledgeofwhatyou'retalkingabout.COLLINS:W ell,Mr.Arthur...ARTHUR:I'msorry,butthat's...COLLINS:No,Iunderstandwhatyou'resay ing.COLLINS:IguessthatI'llsay,asonememberofthiscommittee,thattohave400telephone contactsbetweenJohnHuangwhileheisan,`", employeeoftheUnitedStatesDepartmentofC ommerceandpeopleworkingforvariousLippoentitiesmakesmewonderwhoMr.Huangwasreally workingforduringhistimeattheDepartmentofCommerce.Thatseemstobeanextraordinaryam ountofcontact.Butletmeturntoadifferentissue.I'dlikeyoutonextlookatwhatislabeled "specialexhibitnumber1"andIdon'tknowwhetheryouhaveacopyofthat.We'llwaitforamome nttomakesurethatcopiesareprovidedtoyou,andtoallmembersofthecommittee.I'msorry-- ithasbeenlabeled.I'mmistakenincallingitspecialexhibitnumber1.Itisexhibit125.ART HUR:Haven'tseenthis,havewe?COLLINS:Doyouhavethatnowinfrontofyou?ARTHUR:Ido.Ido. COLLINS:OK.ThisisaletterwrittenbyJohnHuangwhileheisadirectoroftheLippoBank.It's onLippoGroupstationery.It'sdatedOctober7th,1993.Andit'stoJackQuinnattheWhiteHou se.Inthisletter,Mr.HuangisthankingMr.QuinnforaSeptember24thmeetingwithMr.Huanga ndMr.ShenJueren,whoisthechairmanofChinaResources.We'veheardalotaboutChinaResour cesfromthepreviousexpertwitness.Inaddition,intheletter,Mr.Huangreferstoapreviou smeetingthatoccurredinLosAngelesonSeptember27th,andintheletterhestates,quote,"t hatVicePresidentGorewasjustsuper."Weheardthismorningfromour--thismorningandthen alsoalittlebitthisafternoon--fromourexpertwitness,Mr.Hampson,thatChinaResources is,infact,ownedandoperatedbythegovernmentofChinaandthatnumerouspressreportsstat ethatit'swell-knownthatChinaResourcesisattimesusedasanintelligencegatheringfron tfortheChinesegovernment.WereyouawarethatMr.HuanghadtakenthechairmanofChinaReso urcestotheWhiteHouseforameeting?ARTHUR:No.COLLINS:WereyouatallawarethatMr.Huang washaving ,`", communicationswiththeWhiteHouse?ARTHUR:I'msorry.Wouldyourepeat?C OLLINS:WereyouawarethatMr.HuangwasincontactwiththeWhiteHouseonanyissuesortoarra ngeanymeetings?ARTHUR:No.COLLINS:Letmegotosomeadditionalexhibits.It'sexhibitnum ber115.Thisisaletter,again,fromMr.HuangdatedFebruary18th,1993,againonLippoBanks tationeryandit'ssignedJohnHuang,vicechairmanoftheboardofLippoBank.Andit'stoPres identClintonanditis--itisthankinghimforameetingthathehasattendedattheWhiteHouse .Andhetalksabout--hepraisesthepresident'sspeech,etcetera.It'sfollowedupbyaFebru ary22ndletterreferringtothatsamemeeting,inwhichMr.Huangasksforthephotographstak enbytheWhiteHousephotographersofhimself,Mr.MochtarRiadyandJamesRiady.Wereyouawa reofanyofthesecontactsbetweenMr.HuangandtheWhiteHouseonbehalfoftheRiadyfamily?A RTHUR:No.COLLINS:OK.I'dliketogotoanotherexhibit.It'saJune1stletter,againfromMr. Huang,againonLippoBankstationery,againheidentifieshimselfasvicechairman.It'saJu

ne1st,1993,letterandhe'sthankingaWhiteHouseofficialforhavingthepresidentmeetwit
hJamesRiadyandhimselfinApril.Wereyouawareofthis?ARTHUR:No.COLLINS:OK.Doyouknowa
nyoneelsewhomMr.HuangintroducedthechairmanofChinaResourcestowhilehewashereinWas
hington,whetherattheWhiteHouseorelsewhere?ARTHUR:No.COLLINS:OK.Mr.Arthur,in1996
,wasMr.HuangstilladirectorofLippoBank?Thiswouldbe--hewouldbeemployedbythe ,`",
DemocraticNationalCommitteeatthispoint.ARTHUR:Ican'tremember.COLLINS:Doyouwantt
otakeafewminutes?Wouldyoubeableto...ARTHUR:In1996?COLLINS:Right.In1996.ARTHUR:N
o.Hewasnotadirector.COLLINS:No,hewasnotadirector?DidhehaveanyaffiliationwithLip
pothatyouareawareofin1996?ARTHUR:HehashadnoaffiliationwithLippoBanksinceheresig
nedhisdirectorshipandjoinedtheDepartmentofCommerce.COLLINS:SoMr.HuanghadleftLip
po.HethenwenttoworkattheDepartmentofCommerce,andby1996,hewasworkingfortheDNC.An
dhehadnoaffiliationwithLippoatallatthatpointtoyourknowledge,isthatcorrect?ARTHU
R:Notinanofficialcapacityofanykind.COLLINS:Mr.Arthur,letmeshowyouadocumentthatI
wanttoaskyouabout.ThisisExhibitNumber126.Doyouhavethatdocumentinfrontofyounow,M
r.Arthur?Idon'twanttoproceeduntilyoudo.ARTHUR:Ido.COLLINS:Thisessentiallyisareg
istrationsheetorasign-upsheetthatMr.HuangsubmittedtotheWorldBankandtheInternati
onalFinanceCorporationConferencethatwasheldinAprilof1996.Doyouseewhereitsaysnam
e,andJohnHuanghas,orsomeoneonhisbehalfattheLippoGroup,hasfilledinJohnHuang?ARTH
UR:IseeJohnHuangandLippoGroup.COLLINS:I'msorry?ARTHUR:AndLippoGroup. ,`", COLLI
NS:Andunderthecompany,Mr.Huanghasindicatedthathe'saffiliatedwiththeLippoGroup?A
RTHUR:That'scorrect.COLLINS:Andthenthere'sanaddressthatisindicatedthatis711West
CollegeStreetinLosAngeles.IsthattheaddressoftheLippoBank?ARTHUR:Thatistheaddres
softheLippoBank.COLLINS:OK.DoyoualsoseethatMr.HuanglistshistitleasadvisertotheL
ippoGroup?ARTHUR:Iseethat.That'snottheLippoBank,youunderstand.COLLINS:Idounders
tandthat.Butdoyouhaveanyideawhyin1996Mr.HuangwouldbelistingtheLippoBankashisadd
ress,ashisworkaddress?ARTHUR:TheLippoGroupaddresswasformerlythebankaddress.Idon
otknowwhatthecurrentaddressshouldbe.COLLINS:Doyouhaveanyideaofwhyatthispoint,wh
enMr.Huang,remembernow,hasleft?He'sgonetoworkattheDepartmentofCommerceforalittl
elessthanayearandahalf.He'sthengonetoworkfortheDNC,andhe'sstilllistingtheLippoG
roupasthecompanyforwhichheworks.ARTHUR:I'msorry.Ihavenoknowledge.COLLINS:Doesit
surpriseyoutolearntodaythatMr.Huangwasholdinghimselfoutin1996asanadvisertotheLi
ppoGroupwhilehewasemployedbytheDemocraticNationalCommittee?ARTHUR:Ican'tanswery
ourquestion.Idon'thaveanyknowledge.COLLINS:Iknowyoudon'thavepersonalknowledgeth
atthiswasdone.Butdoesitsurpriseyoutolearnthat?ARTHUR:Alittle.(LAUGHTER) ,`", CO
LLINS:You'reahardmantosurprise,Mr.Arthur.(LAUGHTER)Again,thisincident,likethe40
0phonecallsthatwerebetweenMr.HuangandvariousLippoGroupentitieswhilehewasemploye
dbytheUnitedStatesDepartmentofCommerce,againraisesthequestion,inmymind,forwhomi
sMr.Huangreallyworking.I'dliketoreturntoanotherissue.COLLINS:I'dliketonowtalkab
outMr.Riady.AndI'mtalkingaboutMr.JamesRiady.ARTHUR:Yes.COLLINS:WasMr.Riadyactiv
epoliticallywhenyouknewhim?Well,Iknowyoustillknowhim.Butwhen--inyourtenureatthe
bank?ARTHUR:Hehasalwayssupportedpoliticalactioncommittees,thattypeofthing.COLLI
NS:Washe...ARTHUR:ButIhavenoknowledge--nodirectknowledge.COLLINS:Doyouknowwheth
erhewasabigcontributortopoliticalcampaigns?ARTHUR:Iknownothingaboutithiscontrib
utions.COLLINS:OK.Well,letmeshowyouaseriesofexhibits.We'llstartwithexhibitnumbe
r124thatwe'regoingtoputuponthescreen.Nowrecall--orIdon'tknowwhetheryouheardthis
morning,butwehadawitnesswhotestifiedthatJamesRiadysubsequentlymovedbacktoJakart
ain1990.Isthatyourunderstanding,thathereturnedtoJakartain1990?ARTHUR:Ibelieveit
wasbeforethat.COLLINS:Itmayhavebeenevenbeforethat?ARTHUR:(OFF-MIKE). ,`", COLLI
NS:Butinanyevent,by1990,Mr.JamesRiadyislivinginIndonesia.Isthatcorrect,toyourkn
owledge?ARTHUR:Mr.JamesRiadywaslivingbetweenIndonesiaandtheUnitedStates.COLLINS
:OK.Letmejustdirectyourattentiontothefirstpageofthisexhibit.Andthisisacheckinth
eamountof$15,000drawnonJamesRiady'saccountatLippoBank.Andit'smadeouttotheDNCVic
toryFund.It'sdatedAugust13,1992.HaveIcorrectlyrepresentedthecheckthat'sinfronto
fyou?ARTHUR:Yes.COLLINS:OK.Andlet'sgoontotheaseriesofothercheckksthatareonthenex

tpageoftheexhibit.Thetopcheckisfor$75,000.Again,it'sdrawnonMr.Riady'saccountatL ippoBank.Andit'smadepayabletotheLouisianaStateDemocraticParty.Isthatcorrect?ART HUR:That'scorrect.COLLINS:Andifwelookatthesecondcheckfromthetop,thisone'sdrawno ntheaccountofEileenRiady.Couldyoutelluswhothatis?ARTHUR:ThatisJamesRiady'swife. COLLINS:AnddoesMrs.RiadyalsoliveinJakarta?ARTHUR:ShelivesswithJames,whereverheli ves.(LAUGHTER)COLLINS:Goodanswer.Isit--toyourknowledgein1992,aretheylivinginJak arta?ARTHUR:Tomyknowledge,Icannotrespondtothat.COLLINS:OK.Let'sproceeddownthesh eet.Therearetwomorechecks,bothdrawnonEileenRiady'saccountatLippoBank.(BELL) ,`" , Oneisfor$50,000,andoneisfor$5,000.ARTHUR:Yes.I'msurprisedtheonefortheArkansas StateDemocraticwasonly$5,000.But(OFF-MIKE).(LAUGHTER)COLLINS:Well,theremayhaveb eenothers.Thisisjust--ifyouturnthenextpage,Ithinkyou'llbereassuredthatArkansash asnotbeenslighted.ThenexttwochecksthatI'mgoingtodirectyourattentiontowillbeinde edreassuringonthatpoint.Atthetopofthepage,thereisanOctober'92checktotheArkansas StateDemocraticPartyfor5,000.Andthenaverylargecheckfor75,000totheArkansasStateD emocraticParty,againdrawnonMr.Riady'saccount.Mr.Chairman,I'lljustaskfortheremai nderofthecheckstobeenteredintotherecord.ItincludesachecktotheMichiganStateDemoc raticPartyfor75,000,drawnonMr.Riady'saccount;onetotheOhioStateDemocraticPartyfo r75,000;andonefortheDNCVictoryfundonMrs.Riady'saccountfor15,000.Therearefurther checksalsototheDemocratic--theCaliforniaDemocraticPartyVictoryFund,theDNCVictor yFund.Again,CaliforniaDemocraticPartyandtheDNCVictoryFund.Allthesechecksaredraw noneitherJamesRiadyorEileenRiady'saccountsattheLippoBank.THOMPSON:Allright,than kyou,SenatorCollins.SenatorGlenn.(UNKNOWN):Mr.Chairman,ifIcanmake...COLLINS:Tha nkyou,sir.(UNKNOWN):...onequickcorrection.They'realldrawnonthesameaccount.Presu mablyit'sajointcheckingaccount.Butthey'realldrawnonthesameaccount,justdifferent names.Thesenatorwasindicatingtheyweretwoseparateaccounts.COLLINS:TheSenatorisco rrect.(UNKNOWN):They'rethesameaccount.,`", THOMPSON:Yes,thankyou.GLENN:Mr.Baro n.BARON:Thankyou,SenatorGlenn.GLENN:Mr.Baron.BARON:Thankyou,SenatorGlenn.Goodaf ternoon,Mr.Arthur.ARTHUR:Goodafternoon.BARON:Mr.Arthur,therewassomecolloquybetw eenyouandSenatorCollinsregardingwhenMr.andMrs.JamesRiadymighthavemovedtoJakarta ,toIndonesia.AndIbelieveyouindicatedinyourtestimonythattheymaintainedhomesinbot hIndonesiaandtheUnitedStatesintheearly1990s,isthatcorrect?ARTHUR:They'vemaintai nedahomeinthisLosAngelesareaofCaliforniaIbelievesince1987.BARON:Right.AndIdon't knowifyoudoknowthis,butI'mgoingtoaskyou.AmIcorrectthattheRiadysdidn'tmovebackto IndonesiafromCaliforniauntilaround1994?Doesthatsquarewithyourrecollection?ARTHU R:I'msorry.Idonotrecallwhentheymovedback.BARON:OK.Thankyou.Now,we'vehadtestimon ythattherecameatimewhenMr.JohnHuangassumedthepositionattheDepartmentofCommerce. ARTHUR:Yes.BARON:DidyouplayanyroleinhelpingMr.Huangreceivethatappointment?ARTHU R:Absolutelynot.BARON:WhendidyoufindoutthatMr.HuangwasgoingtobemovingtoWashingt ontoassumethatposition?ARTHUR:InJanuaryof'94.BARON:Andhowdidyoucometolearnofit? ,`", ARTHUR:IvisitedwithMr.JamesRiadyathishomeinBrentwoodwiththepurposeofinfor minghimthatIthoughtitwastimeIhunguptheglovesandretired.AndItoldhimIthoughtIhadb eentherelongenough,andweneedednewblood.HeaskedifIwouldstayonasadirector,andIsai dIhadn'tthoughtaboutit.HesaidheunderstoodthatperhapsMr.Huangwouldhaveanappointm entwiththegovernment,andifso,hewouldbeleavingthedirectorship.BARON:Andthat'swhe nyoufirstlearnedaboutit?ARTHUR:That'swhenIfirstlearnedaboutit.BARON:And,bythewa y,Mr.Arthur,Ithinkwemayhaveslightedyourverydistinguishedcareerinbanking.You'ves pentabout45yearsinthebankingindustry,haveyounot?ARTHUR:Alittlemorethanthat,buty ou'reclose.BARON:Giveortake.AndamInotcorrectthatwhenyoufirstcameaboard,thebankt hathadbeenacquiredbyMr.Riadywasinalotofdifficultyandthatindeed,asIunderstandit, theonlyreasonthebankwas,thattheyletthebankstayopenwasbecausetheybroughtyou,Mr.R iadybroughtyouintotakecharge,isthatcorrect?ARTHUR:Ibelievethat'swhattheexaminer stoldme.BARON:DoyouknowwhetherMr.RiadyoranyoneelseconnectedwiththeLippoBankorLi ppointerestsplayedanyroleinMr.HuangobtainingapositionatCommerce?Doyouhaveanykno wledgeofthat?ARTHUR:Ihavenoknowledge.BARON:HowoftendidyoutalktoMr.Huangwhenhewa satCommerce?Werethereoccasionswhenhewouldcallyouoryouwouldcallhim?ARTHUR:Ihaven evertalkedwithMr.Huangsince--well,I'lltakeitback.IwasatafundraiserforPresidentC lintoninAugust,April,whenever.I'veforgotten.AndIsawJohn.Atthattimehewasnotinthe DepartmentofCommerce,however.IbelievehewasatDNC.BARON:Thiswasafterhe'dleftComme rce?ARTHUR:Ithinkso. ,`", BARON:Right.Andwithregardtoanytelephonecontacts,these alleged400telephonecontacts,wereyouprivytoanyofthose?ARTHUR:Ihavenotbeeninvolve dinanyconversationwithMr.Huangexceptcasuallyovercocktailsatthatmeeting.BARON:It akeit--haveyoueveractedasaconduitforinformationfromMr.HuangtoMr.Riadyoranyother memberoftheLippoGroupinAsiainanycapacity?ARTHUR:No,sir.BARON:Now,youknewMr.Huan gforabouthowlongaperiodoftime?ARTHUR:ImetMr.JohnHuangin1984.Thatwasshortlyafter Ihadjoinedthebank.IjoinedthebankonJune15th,1984.ImetMr.HuangonavisittoHongKongi nNovember,andhehadjustjoinedthegroup,Iunderstand.That'smyunderstanding.BARON:OK .Andyouthenknewhimasacolleaguethereafter?ARTHUR:Iknewhimasapersonwhohadbeenintr oducedasanewmemberoftheso-calledgroup.BARON:Now,didyoubecomefamiliarwithMr.Huan g'sactivitiesintheAsian-Americancommunity?ARTHUR:Iwascomfortablewithhisactiviti esintheAsian-Americancommunities.BARON:Indeed,didyouunderstandthatperhapsthatwa spartofhisfunctionwascommunityoutreachintothatcommunityonbehalfofthebankandothe rinterests?ARTHUR:WhenhejoinedLippoBank,hewasoneofseveralcandidates.Wefilledthe positionofpresidentandchiefoperatingofficer,andhejoinedthebank,IbelieveitwasOct oberof'86,andwasinthatcapacityuntilJulyof'88.ARTHUR:Atthatpoint,hisdutieswereco mmunityoutreach,publicrelations,businessdevelopmentintheAsian-Americancommunity ,becausethat'sthejobwewerein. ,`", BARON:Andit'struethattheLippoBank--inparticu lar,itsconstituencyforitsbusiness--wasfocusedontheChinese-Americancommunityinth earea.ARTHUR:Absolutely.BARON:WereyouawarethatMr.Huangwaselectedtoleadershippos itionsinsuchinstitutionsastheCalifornia-TaiwanTrade&InvestmentCouncil?ARTHUR:I' msorry.BARON:I'msorry.AreyouawareorwereyouawarethatMr.Huanghadbeenelectedtolead ershippositionsinsuchorganizationsastheCalifornia-TaiwanTrade&InvestmentCouncil ?Doesthatringabell?ARTHUR:Thatringsabell,andthereweretheseveralothers.BARON:Well,l et'strysomeoftheothers.DoyourecallthathewasadirectoroftheChinatownServiceCenter inLosAngeles?ARTHUR:No.BARON:Howaboutco-chairoftheUnitedWayChineseBusinessIniti ative?ARTHUR:No.(LAUGHTER)BARON:Howaboutco-chairofthePacificLeadershipCouncil?A RTHUR:No.BARON:Washe--doyourecallthathewasamemberoftheCaliforniaStateWorldTrade Commission?ARTHUR:No.BARON:I'mstrikingout.Isay,whenyousayyou'renotfamiliarwithi t,you'renotsayingitdidn'toccur,butthatyoujustdon'thavetheknowledge.ARTHUR:Idono thaveknowledge. ,`", BARON:OK.AreyoufamiliarwiththeCommitteeof100,whichisabyinv itationonlygroupofAsian-Pacific-Americanleaders,whichisheadedbyI.M.Pei,thedisti nguishedarchitect,andYo-YoMa,theveryfamouscellist?ARTHUR:Iamnotfamiliarwiththat atall.BARON:OK.WhenMr.HuanglefttheLippoBankin1994,Itakeityouhadknownhimforclose to10years.Isthataboutright?ARTHUR:That'scorrect.BARON:Canyoutellusyourpersonalo pinionofMr.HuangbasedonyourpersonalinteractionwithhimduringthatDecade.ARTHUR:I' vealwaysconsideredhimtobeaveryfine,honest--Ican'teventhinkoftherightword--hewas verypersonable.Hewasvery,verygentle.MywifeusedtodescribeJohnasthemostgentlemanl ymanshehadeverknown.Exceptformywife,that'snotbad.(LAUGHTER)BARON:Didyouhaveanyr easoninthatdecadeofinteractionwithhimtodoubthisveracity?ARTHUR:Nonewhatsoever.B ARON:DidyoueveraccompanyMr.HuangtoWashington,D.C.?ARTHUR:No.BARON:Doyourecallgi vingadepositiontothecommitteeinwhichyoutoldthecommitteethatJohnHuangandotherskn ewbetterthantosolicityouforacontributiontotheDNCbecausetheyknewyouwereagoodRepu blican?ARTHUR:I'magoodRepublican.BARON:Haveyoueverdiscussedpoliticalcontributio nswithMr.JohnHuang?ARTHUR:No,Ihavenot.BARON:WithMr.JamesRiady? ,`", ARTHUR:No,I havenot.I'lltakethatback.IdiddiscussapoliticalcontributionwithMr.JamesRiadyin19 85,Ithinkitwas.MarchFongYu(ph)wasrunningforsecretaryofstate.AndJamessaid,"Would n'tIliketocontributetohercampaign."Isaid,"She'saDemocrat."Hesaid,"Iknow,butyouk nowher."Ididcontribute.That'smycontribution.BARON:Onemorething,Mr.Arthur.Wereyo uawareofwhetherMr.orMrs.JamesRiadyduring1992weregreencardholders?ARTHUR:Asfaras

Iknow,theyweregreencardholders.BARON:AndIknowyou'renoelectionlawexpert.Butdoyou knowwhetherthathadanyeffectonthelegalityofthemmakingpoliticalcontributionsin199 2?ARTHUR:Ireallyhavenoknowledge.BARON:Thankyouverymuch.THOMPSON:OK.COLLINS:Mr.C hairman,ifIcouldjustmakeonequickcommentfortherecord.THOMPSON:SenatorCollins.COL LINS:IjustwanttomakeclearthattheRiadychecksthatIintroducedfortherecordwereprodu cedpursuanttoasubpoenaoutofthecustodyofHipHingHoldings,theLippoentitythatwehear daboutthismorningthatwasmanagedbyMr.Huang.COLLINS:andIalsowantedtojustthankMr.A rthurforrespondingtomyquestions.ARTHUR:Thankyou.GLENN?:Mr.Chairman?THOMPSON:Sen atorLieberman. ,`", LIEBERMAN:SenatorLevinhas...THOMPSON:SenatorLevin.LIEBERMAN :Thankyou.LEVIN:IthinkyouindicatedinresponsetoMr.Baronsquestionsthatyouhadahist oryinbankingandthatwereindeedperhapsbroughtintotheLippoBankbecauseofyourrecordi nbanking.Isthatcorrect?ARTHUR:That'sabsolutelycorrect.LEVIN:Andtheywerehavingso meproblemswhenyoucamethereinthemid-'80s,anumberofproblemloansapparently,particu larlytorecentimmigrants.Isthatcorrect?ARTHUR:No.LEVIN:Pardon?ARTHUR:No,sir.That 'snotcorrect.Theyhadproblemswiththeformerpresidentofthebank.LEVIN:Theformerpres identofthebank.ARTHUR:Whodisappearedoneday.LEVIN:Oh.Surehewasn'tarecentimmigran t,huh?(LAUGHTER)ARTHUR:No,hewasn't.LEVIN:Duringsomeofthetimethatyouwereconnecte dtothebankasanofficerdirector,thebankwasbeingsupervisedbytheFDIC,you'vetestifie d.Isthatcorrect?ARTHUR:ThebankwasandissupervisedbytheCaliforniaStateDepartmento fBanking.It'sinsuredbytheFDIC.LEVIN:Itwas--didthebankmakeanyattemptatanytimetha tyouknowoftotakeadvantageoftheRiady'sfamilywithPresidentClintoninanyofitsregula toryproblems? ,`", ARTHUR:Neveratall.LEVIN:Didyoueverseethebanktrytowinanyfavor sorspecialtreatment?ARTHUR:No,sir.LEVIN:Didyouever,toyourknowledgeseeMr.Huangse eksuchfavoredorspecialtreatment?ARTHUR:No.LEVIN:IthinkyouindicatedthatoneofMr.H uang'sdutieswasoutreach,includingpoliticaloutreach.Isthat...ARTHUR:No,sir.Isaid communityoutreach.LEVIN:Communityoutreach,allright.Youwereaskedquestionsaboutby SenatorCollinsaboutthemeetingsbetween--attheWhiteHouse,whereMr.Huangwassending(OFF-MIKE).ARTHUR:Yes.LEVIN:Wasthatsurprisingtoyou,thosemeetings?Thathewouldgoto theWhiteHouse?ARTHUR:Notparticularly.LEVIN:Youwereaskedaboutanumberofchecksin19 92.AndIwanttoaskyouaboutanotherincidentin1992andseewhat,ifany,recollectionyouha veaboutit.AndthatwasacheckwhichamannamedMichaelKojima...(LAUGHTER)Doesthatnames trikeabell?ARTHUR:Ithoughtitwasfunny.(LAUGHTER)LEVIN:Huh?ARTHUR:Ithoughtitwasra therfunny.Thepronunciationisabsolutelyright. ,`", LEVIN:Doesthenamestrikeabell? ARTHUR:Itdoes.LEVIN:Didyourbank--wasyourbankowedmoneybyMr.Kojima?ARTHUR:Mr.Koji mawasaguarantorontwoorthreeloanswiththebank.LEVIN:Anddidyouendupbeingowedalotof moneybyMr.Kojima?ARTHUR:Wesued,andwegotajudgment.LEVIN:DidyouseeanarticlethatMr .Kojimamadeamajorcontributioninthesameyear,1992,totheBushdinner?ARTHUR:Isthat.. .LEVIN:Didyouseeanarticleaboutthat?ARTHUR:Theansweris yes.Itwasbroughttomyattent ionbyourattorneyswhoweretheoneswhogotthejudgmentagainstMr.Kojima.LEVIN:Inwhatye ardidtheybringthattoyourattention?ARTHUR:Wheneverthepicturewaspublished.LEVIN:W ouldthathavebeenabout1992?ARTHUR:Ifthatwasabout1992.LEVIN:Anddiditsurpriseyouth athehadanyassetstomakethatkindofacontributiontotheBushdinner?ARTHUR:Yes.Asamatt eroffact,Ithinkyourquestionwas,howdidhegetthemoneyandwhyhaven'twegotit?LEVIN:Th ankyou.That'sallmyquestions.THOMPSON:SenatorLieberman.LIEBERMAN:Thankyou,Mr.Cha irman.Mr.Arthur,thanksverymuchforyourcooperationthisafternoon.DoIunderstandcorr ectly,`", thatyouweretheCEOofthebankthattheLippoGroupboughtandchangedtotheLipp oBank?ARTHUR:No.Iwasthe--JamesRiadyboughtBankofTrade,SanFrancisco.LIEBERMAN:Rig ht.ARTHUR:Heboughtit.HegainedamajorityinterestintheBankofTrade,SanFrancisco,onJ une14th,1984.LIEBERMAN:Andthen...ARTHUR:AndIwasemployedbythebanktotakecareofthe problemstheyhad.LIEBERMAN:Andthat'showyoufirstcametoknowMr.JamesRiady?ARTHUR:Th at'sthedayImethim.LIEBERMAN:Right.Right.Andthen,didthatbecometheLippoBank?ARTHU R:Thenamewaschanged.LIEBERMAN:Right.ARTHUR:In1990,Ibelieveitwas...LIEBERMAN:OK. ARTHUR:...fromBankofTradetoLippoBankofCalifornia.LIEBERMAN:Right.Generallyspeak ing,how--weknowthattheLippoGroupandtheirvariousholdingsinternationallyarequites ubstantially--buthowwouldyoudescribethesizeoftheLippoBankinCalifornia?ARTHUR:Ve rysmall.LIEBERMAN:Verysmall.Aretheassetspublicinformation?ARTHUR:Yes.WhenIjoine dthebank,therewas$30millionin ,`", totalassets.LIEBERMAN:Right.Andnow?ARTHUR:Cu rrently,itis$90--about$93million.LIEBERMAN:OK.Sobymostaccounts,that'saprettysma llbankthesedays?ARTHUR:It'saverysmallbank.LIEBERMAN:OK.Isitaprofitablebank?ARTH UR:IthasbeensincethefirstofJanuary.LIEBERMAN:Ofthisyear?ARTHUR:Thisyear.LIEBERM AN:Previoustothat?ARTHUR:We'vehadsomefairlyheavylossesrelatingtotheeconomiccond itionsthatexisted.ThefirstfiveyearsthatIwasinvolvedwiththebank,itwasprofitable. LIEBERMAN:Understood.Letmeaskyounow--becauseyoutestifiedearlieraboutheroomarra ngementandyourofficewasrightnexttoMr.JohnHuang's--canyoutellushowoftenMr.Huangw asathisofficeatthebank?Didhetendtobethereeveryworkingday?Or...ARTHUR:Hewasthere alot.Ihavenoidea.LIEBERMAN:Really?Eventhoughyouwererightnext--youroffice...ARTH UR:Ididn'tpayattentiontoMr.Huang.LIEBERMAN:Yes.ARTHUR:Ihadmyownproblems.LIEBERM AN:Understood.Butgenerallyspeaking,wouldyousaythathewastheremostoftheaveragewor kingweek? ,`", ARTHUR:Generallyspeaking,yes.LIEBERMAN:Anddidheworkanormaldayont hosedayswhenhewouldjust--youknow,whatI'msaying--ninetofiveoreighttowhatever...A RTHUR:Hishourswerelikemine.LIEBERMAN:Yes.Whichwereatypicalworkingday.Whatwereyo urhours?ARTHUR:DependinguponthesituationthatexistingthatIknewI'dwalkinto,itwase ither6o'clockinthemorning...LIEBERMAN:Right.ARTHUR:...or9o'clockinthemorning... LIEBERMAN:Right.ARTHUR:...andIwouldleavewhentheworkdaywasover.LIEBERMAN:Sure.It akethatweallunderstandthatmostofthetimethatMr.Huangwasthere,hewasnotworkingonba nkbusinessbutworkingfortheHipHingHoldingCompany.ARTHUR:That'smypresumption.LIEB ERMAN:Right.Andyou'vetestifiedearlierthatyoudon'tknowexactlywhathewasdoingforHi pHing.ARTHUR:Idonot.LIEBERMAN:OK.LetmegonowtotheRiadys.JamesRiadywehavetalkedab out.AmIcorrectthatStephenRiadyishisbrother?ARTHUR:StephenRiadyishisbrother.LIEB ERMAN:AndMochtarRiadyisthefather.,`", ARTHUR:That'scorrect.LIEBERMAN:OK.Doyouk nowallthreeoftheRiadys?ARTHUR:Ihavemetallthree.LIEBERMAN:Right.Butthecloserrela tionshipyouhad,Ipresume,waswithJamesbecause...ARTHUR:WithJames.He'stheownerofth ebank.LIEBERMAN:Hewastheownerofthebank.Doyouhaveabasisforknowingaboutanyoftheir relationships,ofthethreeRiadyswithJohnHuang?ARTHUR:Idonot.LIEBERMAN:Letmeaskyou this.DidyouseeMr.JamesRiadyandJohnHuangtogetheratanypoint?ARTHUR:Ihave.LIEBERMA N:Andhowwouldyoudescribethatrelationship?ARTHUR:Ihadn'tthoughtaboutit.Idon'tkno whowIwoulddescribeit.LIEBERMAN:Yes.Didtheyappeartobeveryclose?Trustingrelation? Idon'twant...ARTHUR:Ithinkitwasatrustingrelationship,butIdonotknowwhattheyweret alkingabout.Idon'tknowwhattherelationshipconsistedof.LIEBERMAN:Right.Right.OK.L etmegoontothepoliticalactivitieswhichyou'veansweredsomequestionson.Justtoclarif y--didyoueverdiscussthemakingofpoliticalcontributionsbeyondwhatyou'vetestifiedw itheitherJohnHuangorJamesRiady?ARTHUR:No.,`", LIEBERMAN:Didyouknowatthetimetha ttheLippocompaniesweremakingpoliticalcontributions?Thatistheholdingcompanies?AR THUR:No.LIEBERMAN:OK.Letmeaskthisgeneralquestion,last,secondtolast.LIEBERMAN:It isamatterofrecordthatthethreeLippoholdingcompaniesand,ashasbeenindicatedhereear lier,theRiadysthemselves,madesubstantialcontributionstoAmericanpoliticalentitie sinthe'91,'92,'93period.I'vetalliedup--anditlookstomethatbetweenallofthem,theto talcomestomorethan$800,000inthatthree-yearperiod.Andwehaveheardallsortsoftheori esfloatedaboutaboutwhytheymighthavemadesuchlargecontributionsinacountryinwhicht heirbusinessinterestswererelativelysmallcomparedtotheoverallsizeoftheLippoGroup activities.Thebankwassmall.Itlostmoneyinallyearsexpecttheoneyou'vejustdescribed thisyear.Thethreeholdingcompanieswerelosingpropositions.Mr.Arthur,youwerepartof theorganization,attendedsomemeetingsinJakartainwhichtheLippoGroup'splans,Ipresu me,andideaswerediscussed.Idon'tmeannecessarilypolitical.Bottomline--youknowalot moreabouttheLippoGroupandMr.RiadyandMr.Huangthanwedo,certainlythanIdo.Whatisyou rviewaboutwhytheymayhavemadethesesubstantialcontributionstoAmericanpoliticalent itiesduringthatperiodoftime?ARTHUR:Friendship.LIEBERMAN:Friendship.Withwhom?ART HUR:IknowthatJamesRiadybecausecloselyacquaintedwiththethen-GovernorClinton,andt heydevelopeda--Ibelievetheydevelopedapersonalfriendship.LIEBERMAN:Butasfarasyou know,againbasedonyourassociationswiththeLippoGroup,thecontributionswerenottheba sis--orweretheythebasis?--foraskingforanyspecialfavorsfromthegovernment? ,`", A RTHUR:Idonotbelieveso.LIEBERMAN:Tothebestofyourknowledge.ARTHUR:Tothebestofmykn owledge,no.LIEBERMAN:Finalquestion.Andthisis--well,I'lljustaskit.Somehavecharge d,asyouknow,thatJohnHuangwasaspyforeithertheLippoGrouportheChinesegovernment.An dyouknewhim.You'vetolduswhatyouthoughtabouthim.Youworkedrightnextdoortohim.I'mi nterestedinhearingyourreactiontothosecharges.AndIsupposemorespecifically,inyour experiencewithMr.Huang,didyouseeanythingthatwouldsupportthoseclaims?ARTHUR:Ithi nktheanswer,ifImay...LIEBERMAN:Please.ARTHUR:...totheclaimsishogwash.Andtheansw ertoyourotherspecificquestionis--no,Ineversawanythingthatwouldindicatethat.LIEB ERMAN:Thankyou,Mr.Arthur.THOMPSON:Thankyouverymuch.Senator,Ithinkyoupointoutsom ethingthatisveryrelevantandveryinterestingandthatisthefactthatwewouldconsiderit oddthattheheavypoliticalcontributionswasnotnecessarilyproportionatewiththebusin essinterestinvolved.Weassumenowadaysthatthemoneyflowingintocampaignsisproportio natewiththeinterestinvolved,andthequestionraisedtowhatextentthosewhoarereceivin gthemoneycanhelpthosewhoaregivingthemoney.Andthat'spartofwhatwe'reverymuchabout here,thefactthatthatquestionissoreadilyraisedandisso--issorelevanttoourcurrentp rocess.ButIwillcallthenextsenatorwhowantstoquestion.AndSenatorTorricelli?Senato r,excuseme.SenatorSmith,didyou...TORRICELLI:Goahead.I'llfollow.,`", THOMPSON:W e'lltakeitinorder.SenatorSmith,ifyou'reready.SMITH:Thankyou,Mr.Chairman.Justaco upleoffollow-ups.Iwasnotherewhenyourespondedoriginally,early,toSenatorCollins'q uestionsregardingyourrelationshipwithMr.Huang.ButIknowyoudidsaythat,althoughyou rofficeswereclosetoeachother,youreallydidn'thavealotofknowledgeaboutwhathewasdo ing.Howwelldidyouknowhim?Wouldyouconsiderhimasocialfriend?ARTHUR:No.SMITH:Youin dicated,though,thatyouhadnoreasontodoubthisveracity.SMITH:Ithinkthat'sthetermyo uusedamomentago.Howcouldyoudrawthatconclusionifyoudon'tknowhimverywell?ARTHUR:A sabusinessassociate,IthinkIknewhimverywell.Iknewhimfor13years.Ihaveknownhimfor1 3years.SMITH:Allright.AndIwouldagreewithyouifyouknewapersonasabusinessassociate for13yearsandyousaidtothiscommitteeoranyone,Iworkedwithhimfor13years.Iknowhimpr ettywell.Iknowwhathewasdoing.Butyou'resayingyouworkedwithhimalltheseyearsandyou didn'tknowwhathewasdoing.Imean,that'sstillyourtestimony,isn'tit?Youdidn'treally havedirectknowledgeaboutwhatMr.Huangwasdoinginthatofficewithyou.ARTHUR:That'sco rrect.IknewhewastherepresentativeIthinkhisofficialcapacitywastheU.S.represent ativeoftheLippoGroup,nowwhatthatrepresentative,whatit'soccupationis,Ipresumed,a ndIstillpresume,thatithadalottodowithimagebuilding,with--Ithinkthatismypresumpt ion.SMITH:Butoutsideoftheoffice,andyoudidmentionone,apoliticaleventwhereyousawh im,butoutsidetheoffice,areyousayingthatyoudidnotsocializewithMr.Huang?ARTHUR:On lyatbankfunctionslikeChristmaspartiesandsoon(OFF-MIKE)meetings,butnotasasociale vent.,`", SMITH:Youdidsay,however,inyourdepositionthatyou,andIguessyoudidquali fythatsomewhat,butyoudidsaythatyoufeltthatyouhadaclosebusinessrelationshipwithh im.ARTHUR:Ido.SMITH:Butyetyoudidn't,again,didn'tknowwhathewasdoinginthatofficen exttoyou,correct?ARTHUR:Ihadnodesiretoknow.Myclosebusinessrelationshipwithhimre latedtohisactivitieswith,asamemberofthebank'sboardofdirectorsinconnectionwithth ebank.IknewhimwhenhewasthepresidentandCOOandIwastheCEO,andIhadverydirectrelatio nshipswithhimatthattime.SMITH:InaresponsetoaquestionIbelievefromSenatorLieberma n,Imaybeincorrectonthat,youindicatedthat,quote,youwerenotparticularlysurprisedt hatMr.HuanghadvisitedtheWhiteHouseandmetwithMr.Riadyandthepresident.Whywereyoun otsurprised?ARTHUR:Iunderstoodthattheywerefriends.SMITH:Pardonme?ARTHUR:Iunders toodthattheywerefriends.FromArkansasdays.SMITH:ThatMr.Huangandthepresidentweref riends?ARTHUR:Andthepresident.Yes.SMITH:Whatkindofaperson,howdidMr.Huangconduct himselfwhenhecameintotheofficeinthemorning?Washeoutgoing?Washewithdrawn?Didhesp eakaboutwhathedidthedaybefore,thenightbefore,ordidhesay...?ARTHUR:No.SMITH:Just walkedintohisofficeandsaidnothing?ARTHUR:Hesaidhello,goodmorning.AndsodidI.SMIT

H:IfyouandIwerebusinessassociatesandwehadanofficenexttoeachother,andyouhadavisi twiththepresidentof ,`", theUnitedStates,andyoucamebackintotheofficethenextmorn ing,wouldyouthinkIwouldbesomewhatsurprisedifyoudidn'ttellmeyouvisitedwiththepre sidentoftheUnitedStates?ARTHUR:Thatisatoughquestionforme.AndthereasonisthatIwo uld,IwasnotsurprisedtolearnthathehadvisitedthepresidentSMITH:Woulditsurpriseyo utoknowthatduringthecourseofthetimethatMr.HuangwasworkingwithyouattheLippoBankt hathevisitedtheWhiteHouse52timesinaperiodfrom1993throughJuneof1994?ARTHUR:WhenI readthatinthenewspapers,Iwassurprised.SMITH:Whywouldyoubesurprised?ARTHUR:Ididn 'tknowitwasthatoften.SMITH:Andduringthetimethathemadethose52visitstotheWhiteHou se,andthatwehave,andIwouldjustenterintotherecordExhibit70,andyoushouldhaveacopy ofitthere,putitonthemonitor,whichisaSecretServicelogfromtheexecutiveofficeofthe presidentwhichwegotbysubpoena,whichhasalistofthenumberofvisitsthatMr.Huanghadwi ththepresidentoftheUnitedStatesortheWhiteHouse.AndIwouldjustpointoutfortherecor dandaskforyourresponsehere,I'veknownsomepresidentsinmytime.I'vebeeninvitedoncet otheWhiteHouseresidencebyPresidentBush.SMITH:I'msuremanyofus,asUnitedStatessena tors,havehadanopportunitytovisit.Mr.Huang,ifyoulookhere,whonowhasnogovernmentre lationship--henowworksforaprivatecompany--ifyoulookonhere,you'llseeontheMarch15 th,at8o'clock,almost9o'clockinthemorning,hehadavisitwiththepresidentoftheUnited StatesintheWhiteHouse,intheresidenceoftheWhiteHouse.OnMay5,1993,avisitwiththepr esidentoftheUnitedStatesintheresidenceoftheWhiteHouse.Onthe21stof1993,president oftheUnitedStatesintheresidenceoftheWhiteHouse.OnAugust2,1993,withthepresidento ftheUnitedStatesintheresidenceoftheWhiteHouse.Andthenifyougoonto--Ibelievethere arefourorfive ,`", referencestheretomeetingwiththepresidentoftheUnitedStatesint heresidence.Doesthatsurpriseyouatall?ARTHUR:I'msorry,thisisthefirstI'veseenthis .SMITH:Well,Imeantheissue--assumingthisdocumentiscorrectandtheSecretServiceisac curatehere,whichIdon'tthinkanybodywouldchallenge,woulditsurpriseyoutoknowthatac olleaguethatyouworkedwitheverydayhadfivevisitsintheresidence,notintheOvalOffice ,intheresidenceoftheWhiteHousewiththepresidentoftheUnitedStatesandhedidn'ttelly ouaboutit?Doesthatseemstrange.ARTHUR:Therewouldbenoreasonforhimtotellmeaboutit. SMITH:Why?ARTHUR:BecauseIaminthebank,acompletelyseparateentity.Wedidnotdiscussb usinessbetweenus,otherthanrelatestothebankwherehewasadirector.SMITH:Well,Mr.Art hur,Imean,Idon'tknowyou,andIdon'tmeantochallengeyourveracity,andI'mnottryingtoc hallengeyourveracity.ButIamtryingtochallengeyourrecollectionsabit.(LAUGHTER)You mentionedthatyourwifehadsaidthatshefoundMr.Huangtobeoneofthekindestandgentlestp eoplethatshe'devermet.ARTHUR:That'scorrect.SMITH:Well,youdon'tformthatkindofcon clusionsaboutpeoplethatyoudon'tknow,thatyoudon'tsocializewithandyoudon'thavesom einteractionwith.Isn'tthatfair?ARTHUR:Theinteractionthatwehadwasatbankmeetings- -I'mtalkingaboutbankparties,Christmasparties--perhapstwiceayear.SMITH:Again,let mejustrecaponefinalpoint,Mr.Chairman.YourtestimonyisthatyouworkedwithJohnHuangi nthesameofficefortwoyears,sharedasecretary,andthathevisitedthe ,`", residenceof theWhiteHouse,metwiththepresidentoftheUnitedStates--weassume--fivetimesinthecou rseofayear-and-a-half,andhenevertoldyouaboutit?ARTHUR:That'scorrect.SMITH:Never .Neversaidawordaboutittoyou?ARTHUR:No.SMITH:Howabouttoyourwife?ARTHUR:No.Hewoul dnothavetalkedtomywife.SMITH:Sohenevereversaid:Hey,Isawit.Itwasreallygreat.Iwen tup.AndI,youknow,wewentintotheresidenceandlookedoutthewindowofftheTrumanbalcony ?Never,never,notawordaboutitever,nothing?ARTHUR:No.SMITH:Doyouhaveanyideawhyhew ouldmeetwiththepresidentoftheUnitedStates?ARTHUR:No.SMITH:Doyouhaveanyideawhyhe wouldgototheWhiteHouse52timesinthecourseofayearandahalf?ARTHUR:No.SMITH:Thankyo u,Mr.Chairman.THOMPSON:Thankyouverymuch.Imightpointoutto--Exhibit70,Isay,wasnot subpoenaed.Thatwasturnedoverpursuanttoourrequest,wasgiventousbytheWhiteHouse.Bu titwasnotsubpoenaed.(UNKNOWN):Iapologizeforthat.THOMPSON:Notsubpoenaed.SenatorT orricelli.TORRICELLI:Thankyou,Mr.Chairman,verymuch.Mr.Arthur, ,`", goodafternoo n.ARTHUR:Goodafternoon.TORRICELLI:Iwasgoingtobegin,Mr.Arthur,bythankingyouforbe inghere.But,infact,yourattendance,Itakeit,wasinvoluntary.Youweresubpoenaed.Buti t'sverykindofyoutobewithusnevertheless.ARTHUR:Thankyou.TORRICELLI:Evenkinder,Mr .Arthur,becauseIunderstand,inrecentyears,actuallyyouhaven'tbeenwell,andattimes, havebeenill.ARTHUR:I'vehadoneortwoproblems.TORRICELLI:Howmanyyearshasitbeensinc eyouwerethechiefexecutiveofthebankatissue,Mr.Arthur?ARTHUR:Iretiredfromthebanka stheCEO.IbelieveitwasFebruary28,1994.TORRICELLI:Isee.Soit'sbeenmorethanthreeyea rssinceyouwerethechiefexecutiveofthisbank,andintheinterim,unfortunately,youhave beenill.ButItakeit,youneededtobecalledheretodaybecauseyouarefarandawaythemostkn owledgeablepersononthecurrentoperationsofthebank.ARTHUR:I'msorry.IfMr.PerLeewer ehere,hewouldarguewithyou.TORRICELLI:So,Mr.Arthur,you'reheretodaytestifyingbefo rethecommittee,althoughyouhaven'tworkedinthebankforthreeyears.Youhaven'tbeenwel l.AndyoudonotbelieveyouarethemostknowledgeablepersonontheoperationsoftheLippoBa nk?ARTHUR:Notsince1994.TORRICELLI:AndwhoisMr.PerLee?ARTHUR:Mr.PerLeeisthenowpre sidentandchiefexecutiveofficerofthebank.TORRICELLI:Wouldhebethemostknowledgeabl epersonaboutthe ,`", operationsofthebankinrecentyears?ARTHUR:Yes.TORRICELLI:Was n'tMr.PerLeequestionedbythecommitteeandscheduledtobeheretoday,too?ARTHUR:Iunder stoodhewas.IreceivedacallSaturdayafternoonwhich--wheretheyindicatedthathistesti monywasnotrequiredandhedidnotneedtobehere.TORRICELLI:Wasnolongerrequired?ARTHUR :That'scorrect.TORRICELLI:Didn'tthatstrikeyouasunusualthatyouwouldbeaskedtocome beforethecommitteeasanexpertontheoperationsoftheLippoBank,butMr.PerLee,despitet hefactthatyou'vebeenretiredtheseyears,andMr.PerLee,whonotonlyisthechiefexecutiv e,butinfactconductedaninternalreviewoftheveryissuesbeingquestionedbythiscommitt ee,wasdisinvitedtoattend?ARTHUR:Iwassurprised.TORRICELLI:SoamI,Mr.Arthur.Itis,h owever,afactthatMr.PerLeedidconductaninternalreviewofthecommunicationsbetweenMr .Huangandthebank.Doyouhaveknowledgethatthat,indeed,occurred?ARTHUR:IthinkthatIh avealreadytestifiedthat--yes,Ihadknowledgebecausehetoldmehehadmadethesurveyasar esultofthenewspaperarticles.TORRICELLI:Iapologizeforreferringtoitagain.Youunder standintheworkingsofboththiscommitteeandthisCongress,referringtosomethingonceor testifyingononeorevenanumberofoccasionsissometimesnotsufficient.SoexcusemeifIre turntoit.ARTHUR:Iunderstand.No,Iunderstand. ,`", TORRICELLI:Mr.PerLeeactually,w henhewasquestioned,inhisdeposition,ifIcouldrefertoit--onpage97,startingatline22 --letmewalkthroughthisbriefly.Andthequestion:"AsIrecallfromourpreviousconversat ionandalsofromacursoryreviewofthesedocuments,itisapparentthatthebulkofthesephon ecallsfromthebanktoMr.Huang'sofficeattheDepartmentofCommercewerecomingfromJudit hStera's(ph)line.Didyoureachthesameconclusion?"Answer,Mr.PerLee:Yes."Question:D idyoumakesomeefforttoascertainwhyshewasmakingsomanyphonecalls?"Answer:Yes."Howd idyougoaboutthat?"Answer:Icalledherline."Question:Whatdidshesay?"Icalledhertwic ewithamatterofmonthsinbetweenthecalls,andeachtimeshetoldmeessentiallythesamethi ng.ItwasthatwhenJohnleft--thatisleftasthedirectorofthebankandwenttotheCommerceD epartment--hehadalotofassociationswithpeopleinLosAngelesandpeoplewerecallingand lookingforhim."Imean,theyknewhewasintheCommerceDepartmentbecausethepressandallt hat,butdidn'tnecessarilyknowhowtogetaholdofhim.Andtheywouldcallthebank."Juwadi(ph)wouldtalktothesepeopleandrelaymessagestohimattheCommerceDepartment--thatso-a nd-sowascallingandlookingforyou."Again,onpage99,line9:"Question:Didyoudiscusswi thMr.Segeda(ph)thecircumstanceswhichledhimtoplaceahalfadozenphonecallstoMr.Huan g? ,`", "Answer:Yes."Question:WhatdoesMr.Segeda(ph)say?"Answer:Thecallswerebasi callyrelatedtothatperiodoftimewhenMr.Ning(ph)washereinD.C.Hewasill.Hehadaseriou sheartproblem.Therewasaflurryofcallsduringthatperiodwhilehewasconvalescingherei nWashington."Iwouldassume,Mr.Arthur,ifMr.PerLeehadnotbeendisinvitedtoday,itwasp robablyhisintentiontorefertohisdepositionandgiveanexplanationandendthemysteryof whatthesecallswereabout.Wouldyoumakethatsameassumption?ARTHUR:Iwouldpresumeso.T ORRICELLI:Indeed,it'smyinformationfromthecommitteestaffthattherewereprobablyabo utapproximately70callsmadebyMr.HuangtotheLippoBankandprobably100ofthosewereretu rned.Ananalysisofthosecalls,asdonebyMr.PerLee,isthatin24ofthemwerefromhissecret aryoftheapproximately70.Andofthose24ofthe70callsthatweremade,theyaveraged3.5min

utes.OnthequestionsofcommunicationsdirectlywiththemanagementofthebanktoMr.PerL
ee,therewasonlyonephonecallanditlastedfor21minutes.You'veworkedforavarietyofban
ksthroughtheyears,Mr.Arthur,duringyourlonganddistinguishedbankingcareer.TORRICE
LLI:Afteryouhaveleftemploymentinoneinstitutionandgonetoanother,didyoufindoccasi
ontocallyourpreviousemployerorhavephonecallsreferredfromyourpreviousemployertoy
ourcurrentemployer?ARTHUR:Manytimes.TORRICELLI:Woulditbeunusualduringthecourseo
ftheyearsthatyourformersecretarywouldcallonceeveryseveraldaysandconveyamessaget
hatsomeonehadcalledlookingforyouandyouwouldanswerthatphonecall?ARTHUR:Quiteposs
ible.TORRICELLI:Indeed,ifyouwereinfactintheCommerce ,`", Departmentandstillrepr
esentingtheinterestsoftheLippoBankanddealinseriousbusinessmatters,wouldn'tbeunu
sualiftheaveragephonecallwastwoorthreeminutes?Couldyouconductseriousbusinessonb
ehalfoftheLippoBankattheCommerceDepartmentinphonecallsthataveragedtwoorthreemin
utes?ARTHUR:Iwouldn'tthinkso.TORRICELLI:Iwouldn't,either.Mr.Arthur,beforeyourve
ryablemanagementwasabletodealwiththeproblemsoftheLippoBankandre-establishitonas
oundfinancialfooting,SenatorLevinreferredtothefactandaskedthequestionaboutwheth
ertherehadbeenanyinvolvementbyMr.HuangorotherofficialsoftheDemocratic,Republica
nparties,thestateofCaliforniaortheUnitedStatesgovernment.Therewerethreecease-an
d-desistordersissuedbytheFDIC.Didyoureceiveanyassistancepoliticallyfromanyonein
dealingwiththoseceaseanddesistorders?ARTHUR:Absolutelynot.TORRICELLI:Thereweres
omecommunicationsandissues,asinanybankinginstitutionwithafederalreservebank.Any
onecallormakeinquiriesforyouoverattheFederalReservesystem?ARTHUR:We'renotamembe
roftheFederalReservesystem,buttheansweris no.TORRICELLI:AndhowaboutwiththeCalifo
rniastatebankregulators?InoticedtherewereconsiderablecontributionstoCaliforniap
oliticalfigures.DidanyonehelpyouwiththeCaliforniastatebankingregulators?ARTHUR:
No,sir.TORRICELLI:Mr.Arthur,therewasaquote--SpeakerGingrichmadeaconsiderableacc
usationagainsttheinstitutionwhenhesaidthebankengagedinmoneylaundering,therewere
violationsofmoneylaunderingstatutes.YouwerequotedassayingSpeakerGingrich'scomme
ntswereinaccurate,irresponsibleandwithoutfoundation.AsagoodRepublican,isthatana
ccuratequoteonyourbehalftotheseaccusations? ,`", ARTHUR:Itisindeed.TORRICELLI:Y
ouregretmakingthatcommentaboutSpeakerGingrich,callinghim"irresponsible,inaccura
teandwithoutfoundation"?ARTHUR:No,asamatteroffact,Ithinkitwasalittlegentle.(LAU
GHTER)TORRICELLI:Couldyouforus,Mr.Arthur--younowserveasthechairmanoftheboardoft
hebank?ARTHUR:Yes,sir.TORRICELLI:Couldyoulistforthiscommittee--duringthedifficu
lttimesofthebank,youcertainlywereinneedofreferencesofconsiderablynewdepositors.
Itisneverwithoutneedtogetnewloanbusiness.Mr.Huang,obviously,wassomeonewhoknewpe
oplewithconsiderablefinancialresourcesinthecountryandpeoplewithconsiderablecomm
ercialinterests.SenatorGlenn,couldyoujust...GLENN:Youcanhavepartofmytime.TORRIC
ELLI:Thankyouverymuch.CouldyoulistforthecommitteeofthereferencesthatMr.Huangmad
ethatwereofconsiderableassistanceintheseyearstotheLippoBankofcustomersorloanbus
inessthatyouthinkmadeanappreciabledifferenceintheeconomicrecoveryofthebank?ARTH
UR:No,Idonothavethoserecords.TORRICELLI:Well,you'rechairmanoftheboard.Doesanyth
ingcometomindofamajorreferenceofadepositororloanbusinessthatwassoconsiderableth
atyou,aschairmanoftheboard,noticedthis?ARTHUR:Iftheyweresoconsiderable,thechief
executiveofficerwouldhavereportedtotheboard.Hehasreportednothingtotheboardtomyk
nowledge.TORRICELLI:So,infact,aschairmanoftheboardofthebank,inspiteofthefacttha
tMr.Huangobviouslyhadsomeconsiderableaccesstobothloananddeposits,youaschairmano
ftheboardhaveno ,`", knowledgeofanyconsiderablereferencesthatwerefinanciallyhel
pfultotheinstitution?ARTHUR:That'scorrect.TORRICELLI:Finally,Mr.Arthur,yourecog
nizethattheworkofthiscommitteeinensuringthataforeigngovernmentdidnotinterferein
thepoliticalprocessofthiscountry...ARTHUR:Ofcourse.TORRICELLI:...compromiseours
ecurityorgainaccesstoclassifiedinformationisofextraordinaryimportanceastheprima
ryfocusofthiscommittee.ARTHUR:Iunderstand.TORRICELLI:Iknow,Mr.Arthur,you'vegive
nyourlifetothebankingindustryandhaveloyaltytotheinstitutionsthatyouhaveserved.S
houldweallrestassuredthatyourecognizetherelativeimportanceoftheworkofthiscommit

tee?TORRICELLI:Andifyoubelieveforonemomentthataforeigngovernmentwasgettingacces
stopoliticalinstitutionsofthiscountry,gettingaccesstoproperinformation,youwould
notforamoment,becauseofyourloyaltytotheseindividualsortoanyoftheseinstitutions,
foronemomenthesitatetobringbeforethiscommitteethatinformationandensurethatthein
terestofthecountrywereprotected?ARTHUR:Iwouldnothesitateforoneminute.TORRICELLI
:Mr.Arthur,asa--youhavebeenveryhelpfultothiscommittee.Yourecognizetheminorityis
unabletocallwitnessesofourownatthisstageoftheproceedings.Fortunately,themajorit
yhasbeengoodenoughtocallwitnessesthatseemalmostroutinelytobehelpfultothepointsw
ewanttomake.(LAUGHTER)Andyouhavebeennoexception,andIthankyouverymuch.THOMPSON:M
r.Madigan.MADIGAN:Thankyou,Mr.Chairman.Justacoupleofquestions, ,`", Mr.Arthur.D
idyoubecomeawarethatMr.PerLee'sstudythatfoundonly60callswas,infact,wrong?ARTHUR
:IhavedonotknowanythingaboutthedetailsofMr.PerLee'sstudy.MADIGAN:Didyouknowthat
itdidn'tcheckanycallsfromthebanktoMr.Huang'shomeinCalifornia?ARTHUR:I'msorry.Ir
epeat,Ididnot--Iknowofnoneofthedetails.MADIGAN:Thenyoudidn'tknowthenthatitdidn'
tcheckanycallsfromthebanktothehomeintheWashington,D.C.,areaortotheofficeheuseda
tStevens,isthatright?ARTHUR:No.MADIGAN:That'salllhave,Mr.Chairman.THOMPSON:Allr
ight.SoMr.Arthur,thankyouverymuch.ThiswillconcludeourLippowitnesses.Iknowthatso
mewouldliketostayaroundhereanotherhourortwoandhearotherLippowitnesses,butrestas
suredthatSenatorsTorricelliandtheminoritywillhaveanopportunityfromtimetotimebet
weennowandNovembertocallanyLippowitnessesthattheywanttocall.Butweappreciateyour
beingherewithustoday.AndSenatorGlennunlessyouhaveobjection,I'mgoingtorecessfort
heevening.GLENN:Noobjection.THOMPSON:Wereconveneat10:00inthemorning.FDCHTranscr
iptServiceJuly15,19979?99?9Therearenomoreitemstoread.9;9#XLXXX*##
mXXL#9;9985U.
S.SENATECOMMITTEEONGOVERNMENTALAFFAIRSHOLDSHEARING (
ONCAMPAIGNFINANCEJULY8,1997SPEAKERS:U.S.SENATORFREDTHOMPSON(R-TN),CHAIRMANU.S.
SENATORWILLIAMV.ROTH,JR.(R-DE)U.S.SENATORTEDSTEVENS(R-AK)U.S.SENATORSUSANM.COLL
INS(R-ME)U.S.SENATORSAMBROWNBACK(R-KS)U.S.SENATORPETEV.DOMENICI(R-NM)U.S.SENATO
RTHADCOCHRAN(R-MS)U.S.SENATORDONNICKLES(R-OK)U.S.SENATORARLENSPECTER(R-PA)U.S.S
ENATORJOHNGLENN(D-OH),RANKINGU.S.SENATORCARLLEVIN(D-MI)U.S.SENATORJOSEPHI.LIEBE
RMAN(D-CT)U.S.SENATORDANIELK.AKAKA(D-HI)U.S.SENATORRICHARDJ.DURBIN(D-IL)U.S.SEN
ATORROBERTG.TORRICELLI(D-NJ)U.S.SENATORMAXCLELAND(D-GA)[*]THOMPSON:Cometoorder,
please.SenatorGlennandIbotheachhave--weeachhavematterstobringupthismorningthata
renew.I'dliketoleadoffevenbeforeopeningstatementsandreadaseparatestatement.Oura
bilitytorelatethisinformationinapublicforumjustcameabout.Andit'simportantthatit
beplacedonthepublicrecord,Ibelieve,assoonaspossibleandinacarefulandaccuratemann
er.SoIwouldliketoturnourattentiontooneofthemosttroublesomeareasofthisinvestigat
ion.IspeakofallegationsconcerningaplanhatchedduringthelastelectioncyclebytheChi
nesegovernmentanddesignedtopourillegalmoneyintoAmericanpoliticalcampaigns.Thepl
anhadagoal--tobuyaccessandinfluenceinfurtheranceofChinesegovernmentinterests.By
theverynatureofthetopic,Imustkeepmyremarksbrief.However,Iwillrelatewhatlcan.The
committeeisinvestigatingtheexistenceofanalleged ,`", Chineseplan,tothefullestex
tentpossible.Althoughwehaveencounteredlimitationontheinformationavailable,inclu
dingthoseattendanttoapendingcriminalinvestigation,thecommitteehasuncoveredasign
ificantamountofdocumentaryandotherrelevantinformation.Ourworkinthisareawillcont
inue.Fornow,thecommitteeisabletoreportsomeofitsbasicfindings,whichareasfollows:
AstoryabouttheexistenceofaChineseplantosubvertourelectionprocessisintertwinedwi
ththestateofAmerica'srelationwithChinaandTaiwaninrecentyears.Letmeprovidesomeco
ntextupfrontaboutthoserelations.AlthoughtheUnitedStatesmaintainsnoofficialtiesw
iththegovernmentofTaiwanordiplomaticrelationswiththegovernmentofChina,theyhavel
ongbeeninfluencedbyourtiestoTaiwan.ThisislargelybecausethegovernmentofChinacons
idersTaiwanarogueprovinceandsuspectsitofseekingindependencefromthemainland.In19
94,Beijinglodgedanofficialprotestoveranadministrationproposaltomodestlyincrease
contactswithTaiwan.ThisprecedesdifficultiesofU.S.-Chinarelationsthatwouldariset

hefollowingyear.InMayof1995,TaiwanesePresidentLiTung-huiwasgrantedavisitto--avisatovisittheUnitedStates.PresidentLi'strip,whichincludedstopsinAlaska,CaliforniaandNewYork,washighlightedbyavisittohisalmamater,CornellUniversity.Thevisa,grantedafterapoliticalstrugglebetweenCongressandtheWhiteHouse,representedashiftinadministrationpolicy.PresidentClintoninitiallyopposedthevisa,buteventuallyagreedtothevisit.ThemovecaughtthegovernmentofChinaoffguard.IthadapparentlyunderestimatedCongress'influenceovertheprocess.Thoughcaughtoffguard,Beijingwasquicktovoiceitsoutrageandtoengageinaseriesofovertretaliatorymeasures.Chinasuspectedarms--suspendedarmscontroltalkswithWashington;postponedcross-straittalkswithTaiwan;canceledofficialvisitstoandfromtheUnitedStates;amassedtroopsalongthecoastfacingTaiwan;andrecalleditsambassadortotheUnitedStates. ,`", THOMPSON:ButnotallofChina'sreactionswereovert.Secretly,Beijingworkedtopreventsimilardiplomaticsurprisesfromoccurringinthefuture.Thecommitteebelievesthathigh-levelChinesegovernmentofficialscraftedaplantoincreaseChina'sinfluenceovertheU.S.politicalprocess.Thecommitteehasidentifiedspecificstepstakeninfurtheranceoftheplan.ImplementationoftheplanhasbeenhandledbyChinesegovernmentofficialsandindividualsenlistedtoassistintheeffort.ActivitiesinfurtheranceoftheplanhaveoccurredbothinsideandoutsideoftheUnitedStates.Ourinvestigationsuggeststhattheplancontinuestoday.Ingeneralterms,theplanundertakesaserietivatedastheofficialsrisethroughtherankstohigherofomeoftheseeffortsaretypicalappropriatestepsforeigngovernmentstaketocommunicatetheirviewsonUnitedStates'policy.Theyincluderetaininglobbyingfirms,invitingmorecongresspersonstovisitChina,andattemptingtocommunicateBeijing'sviewsthroughmediachannelsintheUnitedStates.However,otherpartsoftheplandirectactionsthatareillegalunderU.S.law.AlthoughmostdiscussionsoftheplanfocusesonCongress,ourinvestigationsuggestsitaffectedthe1996presidentialraceandstateelectionsaswell.ThegovernmentofChinaisbelievedtohaveallocatedsubstantialsumsofmoneytoachieveitsobjectives.AnotheraspectoftheplanisremarkablebecauseitshowsthatthePRCisinterestedindevelopinglong-termrelationshipswithpersonsithasidentifiedasup-and-comingofficialsatstateandlocallevels.TheintentistoestablishrelationsthatcanbecultivatedastheofficialsrisethroughtherankstohigherofficeWhentheFBIlearnedofthesematters,itopenedaforeigncounterintelligenceinvestigationandhasdevelopedandgatheredalargevolumeofdetailedinformationontheplan'simplementation.InMayandJuneof1996,havingdeterminedthatthegravityofthesituationwarrantedspecificaction,theFBIbriefedtheIntelligenceOversightCommitteesintheHouseandSenate,aswellassixmembersofCongresstheFBIdeterminedmightbetargetsoftheChineseeffort.TheBureaulaterbriefedaseventhmemberinOctoberof1996.TheFBIcontinuestoinvestigatepossibleillegalactivities ,`", connectedtotheplan.Importantly,theFBIalsotoldtheWhiteHouseabouttheChineseplaninJuneof1996,whenFBIagentsbriefedtworepresentativesoftheNationalSecurityCouncil.TheFBIplacednolimitationsonsharingtheinformation,muchofwhichtheWhiteHousehadindependentaccesstothroughothermeans.ThisraisesquestionsaboutwhointheWhiteHouseshouldhaveknownoractuallyknewoftheChineseplan,andhowitcametobeimplemented.MycommentsprovideonlyabroadoutlineoftheChineseplan.Thegreatmajorityofinformationaboutthismattercannotbediscussedfurtherinopensession.Thecommitteeexpectstoholdclosedexecutivesessionssometimesoontoconsiderthismattermoreclosely.Thatconcludesmyinitialstatement.NowIwouldliketoproceedwithmyopeningstatementforthesehearings.OnMarch11oflastyear,theUnitedStatesSenatevotedunanimously,99tonothing,toauthorizeaninvestigationintoimproperorillegalcampaignactivitiesinvolvingthe'96federalelectioncycles.NowArticleIoftheConstitutiongrantsCongressitslegislativepowers.Impliedinthoselegislativepowersisthepowertoinvestigate.Sofromtimetotimethroughoutourhistory,whenmattersofgraveconcerntothiscountryandthisbodyhavearisen,Congresshasexerciseditslegislativepowersthroughhearings,congressionalhearingssuchastheonesthatwebegintoday.Nowthesehearingsservetwopurposes.THOMPSON:Oneisalegislativefunction--inotherwords,takingalookatourlaws,seeingwhetherornottheyneedtobechanged,amended,deleted,addedto;anexaminationthatalsoinvolvesthequestionofwhetherornotourproblemiswithourlaws,oursyst

em,orthosewhoareimplementingourlaws.Asecondfunction--andsomeconsiderthistobeane
venmoreimportantfunction--istheoneofdisclosuretothepublic.It'sanopportunityfort
heCongressandthiscommitteeinthissettingtodisclosetotheAmericanpeople,toseehowth
eirgovernmentisoperating,topullbackthecurtainandgivetheAmericanpeopleanunfilter
edviewastoexactlyhowtheirsystemisworking.Nowwithinthisbroadoutline,Ithinkit'sim
portantforusto ,`", rememberwhatthesehearingsareandwhattheyarenot.Theyarenottri
alswherepeopleareprosecuted.Theyarenotsoapoperasthataredesignedtotitillate.Andt
heyarenotathleticeventswherewekeeparunningscore.Rather,thesehearingsareseriousl
ooksathowourgovernmentisworking,howourgovernmentisoperating,andit'sdesignedatth
eendtowardseeingifwecan'tmakeoursystem,makeourgovernmentworkevenbetter.Nowaloto
ffactsarealreadyoutonthepublicrecord.Infact,there'sbeenanoutpouringofinformatio
nandallegationsandstoriesoverthelastseveralmonthsinthemedia.AndI'msurethatthere
'sbeensomuchtroublinginformationouttherethattheaveragecitizenhasgreatdifficulty
inkeepingfromgettinglostinallofitandputtingitalltogether.AndIthinkthatsometimes
thetemptationunderthosecircumstancesistojustthrowyourhandsupandmaybelookforonek
eywitnessoronepieceofevidence,onedocument,ormaybeevenatapethatwouldexplainitall
.Butthetruthseldomemergesinthatway.Butthetruthoftenemergesinvariousotherways.Th
at'stheobligationofthiscommittee,tofindthetruth.Ourobligationistotakethisvirtua
lblizzardofinformation,addtoitfactswhichwehavediscoveredinourinvestigation,addd
epth,addperspectiveandcontext,andpullitalltogetherandtrytopresentittotheAmerica
npeopleinawaythat'sunderstandable.AndIbelievethatwecandothat.Andifwedothat,atth
eendoftheday,Iamconfidentthatthetruepicturewillemerge.Nowtheallegationsbeforeus
areextremelyserious.Theyincludeillegalforeigncontributionsandotherillegalforeig
ninvolvementinourpoliticalprocess.Moneylaundering.Influencepeddling.Violationso
ftheHatchAct,whichpreventsfundraisingongovernmenttimeandgovernmentproperty.Viol
ationsoftheEthicsinGovernmentAct.Violationsoftheconflictofinterestlaws.Improper
useoftheWhiteHouseinfundraisingactivities,andquestionsofwhetherourdomesticandfo
reignpolicywasaffectedbypoliticalcontributions.Nowthesemattersgotothebasicinteg
rityofourgovernmentandourelectoralprocess,andthesematterswillconstitutethefirst
,`", phaseofourhearings.Thereapparentlywasasystematicofinfluxofillegalmoneyino
urpresidentialracelastyear.Wewillbewantingtoknowwhoknewaboutit,whoshouldhavekno
wnaboutit,andwhetherornottherewasanattempttocoveritup.Nowithasbeenpointedouttha
tcertainwitnesseshavefledthecountryorthatcertainwitnesseswilltaketheFifthAmendm
entandrefusetotestify,asisthereright.It'salsobeennotedthatthiscommitteehasacut-
offdate.Somepeoplehaveexpressedconcernthatallthiswillallowpeopletosomehowthwart
thepurposesofthisinvestigationtofindthefactsandtoestablishthetruth.THOMPSON:How
ever,itshouldberememberedthatmuchevidenceisavailabletous.Manywitnessesareavaila
bletouswhowillgivetruthfulstatementsaboutwhattheyknow.Andifanyoneshouldunlawful
lyimpedeormisinformthiscommittee,therearecriminalsanctionsavailable.Nowvaluable
informationcanbeobtainedinvariousways.Itseemsthatduetothefactsthatthesehearings
wereabouttostart,thattheWhiteHousehasdecidedtoreleasecertaininformationbeforeth
ecommitteehadachanceto,inotherwordstopre-emptus.SincethisisinformationthattheAm
ericanpeople,Ibelieve,havebeenentitledtoforalong,longtime,Iwelcomethispreemptio
n.AndIcanonlyassumethatthisinvestigationgoesforward,theywillhavetheopportunityt
opre-emptusmanytimesinthefuture.Nowwhenthefirstphaseofthesehearingsarecomplete,
wewillbeginthesecondphase,whichwilladdressthebroaderissuesconcerningourelectora
lprocess,includingtheroleofsoftmoneyandtheroleofindependentgroups.Nowwhilemosto
ftheactivitiesinthesecondphasearepresumablylegal,Ibelievethat,frankly,thattheco
mmonpracticesintheseareasbybothpartiesareafarcryfromtheoriginalintentoftheframe
rsofourcurrentcampaignfinancelawsthatwerepassedrightafterWatergate.Ipersonallyb
elievethatwecandomuchbetterthanthecampaignsystem--thecampaignfinancesystemthatw
ehavetoday.However,wecannotmoveforwardunlesswehaveaccountabilityforthepast.Andw
ecannotallowcallsforcampaignfinancereformtoactasashieldtokeepfromthoroughlyexam
iningthosewhomayhavebrokenourexistinglaws.Otherwise,callsforreformwillbevieweds

implyaspartisan,andthecauseofcampaignfinancereformwillbehurtand ,`", notenhance
d.Nowthesehearingscomeatatimeinthisnationofeconomicprosperity.Buttheyalsocomeat
atimewhentheAmericanpeopleareincreasinglycynicalabouttheirgovernment.Wehaveless
thanhalfofourpeoplevotingnow.Ibelievethatpartofthisisduetowhathashappenedtoourp
oliticalprocess,asevidencedbythemattersthatthiscommitteewillbeconsidering.TheAm
ericanpeopleseetheirleadersgotogreaterandgreaterextremetoraiseunprecedentedamou
ntsofmoneytofundtheirpoliticalcampaigns.Powerisatstake,andtheendsjustifythemean
s.AndIbelievethatthisthirstforincreasingamountsofpoliticalmoneyandwhatpeopleare
willingtodotogetitlieattheheartofthisinvestigation.Nowwhilethesehearingsareclea
rlynecessary,wemustrealizethatthisprocessdoesnotcomewithoutaprice.Somesaythatth
erevealingofunpleasantinformationaboutourgovernmentandaboutoursystemitselffurth
erfuelsthecynicismthatIreferredto.However,wedecidedover200yearsagothatwecouldst
andthetruth,thatwecouldbetrustedwithit,andthatwecouldconductfromtimetotimethisk
indofself-examinationandcomeoutthestrongerforit.It'salsopointedoutasadownsideof
thesekindsofhearingsthatcongressionalinvestigationsofferthe opportunityforrankpa
rtisanship,whichfurtherdebasesoursystem.ItseemstobetruethattheAmericanpeopleoft
enexpecttheworstoutofusinCongress,andweseldomdisappointthem.Butitdoesn'thavetob
ethatway.WeasDemocratsandRepublicanshavemuchmoreincommonthanthethingsthatdivide
us.Weallhaveourprimaryallegiancetothisnation.Weallbelieveintheruleoflaw.THOMPSO
N:Andanythingthatattacksthefundamentalthingsthatweholdpreciousasacountryarethin
gsthataregoingtobeofgraveconcerntoallofus.Sothiscommitteeispresentedwithaunique
opportunity.Wecanconductagood,thoroughinvestigation,assessresponsibilitieswhere
appropriate,andmakerecommendationsastohowwecanimproveoursysteminthefuture. ,`",
Wecanconductthesehearingswithoutalotofpartisanbickering.Alotofpeoplesayletthec
hipsfallwheretheymay.Wecansayitandactuallymeanit.Thiscommitteedemonstratedearly
onitscommitmenttofairness,somethingI'mveryproudof.Thiscommitteeunanimouslyvoted
tohaveascopethatwouldallowustolookatDemocratandRepublicanactivitiesalike,wherea
ppropriate.NowiftheAmericanpeopleseeushonestlytryingtogetthefactsinaprofessiona
lmanner,treatingeachotherandtreatingourwitnesseswithdignityandcourtesy,Ibelieve
thatitwillenhancethestatusofthisinstitution.Moreimportantly,Ithinkitwillenhance
ourgovernmentintheeyesoftheAmericanpeopleatatimewhenourgovernmentsorelyneedsit.
That'souropportunity,andthat'sourobligation.SenatorGlenn.GLENN:Thankyou,Mr.Chai
rman.Ourdemocracy--thisrepresentativeformofgovernmentofthepeople,bythepeopleand
forthepeople--isbasedonthatgreatestofallpoliticaldocuments,theConstitution.Andi
tpromisesforourpeoplethegreatestfreedom,thegreatestprotectionsandthegreatestfra
meworktopursueindividualopportunities,alongwiththegreatesthopeforthefutureofany
nationonearth.Butawrittenconstitutiondoesnotformthegovernment.Peopleformagovern
mentandleadourcountrytoitsfutureundertheConstitution.ThroughoutmostofAmericanhi
story,thatrolehasbeenfilledbyourpoliticalparties.Theyhaveputforwardtheirconcept
sandideasaboutwherethecountryshouldgoandwhatourstatureshouldbeintheworldcommuni
ty.Andafterthepushandpullofpublicdebateandpoliticalcampaigns,theAmericanpeoplem
aketheirchoice,andwemoveon.Forthemostpart,ourpoliticalsystemhasserveduswell.Ith
asworkedtoimplementourconstitutionalgovernment.Butwithintheongoingconstitutiona
lpoliticalexperimentindemocraticself-government,thisuniqueworkinprogress,therei
sonelinchpin,withoutwhichsuchanintricate,complexsystemcannotcontinueto ,`", fun
ctionasintended.Ourdemocraticframeworksystemoffreedoms,protectionsandopportunit
ies,andourwholepoliticalsystemfunctiononlytothedegreethattheyhavethefaith,thetr
ustandtheconfidenceoftheAmericanpeople.Pollafterpollandelectionafterelectionhav
eshownanincreasinglydangerousandgrowingskepticismofoursystem.Intheeyesofmostpeo
ple,thetimbersofourpoliticalstructurehavedevelopedarotthatmustbedealtwith.Oritc
anspreadtodangerousproportions,addingtodistrustandcynicismanddoubtsofthosewhowo
n'tparticipate,whodropoutortheyjoinprotestgroupswithvaryingmotivations.Andthatr
otisthepernicious effectofhugeamountsofmoneyintoday'spoliticalspectrum,bothRepub
licanandDemocratic.Theabuseshavebeenbipartisan,andourinvestigationsmustbebipart

isaniftheresultsoftheselongandexpensiveeffortsaretohavesufficientcredibilitytob
eusedasabaseformeaningfulcampaignfinancereform.GLENN:Withthecommittee'sexpertis
eandlonginvestigativehistory,we'venotonlybeenassignedamajorresponsibility,butal
soagreatopportunitytostartrestoringfaiththatourgovernmentandpoliticalsystemsrep
resentsallthepeople,allthetime,notspecialinterests,andallthepeopleparttime.Butt
hatwillbeaccomplishedonlyiftheinvestigationisdoneright.AndwhatdoImeanbythat?Wel
l,ImeanthatwemustshowtheAmericanpeoplethetruthaboutourcampaignfinancesystem--th
atyourchancesofwinningaredependentonhowmuchmoneyyouraise,thatfundraisinghasbeco
mesoallconsumingithaspushedbothpartiestoseektogetasclosetotheedgeofthefederalel
ectionlawsaspossible,andthatintheirzealousnessinseekingtheedgeofthelaw,bothpart
ieshave,attimes,steppedovertheedge.Inexposingthissystemitisnotsomuchthatweexpec
ttosurprisetheAmericanpeople.Unfortunatelysleazyfundraisingpracticesarejustwhat
theAmericanpeoplehavecometoexpect,andthisexpectationprecededthe1996federalelect
ions.IfwewishtosurprisetheAmericanpeople,wewilldosobyshowingthemthatweintheCong
ressrecognizethatthesystemisbroken,needstobefixed,infactmustbefixed,andthatwe ,
`", recognizethatthelackoftrusttheAmericanpeoplehaveintheirgovernmentstems,atle
astinpart,fromtheperceptionthattheCongresshasbeenboughtbybig-moneycontributions
,bycorporations,otherspecialinterestsgivingcontributionsinreturnforlegislativeo
rotherpoliticalfavors.I'minfavorofrootingoutandexposingalltheinformationonfundr
aisingabuseswithoutfearorfavor,whetherontheDemocraticorRepublicanside,wherevert
hattrailleadsus.Weshouldexamineanyillegalitiesinvolvingforeignordomesticmoney.W
eshouldexaminewhetherfederalelectionlawshavebeenbrokenorhavebeenabusedbyindivid
ualsandorganizations,andwillfulviolatorsshouldbeseverelypunished.Butifthatisall
wedo,wewillhavefailedinthisinvestigationandfailedmiserably,becauseevenifitisnot
explicitlystatedintheSenateresolutionthatlaunchedthisinvestigation,themeasureof
successforthisinvestigationwillbewhetheritproducescongressionalactionforcampaig
nfinancereform,substantialreform,notthelittlebitofreformsomeintheCongressmighta
dvocatetoreducepublicpressure.Whatwillweneedtoproducethissuccess?Well,firstthei
nvestigationandthesehearingsmustbeseenasfair,bipartisan,focusedontheactivitieso
fbothparties.Unfortunatethatforthepastsixmonthswe'vehadproblemsinthisrespect,an
dIhopethatthisisbehindus.Anotherfactorinthesuccessofthisinvestigationiswhetherw
ewillexaminethoroughly,withrespecttofundraisingbybothparties,thefollowingissues
:one,foreignmoney.Whatevidenceistherethatforeignmoneywasactivelysolicitedinthe1
996federalelections?WedoknowthatsomeforeignmoneycametotheRepublicanParty,andI'l
lexplainthatinmoredetaillater.DidithappeninDemocraticfundraisingcirclesaswell?L
et'sfindout.GLENN:I'mallforfindingout.Also,isthereanyrealevidencethattheChinese
governmentoranyotherforeigngovernmentactuallyinfiltratedtheAmericangovernmentvi
acampaigncontributions?IftherewasChinesegovernmentmoneyillegallyenteringtheAmer
icanpoliticalsystem,isthereanyevidencethatsuchmoneywenttocandidatesofonlyonepol
iticalparty? ,`", NowbeginninginFebruaryofthisyear,therehavebeenstoriesinTheWas
hingtonPost,TheNewYorkTimesandTheL.A.TimesaboutChinesegovernmentplanstoinfluenc
etheAmericanpoliticalsystem.ThispastApril,TheLosAngelesTimesreportedthatin1995,
theChinesegovernmentformulatedaplantouseabout$2milliontoinfluencelegislativebra
nchelections,bothRepublicanandDemocratic,in1996.Thearticlereportedthattheplanwa
sformulatedbecausetheChinesegovernmentwasupsetattherecentvisitofTaiwanPrimeMini
sterLien.Asaresult,theChinesegovernmentapparentlyrecognizedthatitneededtoconduc
tmorelobbyingonitsbehalf.Partoftheplan,therefore,apparentlycalledforChineseoffi
cialstomeettoinfluencepeoplewithafocusonlegislators.Asthearticlenoted,thetypeof
lobbyingactivityislegitimate,isdonebymanyforeigncountriesanddomesticinterests.W
ell,that'smainlywhatweknowforsureabouttheChineseplanatthemoment.Accordingtothep
ress,theChinesegovernmentintendedtousearelativelymodestamountofmoneytogaininflu
enceintheWashingtonlobbyinggame,anditintendedtodothisbyfocusingonthelegislative
branchofgovernment.Now,ImentionthesereportsherebecauseIamgreatlyconcernedabouth
owthereportsaresometimesdiscussedbyindividualsinthisbodyandinthepress.I'veheard

languagelikeinfiltration,foreignspies,foreigners,aswe'rejeopardizingournational
security.Well,onthisissue,thecommitteeshouldgojustasfarasthefactstakeus,recogni
zingthatit'stheFBIthat'sinamuchbetterpositionto--thanacongressionalcommitteetod
oanespionageinvestigation.Wemustbecareful,however,nottojumptoconclusionsthattre
asonhasbeencommittedbasedonapartialstorywithambiguousinformation.Butwhereverthe
trailleads,let'slookatit.Andwewanttodoitfairly.Thiscommittee,ifwegobackinourrec
ords,wehaveaveryunhappyhistoryinthatrespect,asfarasambiguousinformationgoes.Dur
ingthe1950s,wecanallrecallwhathappenedonthiscommittee,andIdoubtanyoneherewantst
oreturntothosedarkdays.Now,thesecondissuethatwe--otherissueswemustexamineduring
thesehearings,thesecondoneisthemisuseoftax-exemptandnon-profitorganizations.The
rearenumerousandcredibleallegations ,`", thatsuchorganizationswereillegallyempl
oyed,perhapsonbothsides,butweknowofsomeontheRepublicansidein1996.Wehavethosedoc
umented.DidtheDemocratsreceivesimilarillegalhelp?Let'sfindout.Numberthree,contr
ibutionsgivenin thenameofanotherperson--didbothpartiesviolatethat?--becausethati
sanillegalpracticeunderourcampaignfinancelaws.Well,thevicechairmanofBobDole'sca
mpaignwasfined$1.6millionandputunderhousearrestforthispractice.GLENN:Thiscommit
teewillalsoinvestigatesimilarallegationsregardingaDemocraticfundraisingeventata
BuddhisttempleinCalifornia.Arethereothercasesweshouldlookat?Weshouldfindthemift
hey'rethere.Numberfour,theuseofsoft-moneycontributions.Thisisamostimportantissu
ethatthechairmanhasindicatedwillbeexaminedinphaseIIofthehearings.Ifthere'soneel
ementofthecampaignfundraisingsystemcryingforreform,it'ssoftmoney.Unlimitedfunds
--unlimitedfunds--beinggiventothepoliticalparties,whichhaveresultedinnotonlycon
tinuallyraisingtheanteinpoliticalcampaigns,buthaveresultedindistortingthepoliti
calagendaofbothparties.NowalltheseissueshavefueledthecynicismIspokeofearliertha
tcurrentlyinfectstheAmericanbodypolitic.Whocanblamethemwhentheyseewhatcampaignc
ontributionsgivenbyspecialinterestshaveproducedintermsoffavorstothoseinterests?
We'veheardagreatdeal--agreatdealthesepastmonths--aboutDemocratsandperksandacces
s.AndAmericanshaveeveryrighttobeconcernedaboutspecialfavorsforcampaigncontribut
ions.Mr.Chairman,inmyfullstatement,IgiveanumberofexamplesofRepublicanfavorsalso
backandforth,aswellassomeDemocratic.AndasIseeit,itsortofcomesoutasamatchonbothh
ere,asfarastransgressionsofthepast.AndIwouldaskmy--Idon'twanttoreadallofthose--
I'daskmyentirebeincludedintherecord.THOMPSON:Madepartoftherecord. ,`", GLENN:Ye
s,thankyou.Mr.Chairman,letmenowturntoonespecificcase,however,thatthecommitteeha
sbeeninvestigating.AnditisaveryclearcaseofforeignmoneychanneledthroughaFloridac
orporationtotheNationalPolicyForum,andultimately,totheRepublicanNationalCommitt
ee.Ononelevel,thisisanextremelycomplexstory.It'sastoryofamultimillionaireandhis
HongKongcorporation,adesperate,cash-strappedRepublicanParty,andhowtheycombinedt
ofinancetheContractWithAmericain1994,andthentwoyearslater,toinfusetheRepublican
Partywiththree-quartersofamilliondollarsinforeignmoney.Atitscore,thisisalsoasim
plestory.It'sastoryofgreedandtrustbetrayed,asIseeit,ofanationalchairmanwhobetra
yedthetrustofawealthyforeigndonor,hisownpartyandtheAmericanpeoplewhenhetriedtoc
ircumventthecampaignfinancelawsofthiscountry.Thissummer,youwillhearmanyexamples
offoreignmoneybeingfunneledtotheDemocratsandtotheRepublicans.Butthisstory,asfar
asIknowrightnow,istheonlyonesofarwheretheheadofanationalpoliticalpartyknowingly
andsuccessfullysolicitedforeignmoney,infuseditintotheelectionprocessandintentio
nallytriedtocoveritup.We'llbeholdinghearingsontheNationalPolicyForumandYoungBro
therslaterinthissummer,perhapslaterthismonth.AndIwanttogiveyoujustashortpreview
ofwhatwehavelearned.TheNationalPolicyForumwasestablishedin1993asathinktanktodev
elopRepublicanideasandpolicies.Republicanofficialsclaimedthatitwasindependentof
theparty,andthuswouldnotbesubjecttothelawsandregulationsthatapplytotheRepublica
nNationalCommitteeandotherpoliticalorganizations.Infact,theNationalPolicyForumw
asanarmoftheRepublicanNationalCommittee.Itwasasubsidiary,inthewordsofatopRepubl
icanofficial.OnewaytheRepublicansusedtheirsubsidiarywasforwhatcanonlybedescribe
dasthelaunderingofillegalforeignmoney.GLENN:NowIhaveafewslidesthattellthisstory

here,andIthink--Ihopetheaudiencecanseethese.They'reonthemonitors,ourmonitorsuph ere,andIthinkthelargermonitorsbackthere. ,`", Thefirstdocument'samemorandumenti tledNPFAction.It'sfromScottReed,theexecutivedirectoroftheRNC,toofficialsattheNP F,includingthechairman,HaleyBarbour.Thisdocumentwascreatedinanticipationofthefo rmationoftheNPF.Andundertheheadingoffundraising,thesixthitem,asyoucanread,isfor eign,whichstronglysuggeststhatMr.Reedcontemplatedtappingforeignsourcesforfundin gtheNPF.Thedocument'salsointerestingbecauseitrevealsthatatitsinception,theNPFwa slittlemorethanafrontfortheRNC.Here'sahigh-rankingRNCofficialrecommendingthestr ucture,thepersonnelandthemissionfortheNPF.Afewweekslater,theNationalPolicyForum isofficiallylaunched,andHaleyBarbour,theRNCchairman,aswellasthechairmanoftheNPF aswell,declaresthatthisorganizationwillbeseparatefromtheRepublicanNationalCommi ttee.BarbouralsoannouncestheselectionofMichaelE.BaroodyasNPF'spresident.Thenext documentisamemorandumfromMr.BaroodyprovidingMr.Barbourwithsomereasonsforresigna tion.Bythistime,Mr.BaroodyhasbeenattheNPFforalittleoverayear,hashadachancetosee howtheorganizationworks.Heisdissatisfiedtothepointofresigning,andhewritestoMr.B arbour,quote:"Wealsodiscussedyourbeliefthatconsiderablemoneycouldberaisedforthi seffortfromforeignsources.Itoldyouagain,evenbeforestartingatNPF,Ithoughtyouwere rightaboutthepossibilityforeignmoneycouldberaised,butthoughtitwouldbewrongtodos o."Theidea,nonetheless,seemedtoholdsomefascinationandcontinuedtobediscussedunti lwellafterDenningcameonthescene."Endofquote.ThisseemstojibewithwhatRNCExecutive DirectorScottReedwrotetoBarbourintheearliermemo.TheBaroodyletterisanextraordina rydocument.Here'sthepresidentoftheNPFstatingquiteclearlythattheorganizationisno thingmorethanaRepublicanfrontgroup,describingtheso-calledseparationbetweentheRN CandtheNPF,inhiswords,"asafiction."InanefforttolearnmorefromMr.Baroody(ph),this committeeservedhimwithasubpoena,andafewweeksago,weaskedhimaseriesofquestionsund eroath.Mr.Baroodyrefusedtosayanythingabouttheletter.Infact,onmorethan100occasio ns,hisattorneyinstructedhimnottoanswerthequestionsposedtohimbythiscommittee,eve nquestionsdirectlyaskinghimaboutforeignmoneyatNPF. ,`", Ishouldnote,Mr.Chairman ,thatwedoappreciateverymuchtheorderyourecentlyissuedinstructingMr.Baroodytoansw erthequestionswebelievetobewithinthescopeofthisinvestigation.Itwasatoughstateme nt.Weappreciateit.Youwererighttoputitout.OtherformerofficialsoftheNPFandtheRepu blicanPartyhavealsowithheldinformationfromthiscommittee,seriouslyunderminingour effortstouncoverthecompletestory.Andwehopethey'llbemoreforthcomingintheweeksahe ad.However,evenwithoutthecooperationofthoseRepublicanwitnesses,wehavethisletter andotherdocumentsthatspeakforthemselves.Thereferencestoforeignmoneyand"theficti on,"astheysayit,inquotes,thefictionofseparationbetweentheNPFandRNC,arerighthere inblackandwhite.Mr.Baroody'sworstfearsarerealizedshortlyafterheresignswhen,atth erequestofChairmanBarbouroftheRNC,foreignmoneyisusedtoguaranteealoantoNPFtotheu ltimatebenefitoftheRNC.GLENN:YoungBrothersDevelopmentCorporation,aforeignownedc ompanybasedinHongKong,directsa$2.1millionloanthroughitsFlorida-basedshellcorpor ation,YoungBrothers,USA.TheFloridacompany'sonlyassetscomestraightfromHongKong.T heshellorganizationprovidestheloanguaranteetotheNationalPolicyForum,anorganizat ionwhichisanarmoftheRepublicanNationalCommittee.TheNationalPolicyForumanditscha irman,HaleyBarbour,immediatelyfunnels$1.6milliontotheRepublicanNationalCommitte eanditschairman,HaleyBarbour.Asyoucanseehere,corporatemoneythatstartedinHongKon gisspreadoutallovertthecountrybytheRNCtohelppayforelectionsin1994.Thisslideshows thatforeignmoneyhelpsmakeamajordifferenceinNovemberwhentheRepublicansdocaptureet heCongressforthefirsttimein40years.Instateswherethemoneyflowedrightbeforetheele ction,Republicanswoncongressionalraces.Nowthat,ofcourse,couldbeahappyending,atl eastforHaleyBarbourandtheRNC,butthestorydoesn'tendthere.Infact,somewaysit'sjust beginning.AfterusingtheYoungBrothersmoneytofundtheRepublicanvictory,Mr.Barbourd ecidesthattheNPFshouldjustkeepthemoney.HeaskedYoungforforgiveness(ph).Youngsays ,`", no.NPFfailstomakethenextpaymentontheloanguaranteedbyYoungBrothers,perhaps totestMr.Young'sresolve.Youngsays,payup.In'95,BarbourtravelstoHongKongtovisitAm broseYoungonhisyachtandagainpleadforforgiveness,andYoungsaysno.Afewmoremonthspa ss.HaleyBarbourandAmbroseYoungtraveltoChinatogetherandmeetwiththeChineseforeign minister--Barbourstillpressingforforgiveness;Youngisholdingfirm.Springof'96when theDolecampaignisstrappedforcash,theRNCdesperatelyneedsmoney,andtheRepublicansl ookliketheymightloseCongressifthey--thattheyhaveheldforonlytwoyears,andtheNPFde faults.Theyjustwon'tpay.Needlesstosay,theRNCwon'tpayeither,despiteHaleyBarbour' searlyassurancestoAmbroseYoung.Angrylettersareexchangedbetweenlawyers.RichardRi chards,theformerchairmanoftheRNC,tries10timestocallthecurrentchairman,HaleyBarb our.Mr.Barbourwon'ttalktohim.OnSeptember17th,DickRichardswritestoChairmanBarbou raletterwhichrecountsthehistoryoftheloan.Hesays,quote,"IhaverecentlyheardfromMr .YounginHongKong,andneedlesstosay,he'ssomewhatdistressedaboutthenon-paymentbyth eforum."Justpriortotheelectionof1994,IwasaskedbyFredVolcanzik(ph)tohelpfacilita tealoaninexcessof$2milliontoassisttohelppickup60targetedHouseseats.Fundsweretra nsferredfromHongKongtoYoungBrothers,USA,aFloridacorporationofwhichIamthepreside nt.Shortlyaftertheloanwasmade,youjourneyedtoHongKongandapproachedMr.Youngforthe firsttimeaboutthequestionofforgivenessoftheloan."Therecannotbeanydisputethatthi swasaloan.Mr.Youngmadeitingoodfaithtoassistyouincapturingsometargetedcongressio nalseats."That'sintheletter.Indeed,theRNChad$1.6milliontofundtheContractWithAme ricain'94.GLENN:Twoyearslater,itsaved$750,000tofundtheelectionin'96,allthanksto theeffortsofawealthymanfromHongKongandtheconcertedeffortbyHaleyBarbourandtheNPF toprivatelyexploithisgenerositywhilepubliclyhidingit. ,`", Nowthat'sanencapsula tionofthestory.Asalways,thedevil'sinthedetails.Therearemoredetailstofleshout.We willbeableto,asIindicatedearlier,we'lltellthecompletestorylaterthismonth,wehope thismonth,andtheAmericanpeoplewilllearnexactlywhathappened.Ibeganmyremarksbyref erringtothecynicismthattheAmericanpeoplefeelforsomuchofwhatwedo.Highamongtherea sonstheygivefortheircynicismisthewaythatmoneyinfluencescampaigns.Indeed,accordi ngtoarecentWallStreetJournalpoll,almosttwo-thirdsofallAmericansfavorbanningsoft -moneycontributionsfromourelectionsystembecausetheyrealizethatitpredictably,inv ariably,inevitablycheapensourdemocracy.Anotherreasonfortheircynicismisapartisan shipthatincreasinglyseemstodistortourworkintheCongress.Justassurelyascashcheape nstheworkthatwedo,partisanshipdoessoaswell,andtheAmericanpeopleknowit.Indeed,so me70percentofallAmericansbelievethatbothpartiesbelievethatbothpartiesareequally guiltyofcampaignfundraisingabuses.So,Mr.Chairman,let'shonorthisbody--andtheAmer icanpeoplewhohavegivenusthegreatprivilegeofservinginit--withaninvestigationthat isserious,it'sbalancedandit'sfair.Andletusthenacttorectifythecampaignfinancepro blemafflictingbothpartiesinawaythatrestoresameasureoffaithinoursystemtotheAmeri canpeoplewhosedailylivesareaffectedbythatsystem.Mr.Chairman,Ihaveoneotherissue. Andthisisaveryimportantonetodiscussbeforeconcluding.Oneofthemostdisturbing,andm ostfocused-onbythepress,allegationsinthisinvestigationhasbeenthesuggestionthata nindividualplacedinapositionoftrustinourgovernmentmayhavebeenengagedinespionage ,oratleast,economicespionage,passingclassifiedinformationtopersonsunauthorizedt oreceivethisinformation.Iftrue,chargesofspyingorofbeinganunregisteredforeignage ntcouldfollow.I'mreferringofcoursetoMr.JohnHuang,whowashiredattheDepartmentofCo mmerceandgivenasecurityclearance.It'sbeensuggestedthatMr.Huangleakedclassifiedi nformationwhileatCommercetohisformeremployerandpossiblytoaforeigngovernment.Few chargescouldbemoreserious. ,`", Sometimeago,minoritycounselAlanBaronapproachedM r.Huang'sattorneytoexplorethepossibilityofMr.Huangappearingtotestifybeforethisc ommittee.Thosediscussionshavecontinuedandcometofruitioninnotonlythelastfewdays, butthelastfewhours,overtheweekendandindeedinsomerespectsjustthismorning.AndIwis htoreportthatcounselforMr.HuanghasstatedthatMr.Huangiswillingtocomebeforethecom mitteeandnotexercisehisFifthAmendmentrights.Hewillrespondtoanyquestionsthecommi tteemayaskonanyaspectofourinvestigation.Hewillaskforlimitedimmunityonly.GLENN:L imitedimmunity,becauseofcertainFECandHatchActallegationsagainsthim.Now,letmeexp lain.OnethingthathasbeenclearfromthebeginningofanydiscussionwithMr.Huang'sattor ney,undernocircumstanceswouldMr.Huangbeimmunizedfromprosecutionforanyactofespio nageorforanyoffenseprosecutablefordisclosureofclassifiedinformationorforacti ngasanagentforanyforeigngovernment.Moreover,Mr.Huangwouldbesubjecttoprosecution forperjuryorforgivingafalsestatementtoinvestigatorsifhedidnottellthetruth.Icann owreportthatMr.Huanghasagreedthroughhiscounseltotestifywithalimitedimmunityrela tingtoanycriminalchargesthatcouldresult.Now,limitedimmunitywouldnotapplytothecr iminalcharges.Totestifywithoutimmunityrelatingtocriminalchargesthatcouldresulti fhecommittedespionage,oreveneconomicespionage,ifhedisclosedclassifiedinformatio ntoanyonenotauthorizedtoreceiveit;ifheactedasanagentforanyforeigngovernment;ifh ecommitsperjury;ifhemakesanyfalsestatementunderoath.WhileMr.Huangwillanswerques tionsonanysubject,histestimonycanbeusedagainsthiminaprosecutionforanyofthesecha rges.It'smyviewthatuponcompletionoftheopeningstatementstoday,thecommitteeshould gointoexecutivesessiontoconsidersuchaproffer.Ifurtherbelievethatthecommitteesho uldsolicitandreceivetheviewsoftheDepartmentofJusticebeforeitmakesafinaldetermin ationastowhetheritbelievesthelimitedgrantofimmunitysoughtbyMr.Huangshouldbeaffo rded.Well,asyouyourselfstated,wearenotboundbytheviewsof,`", theDepartmentofJus tice,itisappropriateforustoobtainthedepartment'sinput.I'vebeenadvisedthatMr.Hua ng'sattorney,Mr.Cobb,whoisahighlyrespecteddefenseattorney,ispreparedtoproceedim mediatelytomakeapresentationandproffertotheDepartmentofJusticeonbehalfofhisclie nt.Mr.Chairman,Imakethisclear:I'mnotentirelypreparedtodaytotakeapositionontheis sueofimmunity,limitedimmunity,forMr.Huangatthispoint,becauseIwishtoknowwhattheD epartmentofJusticehastosayalso,eventhoughitisnotthecontrollingfactor,asyoupoint edout.Giventhefact,however,thatMr.Huangwouldnotbeimmunefromprosecutionforespion ageortheunauthorizedtransferofclassifiedinformation,andwouldalsobesubjecttopros ecutionforperjury,Ibelievethismaybeaveryuniqueandinexpensiveopportunitytoinform ourselvesandtheAmericanpeopleaboutanissuethathasbeenofseriousconcerntoallofus.O fcourse,itisalsotruethatMr.Huangwouldstillbewideopentoquestionsinthoseareasforw hichhehasreceivedimmunity.Hecouldstillbequestionedinthoseareas.Andthiswouldincl udeallaspectsofhisfundraising,whichhasbeenthesubjectofsuchintensescrutiny.Now,o neissuewhichconcernedme,andI'msuremanyothersheretoday,iswhyMr.Huangwouldbemotiv atedtocomeforwardonthebasisthatIhavedescribed.Now,IdonotknowMr.Huang.GLENN:Idon 'tknowthatIhaveevermethim.Buthe'sbeendescribedtomeasamanproudofhisheritage,prou dtobeanAmericancitizen.I'vebeenadvisedthataguidingprincipleinhislifehasbeentopr omotetheinterestsoftheAsian-Americancommunity.Hebelievestheinterestsofthatcommu nityhavebeenharmedbytheallegationssurroundinghim.AndIamtoldthatiswhyhewantstoco meforwardandaddresstheallegationsandspeculationsbeforethiscommittee.Mr.Chairman ,Ihavealetterfromcounsel,Mr.Cobb,thatIgaveyoualittleearliertoday.Iwouldaskthatt hatbeincludedintherecord.Ibelieveacopyhasbeendistributedtoallthemembersatthedai s. ,`", THOMPSON:Withoutobjection,itwillbemadeapartoftherecord.GLENN:AsIsaid,as farasIknow,neitherInoranyofmystaffhaveevermetMr.Huang,andIaminnopositiontoasses shisreputationormotivesbeyondwhatIhavebeentold.Ihope,Mr.Chairman,thatmyeffortst obringMr.Huangbeforethiscommitteeservetounderscoremyfullcommitmentthatallthefac tsbepresentedtotheAmericanpeopleonabipartisanbasis.Theissuessurroundingournatio nalsecurityandtheissuessurroundingcampaignfinancereformoverridepartisanconcerns .Wehavearrivedatapointwherewecanreshapethepoliticallandscape,andwecanredefineth epoliticalprocess.Ihopethatallofuswillhavethestrengthtorisetothatoccasionanddow hatisbestforourcountry.Thankyou.THOMPSON:Thankyou,SenatorGlenn.Iproposethatwego onwithopeningstatements.Wecertainlydowanttodiscussthisnewinformation.Ithinkit's veryimportant.AndIthinkit'sencouraging.Therearesomeseriousquestionsthathavetobe askedaboutit,however,andIknowthatothermembersofthecommitteewillwanttodiscusstha tastoexactlyhowwemoveforward.ButIwelcomeverymuchthesedevelopments.SenatorCollin s.COLLINS:Thankyou,Mr.Chairman.Todayweembarkonadifficulttask.Wehavebeenaskedtoj udgeconductinwhichallofuswhoareinvolvedinpartisanpoliticalactivitywillbeseentoh aveaninterest,anundeniableself-interest.Indischargingthisresponsibility,weonthe

committee,RepublicansandDemocratsalike,mustdemonstratethatweareguidedbyonegoala
ndonegoalonly:thepursuitoftruthonbehalfoftheAmericanpeople.Wecandonoless,asthem
atterswewillbescrutinizingaffecttheprocessbywhichwechooseourleaders,aprocesstha
tdefinestheveryessenceofafreesociety. ,`", IthasalreadybeenwidelyreportedthatWe
willbeexaminingverytroublingallegationsabouttheinvolvementoftheDemocraticNation
alCommitteeandtheWhiteHousewithforeignmoney.Aswedoso,thechallengefortheRepublic
ansonthiscommitteewillbetoremainobjectiveandfair-mindedinthefaceofmountingevide
nceofpotentiallyveryseriouswrongdoing.Fortheirpart,myDemocraticcolleaguesmustsh
owawillingnesstogowheretheevidenceleadsandtonotrestrictthecommittee'sabilitytog
atherinformation.Theymustalsoresistthetemptationtomakedissimilarconductlooksimi
larinaneffforttodismissseriouslegalandethicalbreacheswiththetimewornexcusethatev
erybodydoesit.TheWhiteHouseandothersunderscrutinymustbemuchmoreforthcoming.Thep
residentcannotcrediblypreachthegospelofcampaignfinancereformunlesshisaidesandsu
pportersarepreparedtoletthelightofdayshineontheiractivitiesduringthe1996campaig
n.Thepublic,too,hasaroletoplayinmakingthesehearingssuccessful.TheAmericanpeople
,understandablywearyofscandalsandskepticalabouttheprospectsforchange,mustultima
telybecomeengagedinthismatter.Idisagreewiththosewhoviewthejadedattitudeofthepub
lictowardcampaignfinanceabusesasgoodnews.Forme,itsendsastrongermessagethanthelo
udestshoutsofprotest.Silencedoesnotmeanapproval.Tothecontrary,itmeansnotonlydis
approval,butacompletelackoffaiththatwearecapableofimprovingthesystem.Wemustatte
mpttousethesehearingstopersuadethepublicthatthisisnotahopelessquagmire.Duringth
enextseveralmonths,wecanbecertainthatwewillwitnesssomeconflictingversionsofeven
ts,someofwhichmayneverberesolved.COLLINS:Butwhatalreadyseemsclear,basedontheall
egationsthathaveappearedinthepress,isthatwearetheretodaylargelybecauseofanethica
lindifferencewhichsomeattheDemocraticNationalCommitteeandtheWhiteHousedisplayed
towardfundraisinginthe1996presidentialcampaign.Indeed,asimportantasitistouncove
rabuses,itisprobablymoreimportanttounderstandcauses.Towardthatend,letmesuggest
,`", threecomponentsoftheethicallylaxatmospherewhichgaverisetotheeventsthatbrin
gusheretoday.Thefirstwasamaniaformoney.Thisiscertainlynotnewinthepoliticallifeo
fourcountry.Butdrivenbythehighcostoftelevisionads,ithasreachedepicproportions.I
ndeed,thetelevisionadracehasbecomethepoliticalcounterpartofthenucleararmsrace,c
haracterizedbythesameinsecurefeelingthatonecanneverhaveenough.Eventhelimitsplac
edonspendinginpresidentialcampaignsdidnotstoptheescalation,ascandidateadswerere
placedbypartyads,fundedinpartbysoftmoneyraisedfromquestionablesources.Thesecond
componentwasafailuretodistinguishbetweentheethicallyrightandthetechnicallylegal
.Instead,therewasawillingnesstocuteverycorner,bendeveryrule,andinvokeeverytechn
icality.WhentheargumentisthatmovingfromoneroomintheWhiteHousetoanothermakesthes
olicitationoffundslegal,wehaveatbestcompliancewiththeletterandnotthespiritofthe
law.Untilitbecomespartofourpoliticalethostohonorthepurposesunderlyingourcampaig
nfinancelawsratherthantryingtosubvertthemthroughlegalisticloopholes,theremaybem
erittothecontentionthatourlawswillneverbetightenoughtowithstandthemaniaformoney
.Thethirdcomponentwasanutterlackofconcernforthesourceofcontributions.Acceptingm
oneyfromaBuddhisttemplefliesinthefaceofaprohibitionagainstpoliticalcontribution
sfromreligiousgroups.AcceptingmoneyfromanimpoverishedIndiantribeexploitsthosewh
oaredependentonthefederalgovernment.Andacceptingmoneyfromsuspectedcriminalssugg
eststhatmoneytalksregardlessofwhatithastosay.Forsome,itseemsthatthecontributors
tentcanneverbetoobig,withtheonlyrequirementimposedonthoseseekingentrybeing,"Sho
wmethemoney."Itisthisthirdcomponentwhichraisedoneofthemajorconcernstoemergefrom
the1996presidentialcampaignandwhichmustbemostcloselyexaminedinthesehearings.Spe
cifically,itisimperativethatwegettothebottomoftheallegationsinvolvingforeignmon
ey.COLLINS:Letmetakejustamomenttoexplainwhytheseallegationsaresoserious.Muchoft
hesolicitationofforeignmoney,`", wasallegedlydonebyanindividualwhorecentlyhadb
eenreceivingclassifiedinformationofpotentialinteresttothewould-becontributors.T
hiscombinationofpossessinggovernmentsecretsandsolicitingpoliticalcontributionsf

romoverseasdonors,possiblyevenforeigngovernments,shouldmakeeventhemosthard-boil edpoliticalveterannervous.Thisisparticularlytruewhentheindividualinquestionhasb eenunwillingtodisclosehisactivitieswithoutagrantofimmunityforfearofincriminatin ghimself.Moreover,theworldmusthaveconfidencethatourforeignpolicydecisionsarebas edonAmericaninterests.Eventheappearancethattheyaretaintedbycontributionsfromper sonsconnectedwithforeigngovernmentsunderminesournationalcredibility.Itisironic, Mr.Chairman,thatafterChinaregainedcontrolofHongKong,oneofthefirstactsofthenewly createdHongKonglegislativebodywastobanforeigncontributions.Weproudlyholdourcoun tryoutasthenation's--astheworld's--greatestdemocracy,themodelforcountriesemergi ngfromtotalitarianrule.Thespectacleofhugeamountsofmoneyfromwealthyforeigncontri butorspouringintoourpresidentialracesendsamessagetoemergingnationsthatdemocracy inAmericaisnotaboutcarryingoutthewillofthemany,butaboutcateringtotheinterestsof thefew.Mr.Chairman,campaignfinancepracticeshavebecomethesourceofgreatconfusioni nthiscountry.Thiscommitteehastheperhapsunenviabletaskofcreatingclarityoutofchao sbyexposingillegalandunethicalpracticesandbyleadingthenationaldebateontherulest hatgoverntheelectoralprocess.Icommendyouforassumingthisresponsibility,foryourle adershipinthisregard,andIlookforwardtoworkingwithyouandtheothermembersofthecomm itteeinthecomingmonths.THOMPSON:Thankyouverymuch,SenatorCollins.SenatorLevin.LE VIN:Thankyou,Mr.Chairman.WhatthiscommitteeandtheAmericanpeoplearegoingtohearabo utinthenextfewweeksandmonthsarethesymptomsofadiseaseoftheAmericanbodypolitic,ad iseasewecancallthemoneychase,andfromwhichnopartyandfewcandidatesareimmune. ,`",
Toinoculateourdemocraticsystemagainstthisdisease,wepassedaseriesoflawsinthe197 0stolimittheroleofmoneyinfederalelections.Itwasourintent,atthattime,toprotectou rdemocraticformofgovernment,whichreliessoheavilyontheinterchangeofideasandactio nsbetweenthegovernmentandtheprivatesector.LEVIN:Toprotectourformofgovernmentfro mthecorrosiveinfluenceoftheunlimitedandundisclosedcontributions,wewantedtoensur ethatourelectedofficialswereneitherinrealitynorinperceptionbeholdentospecialint erestsorabletocontributelargesumsofmoneytocandidatesandtheircampaigns.Theselaws weredesignedtoprotectthepublic'sconfidenceinourdemocraticallyelectedofficials.A ndformanyyears,thoselawsworkedfairlywell.Thelimitsthattheysetareimpressive,andt hoselimitsarestillonthebookstoday.Individualsarenotsupposedtogivemorethan$1,000 toacandidateperelectionor$5,000toapoliticalactioncommitteeormorethan$20,000ayea rtoanationalpartycommitteeor$25,000totalinanyoneyear.Corporationsandunionsarepr ohibitedfromcontributingtoanycampaign.Contributionsfromforeigncountries,foreign citizensandforeigncorporationsareprohibited.Andpresidentialcampaignsaresupposed tobefinancedwithpublicfunds.That'sthelawthat'sonthebookstoday.Yetinthisseriesof hearings,we'regoingtohearaboutcontributionsofhundredsofthousandsofdollarsfromin dividuals,corporationsandunions.We'regoingtohearaboutcontributionsfromforeignso urces,andwe'regoinghearaboutpresidentsandpresidentialcandidatesspendinglonghour sonfundraisingtasks.Nowhowisthatpossible,weask?Well,whathashappenedisthataprett ygoodlawsettinglimitsonsizeandsourceofcontributionshadsomesoftspots,whichoverth eyearsbothpartiestookadvantageof.Bothpartiespushedupagainstthosesoftspotsandcre atedholesinthelaw--bigloopholes--thatallowedthebigmoneytopourin,sothatnowtherea renoeffectivelimitsatall.Nowwefacethedauntingtaskoftryingthoseloopholes,tomake ,`", thelawwholeagain,andinmakingitwhole,tomakeiteffective.Someofwhatwe'regoing tohearaboutinthenextfewweeksandmonthsinvolvespossibleillegalconduct.Butthevastm ajorityofwhatwe'regoingtohearabout,andthebulkoftheactivitythatcreatesconcernand hasthelargesteffectonthecampaignprocessrightnowiswhat'slegal.It'swhat'sallowedb ythoseloopholes.Andmostofitinvolvestheso-calledsoftmoneyorunregulatedmoney.Look atthedataonthisfirstchart--onjustwhattheDemocraticNationalCommitteedid.Only172o fover21/2milliontotalcontributionsreceivedbytheDNCinthe1994-96electioncyclehadt obereturned.That'ssixthousandthsof1percent.Andonlyalimitednumberofthosewereretu rnedbecausetheymaynotsatisfyapplicablelegalandregulatoryrequirements.Andtheothe rpartofthatchartshowsthatjustatinypercentageofthecontributionswhichwerereceived

,thedollarsthatwerereceived,werereturned.Therealproblem,therealbigproblemwiththewaywefinancecampaignstoday,iswhat'slegal.LEVIN:BecausethewaybothpartiesintheFederalElectionCommissionhavegottenaroundthelawofthe1970sisbyestablishingawholeseparateworldofcampaignfinance.Andthat'stheworldofso-called"softmoney"--contributionsnottechnicallycoveredbythelimitsundercurrentlaw.Inthe1996election,asyoucanseefromthischart,theRepublicanPartyraisedmorethan$140millioninsoftmoney;theDemocratsraisedover$120million.That'sthereal problem,andthat'showwegettotheseenormoussumsofmoneyinthelastcampaign,likethe$1.3millionthattheRNCreceivedfromonecompanyin1996andthe$450,000thatjustonecouplegavetotheDemocraticNationalCommitteeinthesameyear.Oncethatsoftmoneyloopholewasopened,oncetheloopholewasviewedaslegitimate,themoneychasewasonbybothparties.Couplethatwiththehighcostoftelevisionadvertisingandyouhavethemoneychaseinvolvingjustaboutallcandidates.Thechaseformoneyhasledmostofusinpublicofficeorseekingpublicofficetopushtheenvelope,totakethelawtothelimitstogetthenecessarycontributions.ThemoneychaseledPresidentClintontoinvitecontributorstostayintheLincolnBedroomovernight.ItledPresidentBushin1992 ,`", touseWhiteHousestationerytoannounceabriefingbyCabinetmembersandthepresidenthimselfforthreeRepublicancontributorgroupsattheOldExecutiveOfficeBuilding,withareceptiontofollowintheIndianRoom.That'swhatthisinvitationisallabout--WhiteHousestationery,whenPresidentBushwasintheWhiteHouseannouncingthebriefingforthemajorcontributorsandfundraiserstotheRepublicanParty.Andatthebottom,itsays,"ThepresidentandMrs.BushthankyouforcomingtotheWhiteHouse."ThemoneychaseledtheDemocraticNationalCommitteetousecoffeesandotherperksinvolvingtheWhiteHouseandPresidentClintonfortopcontributorsin1996.Andthat'swhatthismemoisallabout,fromMarthaPhipps,whoworkedwiththeDemocraticNationalCommitteechairmanandsuggestedvariousperks,likeseatsonAirForceOneandovernightstaysattheWhiteHouseinordertohelpraisemoney.Anditled--themoneychasedid--theRepublicanNationalCommitteetoholdaprivatereceptionattheWhiteHouseandaprivatelunchatthevicepresident'shousefortopfundraisersforPresidentBushwhenhewasinofficein1992.Theoffergavethebenefitsitlisted,includingaprivatereceptionhostedbyPresidentandMrs.BushattheWhiteHouse,includingaluncheonatthevicepresident'sresidence.Andthenitsaidthatthebenefitstobereceivedbythetablebuyersandthefundraisers--andhereIquotethis1992invitation--"thebenefitswerebasedonreceipts."ThemoneychaseledtheRepublicanNationalCommitteetooverlookthedebtorstatusofaman,MichaelKojima,whowasidentifiedbytheLosAngelesDistrictAttorney'sOfficeasAmerica'sworst"deadbeatdad,"butwhocontributedahalfmilliondollarstositnexttoPresidentBushatthe1992President'sDinner.ItwasreportedjustonthenewslastnightthatJapanesecitizensprovidedsomeorallofthemoneytoMichaelKojimaforthatcontribution.ButthemoneychasealsoledtheDemocraticNationalCommitteetoacceptathirdofamilliondollarsfromYogeshGandhi,whoalsoturnedouttobeheavilyindebt.ThemoneychaseledtheheadoftheRepublicanNationalCommittee,HaleyBarbour,touseasubsidiaryoftheRepublican ,`", NationalCommittee--theNationalPolicyForum--toobtainsome$750,000inaforeigncontributionfromtheYoungbrothersofHongKong.LEVIN:ThisdocumentwhichhasbeenreferredtoalsobySenatorGlenn,amemooutliningtheNPFfundraising,isamemofromScottReed,executivedirectoroftheRepublicanNationalCommittee,toHaleyBarbourandMikeBaroody,RepublicanchairmanandNPFpresident,respectively.Andit'sthemostdramaticdocumentthatI'veseen.Indeed,it'stheonlydocumentthatI'veseenwherethereisevidencethatpartyleadersintentionallywentafterforeigndollars.Themoneychasealsopressurespoliticalsupporterstocrosslinesthattheyshouldn'tinordertohelptheircandidatesgetneededfunds.ItledanationalfinancechairofSenatorDole'scampaigntoengageinafive-yearlaunderingscheme,whichfunneled$120,000throughasecretHongKongtrusttohisemployeeswhocontributedtothecandidatehesupported.Itledmembersofafamily--father,motheranddaughter--tofunnel$50,000throughcompanyemployeesandstockholderstoDemocraticcandidatesthattheysupported.BothofthoseincidentsthatI'vejustdescribedhaveledtoconvictions.ThemoneychaseisalsoleadingforeigngovernmentstothinkthatU.S.politicsisanarenainwhichtheyhavetocompete.Wesawjustlastweekthatonepaperfeaturedastorythatforeigngovernmentsspent$86milliont olobbytheU.S.governmentinthefirstsixmonthsof1996.Japanalonespent$17millioninsix months.TheChineseexpenditure,whichhasbeenreferredtothismorning,wasasmallfractio nofthe$86million.ItwasaimedatlobbyingandinfluencingtheCongress.China'stargetin1 995and'96wasnottheWhiteHouse.ItwastheCongress.It'sthemoneychase,themoneychasewh ichisdrivingtheillegalandimproperconductthatisthesubjectofthesehearings.Themone ychaseinpoliticalcampaignsisaseriousdiseasewhichhasbecomechronic.Mostofushavebe enaffectedbyit.Mostofushavespenttoomuchtimefundraising,andintheprocess,pushingt hefundraisingrulestothelimits.Weknowinourheartsthatthemoneychaseisabipartisanpr oblem,andthatabipartisaninvestigationintoanumberofaspectsofitistherightwaytogo. Experiencesurelytellsusthattheonlyreformthatwewillachieveisabipartisanreform.If thesehearingsgettoillegalpracticesthatwouldotherwisegounpunished,thatwouldbeuse fulindeed.Ifthesehearingsgettoactivitiesthat ,`", arecurrentlyallowedbutwhichsh ouldnotbe,andifthatarousespublicopinionsothatCongresswillendthemoneyhunt,thatwo uldbeamajorcontributiontorestoringhealthtothebodypolitic.Butifwejustblowintotow n,roughupafewlow-levelrustlersandhustlers,pointfingersattheotherguybutneveratou rselves,produceasummerspectacleforthecountryandtheworldbutleavenosolidrecordofl egislativereformbehind,wewillbedoingsomethingfarworsethanmissinganopportunity.W ewillbedeepeningpublicpessimismandthickeningthepublicgloomaboutthisdemocracy'sa bilitytorestorepublicconfidenceinthefinancingofourcampaignsandourelections.Than kyou,Mr.Chairman.THOMPSON:Thankyou,SenatorLevin.SenatorBrownback.BROWNBACK:Than kyouverymuch,Mr.Chairman.AndIcertainlywanttostartmycommentsbycommendingyouforyo urtremendousleadershipinbringinghearingsonthisveryseriousmattertothepointwherew earetoday.Ithinkyou'vedemonstratedextraordinaryresolveandskillinyourdeterminati ontomakethesehearingsbipartisan,andtomakethemfairandthoughtful,asallofthesehasm ademuchpossiblycan.Mr.Chairman,todayourcommitteeundertakesasolemnconstitutional responsibilityoftheCongress.BROWNBACK:ThiscommitteehasbeenchargedbytheCongressa ndbytheSenatewithinvestigatingillegalandimproperactivitiesinthe1996electioncycl e,themosttroublingofthesebeingallegationsagainstthecurrentadministrationasrelat ingtotheconductofforeignpolicy,thesafeguardingofstatesecrets,andpossiblebreeche sofnationalsecurity.Congresshasalegitimateandappropriateroleprotectingtheintegr ityofelectionsandinassuringaforeignpolicyconductedinthenationalinterest.Themost importantquestionsbeforeusdealwithaconvergenceoftheseconcerns.Thereforethefunda mentalquestionofthesehearingsiswhetherthisadministrationfaithfullyexecuteditsre sponsibilitytoprotecttheAmericannationalinterest,orifthatfunctionwasinfiltrated andcompromised.Thisissueoverwhelmsallothers. ,`", Mr.Chairman,oversightisacriti calpartofanycongressionalwork,butonlyrarelydoesitfocusonissuesofthismagnitude.D uringthisCongress,wewilldowhattheAmericanpeoplesentusheretodo.We'llworktogether toprovidepro-job,pro-familytaxrelief,preserveandprotectMedicare,andtakecommonse nsestepstomakeourstreetssafer,ourschoolsbetterandourfamiliesstronger,and,yesasw ell,wewillbalancethebudget.Thecurrentdisputeregardingthemattersunderthiscommitt ee'sjurisdictioncannotbeallowedtoimpedethatagendaforAmericanrenewal.Similarly,M r.Chairman,everysenatorhasconstructiveideasforhowwecanimprovethepoliticalproces sthroughlegislation.Hopefully,thesehearingswillprovidethenecessaryimpetusforena ctingsomeofthoseimprovements.Theyarecertainlyneeded.However,ourcentralfocusmust bethetransgressionswhichmayhavecompromisedtheinterestoftheUnitedStates,andevene ndangeredAmericanlives.TheissueisAmericanintegrity.Politicsisjustthewrappingpap er.Morepointedly,wasJohnHuang,orothers,highlyplacedindustrialspies?I'mdelighted tohearthepossibilityofhistestifying,andIlookforwardtoreviewingthat.I'mmostconce rnedaboutallegationsthatcertaincampaignactivitieswerenotmerelyillegalorimproper ,butmayhaveputpoliticalorpersonalgainaheadoftheeconomicinterest,foreignpolicyor nationalsecurityoftheUnitedStates.Tome,thesearewithoutquestionthemostseriousall egationsbeforeus,andtheydeserveourintensefocus.Itismyhopethatinthesehearingswew illfindanswerstothefollowingquestions:WereexistingU.S.lawsbroken?Didforeigngove rnmentsorforeignconglomeratesinfiltrateourpoliticalprocesswithaschemetoinfluenc eourelectionfortheirownends?Whatwasthenatureofthisscheme?Whatweretheforeignenti tiesafter?Weretheireffortssuccessfulinwholeorinpart?Didhigh-rankingofficialsoft heexecutivebranchofourgovernmentgiveclassifiedinformationtoforeigngovernmentsor foreigncorporationsdirectlyorindirectly?WastheforeignpolicyoftheUnitedStatesalt eredduetoinfluencebyillegalforeigncampaigncontributions?Werethelivesofnationals ecurityofficersputinjeopardybytheleakingofclassifiedgovernmentinformation?Wasth eintegrityoftheUnitedStatesgovernmentcompromisedbytheinfluenceofillegalforeignc ampaigncontributions? ,`", TheconfidenceoftheAmericanpeopleinourfederalgovernme nthasbeenshakenbytheseallegations.Onlythroughafullandfairinvestigationofthesech argescanwerestoretheAmericanpeople'sconfidenceinourconstitutionalsystem.Mr.Chai rman,theAmericanpeoplearewatching.Andweoweittothemtoconductourselvesinanon-part isanmannerwiththehighestdegreeofcivility,objectivityandintensity.BROWNBACK:That Ihopewillbethelegacyofthesehearings,Mr.Chairman.TheAmericanpeoplearewatching.Th ankyouverymuch,andIyieldbacktheremainingportionofmytime.THOMPSON:Thankyouverymu ch,SenatorBrownback.SenatorLieberman.LIEBERMAN:Thankyou,Mr.Chairman.Mr.Chairman ,ourcommitteehastraveledalongroadfullofbumpsanddistractionstoreachthishearingro omtoday,andnowwefaceanextraordinarychallenge,opportunityandresponsibility.Thewa yherewasnotsmoothbecausethesubjectofourinvestigationisnotordinary.Wearehereto in vestigatethepoliticalsysteminwhichweallliveandtoinvestigateaswellmanypeoplewhol ivetherewithus.Therewillbepoliticalconsequences,someserious,fromwhatwedoandsaya ndfindhere,andthatnaturallyhascausedanxiety,pressure,defensivenessandpartisanbi ckering.Thetimeforallthatisovernow.Thechairman'sgavelhasfallen,andthenationiswa tching.Moretothepoint,historyiswatching.Mr.Chairman,SenatorGlenn,fellowmemberso fthecommittee,thechallengewefacehereiscriticallyimportanttoourcountry,andwemust risetoit,becausethewayinwhichmoneyisgivenandspentforpoliticalcampaignsinAmerica hasgonesofaroutofcontrolthatitthreatenstheintegrityandlegitimacyofourgovernment .We,membersofthiscommittee,mayneverinourliveshaveabetteropportunitytostrengthen ourdemocracythanwehaveinthisinvestigationanditsconcludingreport.Ouropportunity' stoexpose,`", whatmoneyhasdonetoAmerica'sdemocracy.Ourresponsibilityistodosowi thoutregardtopartisanloyaltiesorpoliticalconsequences.Mr.Chairman,aswelistentot hetestimonyofthewitnessesthatwillcomebeforeusandaswequestionthem,itisimportantt oremememberthatweareneitherprosecutorsnordefenseattorneys.Itwouldbegrosslyinappro priateforustoactatthesehearingsasifwewere.Therearepentyofprosecutorsatworkandp lentyofdefenseattorneyswhohavebeenhired.Wemustbewhatweare,senatorselectedbythep eopleofourrespectivestates,sworntosupportanddefendtheConstitutionoftheUnitedSta tesandtoprotectitfromallenemiesforeignanddomestic.Inthesehearings,Iamafraid,wew illfindevidencethatyoudon'thavetocarryamilitaryweapontobeaforeignordomesticenem yoftheUnitedStatesanditsConstitution.Allyouneedisacheckbook.Wemustbefindersoffa ctandsearchersfortruth.Andwhenwelearnthetruth,wemusttellittoallwhowilllistensot hattheprosecutorswillbebetterenabledtopursuepastwrongdoersandthepeoplewillbeemb oldenedtodemandbetterprotectionincampaignlawsfromfuturewrongs.Atthesametime,Mr. Chairman,wemustcarefulnottobeoverzealous,lestweriskallowingthesetodegenerateint oapartisanwitchhuntorabipartisanheadlinehunt.Witheachwitnesswequestion,wemustse ekonlythetruth,nomoreandnoless,andwemustacceptthattruthandnottrytoforceitimprop erlyintoanypreconceivedconstructthatanyofusmaybringtothetable.Factisthatserious chargeshavebeenmadeagainstindividuals,groupsandevenforeigngovernments.Wemustmak esurethatattheendday,wejudgethetruthofthosechargesonthecontentofthehardevidence offeredduringthesehearings,notonmereinferencesandinnuendoes.LIEBERMAN:Timeandte stimonywilltellwhatcrimeshavebeencommitted,butthereisonethingI'mconvincedwillbe clearfromtheevidencethatwillbepresentedinthetwophasesofourinvestigations.Ourcur rentcampaignfinancesystem,borneofmisdeeds,exposedinsimilarhearingsalmost25years ago,asystemprogressivelyinneedofrepairandreformintheyearssincethen,finallybroke downin1996.Theevidencewillrevealthatpeopleinbothofourmajor ,`", politicalpartie sweredrivenbyanapparentlyunquenchablethirstforcashinafranticracetoexploitandeva

deinfactorinspirittheverycampaignlawsthathadbeenpassedafterWatergatetoputalimit
onpoliticalcontributionsandtoclearlyrevealthesourceofallthosecontribution.Inthe
irsearchforsoftmoney,forexample,politicaloperativesofbothpartiespusheduptthelimi
tsofwhatwasacceptableforindividualsorgroupstogivetocampaigns--fromthousandsofdo
llarstotensofthousandsofdollarstohundredsofthousandsofdollars,asiftheywerebidde
rsatChristie'sauctionofPrincessDiana'sclothing,exceptthatwhatwasforsaleherewasn
othinglessthanthefabricofAmericandemocracy.Whatwascompromisedherewasthefundamen
talpromiseofequalitythatourdemocracymakes--inthiscase,theequalityofopportunityt
oinfluenceourgovernmentthateachoneofusasAmericansispromisedbytheConstitution.On
eperson,onevote.Surely,thosewhogivehundredsofthousandshavegreateraccessandinflu
encethanthegreatmajorityofaverageAmericans,whodonot.AndthatmajorityofaverageAme
ricansseesthis.Theyunderstandit.They'renotfooled.Itmakesmillionsofthemangryatth
eirgovernment,andmillionsmoreturnedoffbyandtotheirgovernment.Eitherresponseisas
eriousthreattothelegitimacyandcredibilityofourdemocracy.Mr.Chairman,theharderan
dfasterthepartiesandcandidatesranaftermoneyin1996,thelessvigilanttheybecameinpr
otectingtheprocessfromthosewhosoughttousepoliticalcontributionsforillegalorunet
hicalends.Asfewerwereaskedofcontributors,naturallytheinfluencepeddlersandthecon
artistssawtheiropportunity,andtheyworkedthesystemfortheirowngain.Toomaypeople,d
omesticandforeign,soughtandgainedaccesstocandidatesandelectedofficialsbythevice
oftheirimpropercontributionsratherthanthevirtueoftheirideas.Whenstandardsslidea
ndlawsarenotenforced,people'sworstnatureisalwaysencouraged.Ofcourse,noteveryone
involvedinthe1996federalelectionswentdownthewrongroad.Infact,mostdidnot.Butenou
ghdidtocreatethecrisiswefaceandresultinthehearingswebegintoday. ,`", Inthefirst
phaseofthesehearings,wewillfocusquiteappropriatelyontheextenttowhichso-calledfo
reignmoneyfromeithergovernmentsorprivatehustlersorbothmayhaveenteredthe1996Amer
icanfederalelections.Thesearseriousandconsequentialchargesthatmaysendpeopletoj
ailandalterthecourseofAmerica'srelationswithothercountries.Thosewhohavedonewron
goughttobeexposedandoughttobepunished.LIEBERMAN:ButMr.Chairman,Ihopewewillnotov
erlookthelargerfactthattheseforeigncorrupters,whothoughttheycouldpurchaseinflue
nceinAmericangovernment,wouldnothavebeenemboldenedtotrytobuyiftheydidnotbelieve
therewerethosewhowerereadyandwillingtosell,iftheydidnotthinktherewaseffectively
a"ForSale"signhungoutonAmerica'sgovernment.Forthat,itisAmericans,notforeigners,
whoareprofoundlyguilty.Mr.Chairman,Iknowthatthiscommitteehasgonetothefourcorner
softheglobetofindevidenceofforeigninfiltrationofAmericanpolitics.Thatisright,an
ditisproper.Butinanothersense,wealreadyknowwhereandwhotheenemyis.Itisdomestic.A
nditisus.Itisacampaignfinancelawthatwehaveallowedtoatrophyandtobeevaded,alawtha
tnolongerworks,thatnolongerprotectsourgovernment,itsleadersoritspeople,itspeopl
ewhoseapathy,angerandmistrusthavebeendangerouslydeepenedbythemisdeedsthatwillbe
describedinthesehearings.Mr.Chairman,SenatorGlenn,fellowmembers,ifwecarryoutour
responsibilitiesherehonorablyandwell,thesehearingswillnotonlyshedlightonthetrut
hofwhathappenedinthe1996federalelections,theywilllightafireinthebellyoftheAmeri
canpeopleandinus,theirelectedrepresentativesonCapitolHill,andgiveusthecouragean
dthecapacitytosetrightwhatweknowiswrong.Thankyou,Mr.Chairman.THOMPSON:Thankyou,
SenatorLieberman.SenatorDomenici.DOMENICI:Thankyouverymuch,Mr.Chairman,andSenat
orGlennandfellowsenators.AsIseeit,historyseldommarksitsmomentswithprecision. ,`
", Yetthesehearingsareoneofthosemoments.Theissueswewilladdresstouchuponournatio
n'sbasicsovereignty.Ourdemocraticsystemis,bythedivisionofpowersintrinsictoitsst
ructure,apublicspectacle.Thatisbydesign.WalterLippmannoncesaid,"Thegreatvirtueo
fdemocracy,infact,itssupremevirtue,isthatitsuppliesamethodfordraggingrealitiesi
ntothelight,ofsummoningourrulerstodeclarethemselvesandsubmittojudgment."Supreme
CourtJusticeBrandeisputitanotherway."Sunlightisthebestdisinfectant,"hesaid.Ifle
adersaretoinstillpublicconfidenceintheirdecisions,theymusthavethetrustofthepeop
le.Andwhenquestionsemergeregardingtheconductofpublicofficialsawardedapublictrus
t,theAmericanpeoplehavearighttoanswers.Thatiswhy,asdifficultasitmaybe,inthelegi

slativebranch,wehaveaconstitutionaldutytoconductthisinvestigation.Weareheretoperformthatdutyandtoengageinthatresponsibility.AndIbelievewemustexaminetheeventswhichtookplaceduringthelastelectionandattempttogivetheAmericanpeoplesomeanswerstosomeveryunsettlingquestions.Somewouldsuggesttheanswersaresimple,andwedon'treallyneedthesehearings.Weonlyneedtoreformthecampaignlawsofourland.Andsome,whohavealreadytalkedwiththeAmericanpeopleheretodayontheothersideoftheaisle,wouldtalkasifreformiswhatthesehearingsareallabout.Well,reformmaybeneeded.Butreformingthelawswillnotsolvetheproblemifofficialsarealreadyignoringorviolatingthosealreadyonthebooks.AndI'dliketotakeamomenttoreferencejustafewexistinglawsonthebooks,becauseasthisdramaunfolds,Ithinkwewillcontinuetohearkenback,atleastinthefirstphase,whataretheexistinglawsandwhohasviolatedthem.DOMENICI:Letmeciteone:TwoU.S.Code,Section441--andIquote--"It'sunlawfulforaforeignnationaldirectlyorthroughanyotherpersontomakeapoliticalcontributioninafederalelection."Also,itmakesitillegalforapersontosolicit,acceptorreceiveacontributionfromaforeignnational.Oneothersection,441(f),thesamepartofthecode,prohibitsmakingacontributioninthenameofanother.Thatis,itprohibitsmoneylaunderingandmakesitillegaltoknowinglyacceptsucha ,`", launderingcontribution.Aspartoftheenquiry,wemustseektofindoutwhethertheselawswereviolatedandifthereattemptsmadetopurposelyskirttheselaws.DidtheDemocraticNationalCommitteeortheWhiteHouseviolatetheprohibitionagainsttakingcampaignmoneyfromforeignnationalsandtheprohibitionagainstlaunderingforeigncontributionsthroughU.S.citizensandcompanies.TheAmericanpeoplehavearighttoknowanddeserveanswersregardingthemysteriousactivitiesofJohnHuang,CharlieTrie,PaulineKanchanalakandJohnnyChung.Also,onefurthersection,Section18USC,Section607,makesitacrimeforanypersontosolicitorreceiveacampaigncontribution--andIquote--"inanyroomorbuildingoccupiedinthedischargeofofficialdutiesbyanofficeroranemployeeoftheUnitedStates."Seemstomeaveryclearandforthrightstatute.Tome,weneedexplanations.Arewetoexcusetheexecutivebranchfundraisingactivitiesthatseemtofallinthesecategories?IamtroubledthatbywhathappenstohavebeenaconsciousefforttoevadethesestatutesAsalwaysIkeepanopenmindandlistenwithinteresttothefactspresentedduringthisenquiry.ButIwillbelookingforanswerstosomequestionsaboutournation'ssecurity,theroleofforeigncorporations,foreignagentsandforeignmoneyinourelectoralprocessandintheexecutivebranchanditsminions.Mr.Chairman,asyouknow,I'mthelongestservingsenatorparticipatinginthesehearings.IcametoWashington25yearsago,andassoonasIarrived,theWatergateinvestigationsoftheexecutivebranchweretheissuebeforethisbrandnewsenatorwhohadneverbeenalegislatorinhislife.Iwasawedbytheenormityandtheimportanceoftheissueraisedbythosehearings.ButIalsowasimpressed,Mr.Chairmanandfellowsenators,bythesenseofconstitutionaldutyandbipartisanshipdisplayedbymembersofbothsidesoftheaisleinthosehearings.Iraisethisissuenottodrawfactualparallelsbetweenthehearings.Eachcongressionalinvestigationisdifferent.WhetherthisparticularinvestigationwillbeofsignificancewilldependuponthefactsandhowthosefactsarepresentedtotheAmericanpeople.ButIhopeweconductthisenquirywiththesamesenseofbipartisanshipandconstitutionaldutythatwaspresentinthe,`
", hearingsIjustreferredto.TheAmericanpeoplehavearighttoknow,andCongresshasaconstitutionalresponsibilitytoinvestigatewhethertheexecutivebranchandthenationalpartiesandtheircommitteeswerewillingtoplacethepursuitofcampaignmoneyaheadofotherconcerns,includingsovereigntyandnationalsecurity.ThepeopleofourcountryhavetherighttoknowandCongresshasaconstitutionalresponsibilitytoinvestigatewhethertheexecutivebranchappointees,otherwiseunqualified,butwell-connectedwithrichandpowerfulinterests,wereplacedinpositionsingovernmentwithaccesstoclassifiedinformationbasedsolelyontheamountofcashtheycouldaccumulateforthe1996presidentialelectioncampaign.Thepeoplehavearighttoknowandwehaveanobligationtoinvestigatewhethervitalclassifiedinformationwasimproperlyobtainedandleakedtoforeigncorporationsandgovernmentsbytheseindividuals.DOMENICI:TheAmericanpeoplehavearighttoknowandwehavearesponsibilitytoexaminewhetherforeignnationals,someofthemknowncriminals,weregivenaccesstothepresidentoftheUnitedStatesattheWhiteHouseandatfundraisingeventsinexchang

eforquestionablecampaigncontributions.AndtheAmericanpeoplehavearighttoknowandwe havethehighestdutytodeterminewhethertherewasaconcertedplanbyforeigngovernmentst oinfiltrateourelectoralprocess.Theseareimportantissues,Mr.Chairman,andweneedtom akethemclear.Somemaywanttochangethefocusofthesehearings,butwearheretofollowthe factswherevertheylead,nottoengageinanexerciseinpartisanship.TheWatergatehearing sshowedusthataseriousissuecanbehandledinadignifiedimpartialway.Collectivelywesh ouldfollowthatexample.Mr.Chairman,youhavebeensteadfastinyourwillingnesstolookin totheactivitiesofbothparties.Youandyourstaffhavedoneatremendousamountofworkinas hortperiodoftimetogetustothepointwherewecanbeginthesehearings.Yourjobhasnotbeen aneasyone,Mr.Chairman,andIcommendyouforthewayyou'veconductedthebusinessofthecom mitteesofarandlookforwardtothemonthstocomewhenI'msureyouwillcontinuetodothesame .Wehaveaconstitutionaldutytocarryoutduringthenext ,`", severalmonths.Weshouldge tonwithourworkinafairandeven-handedway,andletthefactsspeakforthemselves.Istartw iththepremisethatsenatorsonbothsidesoftheaislesharethiscommitment.Ifwedo,wewill getourjobdone.Thankyouverymuch,Mr.Chairman.THOMPSON:Thankyou,SenatorDomenici.Se natorAkaka.AKAKA:ChairmanThompson,SenatorGlenn,membersofthiscommittee,wehaveove rcometremendousoddstoarriveatthismoment.Therearemanyissuesforthiscommitteetoinv estigate:allegationsofforeignmoneyinfluencingfederalcampaigns,theuseoffederalfa cilitiestoraisemoney,dramaticincreasesinsoft-moneydonations,unregulatedindepend entexpendituresandissueadvocacy,andimproperuseoftax-exemptorganizations.Initial ly,Ifearedthattheaisleseparatingourtwopartieshadengulfedourgoodjudgmentandcloud edourvision.Recently,Iwasdiscouragedbythelackofcooperation,whichwasblockingmyho peofabipartisaninvestigation.IfeltthecynicismheldbytheAmericanpeoplefortheirele ctedofficialswouldonlydeepenwithoutafullandopenhearing.Thiscommitteewasonitsway tounderminingtheinvestigationandconfirmingthebeliefthatCongressdoesn'tgetitwhen itcomestoreformingourcampaignfinancialsystem.Isincerelyhopethattheexpressionsof goodwillanddesiretoconductopenandbipartisanhearingsarenot20-secondsoundbites.Th eallegationsofillegalandimproperactivitiesrelatingtothe1996electioncycleareseri ous.TheytouchDemocratsandRepublicansalike.Andtheythreatentounderminetheintegrit yofourelectionssystem.Mr.Chairman,Iam,however,confidentthatwewillconductourinqui ryinabipartisanandfairmannerwhichhasbeenahallmarkoftheGovernmentalAffairsCommit tee.LastFriday,ournationcelebrateditsIndependenceDay,markingAmerica'sbreakwithE nglandanditsbeginningastheworld'sgreatestdemocracy.AKAKA:Ourforefathersbuiltthi scountryonthepremiseoffreeandopenelections.Wedonotneedtoberemindedthat,although our ,`", citizensarefreetovoteforwhomevertheywish,runningforpublicofficeintheUn itedStatesdemandsgreatfinancialresources.Iamastonishedthatgiventhetremendousexp losionincampaignexpenditures,thatanyonewouldopposereformingournation'scampaignf inancelaws.Andyetthroughouttheinitialprocessofputtingtogetherthisinvestigation, wehadtocontendwithcolleaguesopposedtorevisingcampaignfinancelaws.Althoughwearet oldthattheonlywrongdoingwasonthepartoftheWhiteHouse,letusnotforgettheRepublican s,whoraisedfarmoneyduringthe1995-96electioncyclethantheDemocrats.Therewillbeiss uesdiscussed,testimoniesreceivedanddocumentsreviewedthatwillmakethemembersofthi scommitteeuncomfortable,becauseweareinvestigatingthesystemunderwhichwereelected .Wehavearesponsibilitytocloselyreviewallallegationsbroughtbeforethiscommitteeno matterhowunimportanttheymayseem.Itisourresponsibilitytoscrutinizeallallegations broughtbeforethiscommittee.However,withoutalsoreviewingthewayweunournationalel ectionsandrevampingourcampaignfinancelaws,wewillfailtheAmericanpeople.Thisinves tigationmustmakeagoodcaseforlayingafoundationtoimproveourcampaignfinancelaws.Wi thlessthan50percentofvotingageAmericansgoingtothepollsinthelastelection,somuchi satstake.Thepubliciscynical.Andwhocameblamethem?Thedeepdistrustofthisnation'sel ectedofficialsbythevoterswillcontinueiftheonlythingthatcomesfromthesehearingsis politicalrhetoric.Wemustsetourgoal,theenactmentofsubstantivecampaignfinancerefo rmlegislation.Andconversely,onlywhentheAmericanvotersdemandachangeinthewaywerun elections,willthosewhoopposereformdroptheirobjections.Thestrengthofcampaignfina ncereformrestswiththeAmericanpeople.AndIamhopefulthatthesehearingswillgeneratea quickenedmovementtoenactlegislationtostopsomeofthepracticesweareabouttoinvestig ate.Myexpectationsarehigh.AndmybeliefintheAmericanpeoplestrong.Wehaveanextraord inaryopportunitytoredoourcampaign ,`", financelawsonabipartisanbasis.Ialsowisht oaffirmmybeliefthatifthiscommitteeisseriouslycommitteetoinvestigatingthebreadth ofallegationsintoabusesoffederalelectionlaws,wecannotbecaughtupinpartisanpostur ingandnamecalling.Letusnottolerateassumptionsmadeonthebasisofanindividual'srace orethnicbackground.IaskmycolleaguestorememberthattheUnitedStatesisanationofimmi grants.LetustaketoheartthelessonsofhistorywhenwavesofIrish,Italian,German,Jewis handotherimmigrantswerenegativelystereotyped.Wearenotheretoconductawitchhunt.We mustignorethetemptationstoassignguiltbyassociation,especiallyethnicassociation. Otherthanindigenouspeoples,AmericanIndians,Alaskannatives,nativeHawaiians,Ameri canSamoansandChamorrosfromGuamandNorthernMarianaIslands,theproudpeoplewhomakeup thiscountrycamefromsomewhereelse.AKAKA:WhileIamthree-quartersnativeHawaiian,myg reatgrandfatheremigratedtothekingdomofHawaiifromChina,whichclassifiesmeasanativ eHawaiian-Chinese-American.Butforemost,IamanAmerican,likesomeoftheindividualsof non-Europeanheritagewhohavecomebeforeusaswitnesses.Mr.Chairman,Iamseriouslyconc ernedwiththenegativeimpactoftheallegationsoffundraisingabuseshavehadontheAsian-PacificAmericancommunity.IdonothavetoremindmycolleaguesofthecontributionsAsian-PacificAmericanshavemadetooursociety.Andyet,despitewell-knowncontributions,Asia n-PacificAmericanshavebeentargetedandmisrepresentedfromthemomentthepresssawagoo dstoryintheallegationsofforeigncontributionstothe1996elections.Whenthenewsofpos siblefundraisingabusesfirstbrokelastfall,themediawasquicktotossaroundreferences --Asianconnections,Asianfundsnetwork,peoplewithtenuousconnectionstothiscountry--phrasesappliedequallytopeoplewhoareAmericancitizensandnon-citizensalike.Fortun ately,thepresshasbecomemoreattunedtothedistinctionsbetweenaU.S.citizen,alegalpe rmanentresidentandan ,`", Asianfromanothercountry,althoughonenewsmagazinethiswe ekusedtheexpressionAsian-Americannetworkinastoryontheseinvestigations.Itisthisl ackofdistinctionbyboththemedia,membersofCongressandthepublicthatthreatenstocast doubtontheintegrityofAsia-PacificAmericans.Ourcountryhasadeephistoryofracialdis criminationagainstU.S.citizensofAsiandescent,naturalizedcitizensandtheirforeign -bornrelatives.Anditwouldbeadisservicetoourdemocracytofallpreytotheevilsofpreju diceagain.Asian-PacificAmericanshavebeensingledoutforjoiningtogethertosupportca ndidatesoftheirchoiceduringthelastelectioncycle.ContributionsmadebypersonswithA sianorethnicsurnameshavebeenscrutinized,anddonorsaskedforbankrecordsandverifica tionofcitizenship.Weshouldbegravelyconcernedifforeigncompaniesorcountrieshavein fluencedourelectoralprocess.Istronglycondemnillegalfundraisingactivities.ButIdo notholdallAsian-PacificAmericansresponsiblefortheallegedactionsofafew.Asian-Pac ificAmericansshouldnotbeheldtoahigherstandardthanothercitizens,norshouldwebelie vethatallAsian-PacificAmericanpoliticalcontributionsaresuspect.Wemustnotbeguilt yofselectiveharassmentofthosewithAsiansurnames.SuchactionsonlyunderscoretheAsia n-PacificAmericancommunity'sfearthattheyarebeingheldresponsiblefortheallegedtra nsgressionsofsomeindividualswhohappentobeofAsianheritage.WiththemajorityofAmeri canschoosingnottovote,letusnotdiscourageAsian-Americansfromparticipatinginthede velopmentofpublicpolicybecausetheybelievethesystemisagainstthem.Asweinvestigate theallegationsoffundraisingabuses,letusrememberthatbigotry,prejudiceanddiscrimi nationareunacceptabletothiscommittee.LetusalsorememberthattheAsian-PacificAmeri cancommunitysupportsRepublicans,Democratsandindependents.Thereareallegationstha ttheonlyreasonwhyAsian-PacificAmericansparticipatedinthelastelectionwastoinflue nceU.S.immigrationpolicies.Letmeremindeveryonethatanunlikelyallianceofhigh-tech companies,theChristianCoalition,AmericansforTaxReform,businessgroups,religiouso rganizationsandimmigrationrightsgroupsjoinedforcestofightcutsinlegalimmigration . ,`", AKAKA:Duringlastyear'sdebateovertheimmigrationbill,theeliminationofmostp rovisionsdealingwithlegalimmigrationwasnottheresultofaconcertedeffortbytheAsian

-PacificAmericancommunity.Itwastheeffortofadiversecoalitionthatincludedthemostc onservativeandmostliberalgroupsinthiscountry.Inclosing,Mr.Chairman,Ithinkthatit isappropriatethatIhighlightthemottoofourstate,whichwasfirstpronouncedinKawaiaha oChurch,theCoralChurchofHawaii,byKamehamehatheThird.Andhesaid,"Uamauke'ea,oka'a inaikapono,"whichmeans,thelifeofthelandisperpetuatedinrighteousness.Asweconduct thesehearings,Ithinkitbehoovesustokeepthisinmind,particularlytheconceptofponoor righteousness.Ifwedothis,Ibelievethattheendoftheday--attheendoftheday,weshallha vedonewhatisrightforournation.Mr.Chairman,Ithankyouforgivingmethistime,andIlook forwardtothesehearingsandanticipateaspirited,informativetime.Thankyou.THOMPSON: Thankyouverymuch,SenatorAkaka.Allveryvalidcomments.Wewillbeinrecessfor10minutes .(RECESS)THOMPSON:SenatorCochran.COCHRAN:Mr.Chairman,Iappreciatethetoneyouhaves etforthesehearingsinyouropeningstatement.Itwasacommitmenttofairness,thoroughnes s,commoncourtesyandrespectforothers.Ihopewewillallrespondinapositivewaytothisch allengeyouhavegivenourcommittee.Wedohavetoacknowledgefirstthatthisinvestigation isaworkinprogress.Oureffortstolearnthetruthareongoing.Therearestilldocumentstob ereviewed,witnessestobeinterviewed,depositionstobetaken.Sowhatthepublicwillseea ndhearatthisbeginningpointofthehearingsisjustasamplingofwhatwehavelearnedsofar. Wealsoshouldacknowledgethatwe'vehadsomedisappointments.Somewitnesseshavedisappe ared;somedocumentshaveprobablydisappeared.Somewitnesseshaveindicatedthatthey'll taketheFifthAmendment.PresidentClintonhasnotcalledonhisWhiteHouse ,`", staffort heDemocraticNationalCommitteetocooperateinthesearchforthefacts.Thisisalsodisapp ointing.ItmaycontributetoanatmospherethatsuggestsitisOKtoavoiddiscussingwhatrea llyhappened.Onethingthatweknowhappenedinadvanceofthecampaignlastyearwasthedevel opmentofauniquerelationshipbetweenepurposesofthesehearingsistohelptheSenatedeci deifthelawsshouldbechangedtomakeitcrystalcleartoallwhatislegalandwhatisnot.Ther ealsowillbeevidenceproducedatthesehearingsofadeliberatepatternoffuonswiththeDem ocraticNationalCommitteeaboutbudgets,fundraisingtargets,personnelandmethodstoac hievepoliticalandcampaigngoalsbyusingfederalgovernmentresources.Thelinethatusua llyisdrawnbetweengoverningandpartybuildingwasnotonlyblurredbythisadministration ,itwaserased.AnotherfindingthatIbelievethesehearingswilldiscloseisthattheredeve lopedattheClintonWhiteHouseanaggressiveplantousetheofficeofthepresidenttoraiseu nprecedentedamountsofmoney,rewardinglargedonorswithtravelaboardAirForceOne,over nightstaysattheWhiteHouse,andspecialbriefingsonadministrationpolicyplans.Someha vesuggestedthattheseactivitieswerenotillegal.Oneofthepurposesofthesehearingsist ohelptheSenatedecideifthelawsshouldbechangedtomakeitcrystalcleartoallwhatislega landwhatisnot.Therealsowillbeevidenceproducedatthesehearingsofadeliberatepatter noffundraisingbyavicechairmanoftheDemocraticNationalCommittee,JohnHuang,thatinv olvedcontributionsfrompersonsandcorporationsthatareprohibitedbycurrentlawfromma kingsuchcontributions.OurfirstwitnesswillbeRichardSullivan,whowasthefinancedire ctorattheDemocraticNationalCommittee.Iexpecthewillhelpusunderstandhowthefundrai singoperationwasorganizedandhowWhiteHouseofficialswereinvolvedintheseactivities .Hewillbeabletoconfirm,forexample,thatHaroldIckespresidedovertheso-calledweekly moneymeetings,mostofwhichwereheldattheWhiteHouse.HewillalsohelpusunderstandhowJ ohnHuangcametobevicechairmanoftheDemocraticNationalCommittee.Afteralltheevidenc eisin,Ihopethefinalresultwillbemoresensitivitytoandrespectforthelawswehavethatg overnourelectionsandaclearerunderstandingbytheSenateoftheneedtoimproveandstreng thentheselawstoprotecttheelectoralprocess ,`", fromabuseinthefuture.THOMPSON:Th ankyouverymuch,SenatorCochran.SenatorDurbin.DURBIN:Thankyouverymuch,Mr.Chairman ,SenatorGlenn.ThespecteroftheWatergatehearingroamsthehallsofCapitolHilllikeBanq uo'sghost,remindingusofthathistoricmomentintheSenate'shistory,attimesinflamingp oliticalmemories,challengingustoequalitswork.AndIthinkitisafactthateveryinvesti gationsinceWatergatehasbeenheldtoitsstandard.Wehavegatheredanhistoricarrayofres ourcesforthisinvestigation.Moretaxpayerdollarswillbespentonthis1997committeeinv estigationthananyinvestigationinthehistoryoftheSenate.DURBIN:Four-point-threemi

llionthisyear,andclearly,asmuchormorenextyearorbeyond.Thiscommitteehashired70st
aff,50attorneys.Toputthatinperspective,thereare30attorneysworkingfulltimeinthep
ublicintegritysectionoftheU.S.DepartmentofJustice.WehaveninefulI-timeFBIagentsd
etailedtothiscommittee.Wehaveissuedalmost200subpoenas,andwehaveauthorizedextens
ivetraveloverseasinpursuitofourinvestigation.Themenandwomenservingonthiscommitt
eebringawealthofpersonalandpoliticalexperiencetotheassignment.Whetherourranksin
cludeanotherSamErvinorHowardBaker,wedon'tknow.Butthere'severyreasontobelievetha
tthewisdomofourpoliticalprocesswillbevindicatedagainduringthecourseofthisinvest
igation.Butunfortunately,alloftheresourcesnotwithstanding,thiscommitteeinvestig
ationwaslaunchedunderadarkcloud.Sinceourfirstorganizationalmeeting(OFF-MIKE)fai
rnessandimpartiality.Inpreparationfortoday'shearing,Itookalookattheopeningtesti
monyofthefirstdayoftheWatergatehearings,May17,1973,andaquotefromSenatorHowardBa
kerthatperhapsthechairmanmaybefamiliarwith.Hesaidhewasskepticalaboutwhetherorno
titcouldbeafairhearing.Andthenhesaid:"ButanydoubtsthatImighthavehad ,`", aboutt
hefairnessandimpartialityofthisinvestigationhavebeensweptawayduringthelastfewwe
eks.Virtuallyeveryactiontakenbythiscommitteesinceitsinceptionhasbeentakenwithco
mpleteunanimityofpurposeandprocedure."Theintegrityandfairnessofeachmemberofthis
committeeanditsfineprofessionalstaffhadbeenmademanifesttome.AndIknowthatitwillb
emademanifesttotheAmericanpeopleduringthecourseofthisproceeding."Thisisnotinany
wayapartisanundertaking,"SenatorBakersaid."Butrather,itisabipartisansearchforth
eunvarnishedtruth."Iregretthatneitherthissenatornormanyonthissideoftheaislecanm
akethesamestatementtoday.ButIhopeful,eventhoughwehavebeendeniedtheopportunityto
issuesubpoenasthatwethinkwillbringaboutafairpresentationoftheevidence,thereisst
illhope.EventhoughsubpoenaswhichwehaveissuedagainstRepublicansourceshavenotbeen
enforced,thereisstillhope.Eventhoughtheprocedureofthiscommitteestillseemstobeso
mewhatsecretiveastowhereweareheadedandwhowillbecalledaswitnesses,thereisstillho
pe.AndwhatwasprobablyresolvedbetweenthechairmanandSamDashoveracupofcoffee24year
sagohasnowbeenrelegatedtoanavalancheofcontentiouse-mailbetweenourstaffattorneys
.Butthereisstillhope.Itremainstobeseenwhetherthissadstateofaffairscanorwillbech
angedtodayorinthenearfuture.We'vemissedanopportunitytodate,butwecanstillrectify
it.Mr.Chairman,Ithinkitiscurious,asweembarkonthisinvestigation,thatweconsiderfo
ramomentthesubjectoftheinvestigation.IfweaskedAmericanfamiliesnationwidethemost
importantissuesfacingCongress,itisnotlikelythattheywouldincludeinanylist,fiveor
10,thisissueofcampaignfinancereformandtheintegrityofcampaignfundraising.Andyeti
fweaskthesameAmericanpeopletheiropinionofus,membersoftheSenate,membersoftheHous
eandCongress,weknowthatoverthepast30yearsithasdisintegrated.Itisverylow,and ,`"
, unfortunately,goinglower.Thereareseveralfactsthatarebeforeusthatshouldgiveusp
ause.Aswedreamupmoreingeniouswaystoraisemoneyforourpoliticalcampaigns,andmorein
geniouswaysandscientificwaystospendit--throughourpollingandfocusgroupsandourtel
evision,radioanddirectmail,e-mail,younameit--there'sacuriousfact.Themoremoneywe
spendoneachelectioncycle,thefewerAmericansvote.Theyaretellingus--theyarevotingw
iththefeet,andtheyareleavingthepollingplaces.Theyaretellingustheyhavenoconfiden
ceinthisprocess.AtthatsameopeningstatementintheWatergatehearing24yearsago,Senat
orSamErvinsaidatthathearing:"Ourcitizensdonotknowwhomtobelieve.Andmanyofthemhav
econcludedthatalltheprocessesofgovernmenthavebecomesocompromisedthathonestgover
nancehasbeenrenderedimpossible."Ithinkwehaveanopportunityatthishearingtonotonly
investigatewrongdoing--whetherit'sbyDemocrats,Republicans,foreignersorAmericans
--butalsotoinitiateareal,trueandhonestreformofourcampaignfinancesystem.DURBIN:S
omeontheothersidehavecalledthisissue,quote,"adiversion,"closequote.Idon'tthinki
t'sadiversion.Idon'tthinkit'sinconsistentorimpossibletoconsiderbothwrongdoingan
dreform.AndWatergatetaughtusthelessonthatoutofthewrongdoingofthatepisode,wedidi
nitiatecampaignfinancereform.Ihopethatwecanbeinspiredtodothesamehere.Letmespeak
foramomentabouttheChinacardthathasbeenplayedtodayandinpreparationforthishearing
.It'sbeendescribedinavarietyofwaysinopeningstatements.I'veheardthetermsindustri

alspies.Iheardfromacolleagueovertheweekendthetermforeignespionage,foreigninfilt rationofourpoliticalprocess.Ifthishasoccurred,itshouldbedealtwithseriously.ButI amtroubledasmuchbywhatwearenotinvestigatingaswhatweare.Everypressaccountofforei gneffortstoinvolveitselfinourpoliticalprocesspointstothatinvolvementprimarilyat thecongressionallevel.Andyetthiscommitteewillnottouchthatissue.Wewillnotevenadd ressthisinfiltrationorallegedinfiltrationofforeignsourcesandforeignmoneyintoour ownelections. ,`", Therehavealsobeenallegationsofforeignmoneyinstateandlocalrac es.Thatisbeyondourjurisdiction,notthesortofthingthatwewanttogetinto.Andwhenyoug otothematterofforeigninvolvementatthepresidentiallevel,itissadtoreportthatmosto ftheactivity,thediscoveryactivityandinvestigationofthiscommittee,hasbeendirecte dprimarilyattheDemocraticPartyandPresidentClinton.Icanassureyouthatalloftheacco untsthatIhaveread,classifiedandunclassified,indicatethatthisforeigninvolvementw astrulybipartisan.Ascriticallyimportantastheinfluenceofforeignmoneyisinourelect oralprocess,IfearwewillfindpoliticiansandmoniedinterestsplayingthisChinacardtoa voidrealreform.IfChinaplayednoroleinthelastcampaign,wewouldstillhaveaseriousnat ionalscandalinourcampaignfinancesystem.Theproblemisnotjustforeignmoney;it'sgood oldAmericanmoney.It'shardmoney,softmoneyandmysterymoney.Whenfundraisingfeverisr aging,partiesandcandidatesrationalizewaystoraisemoneywhichthey'reembarrassedtoa dmitaftertheelection.Andaswegingerlystepthroughthispoliticalminefield,tryingtop ickandchooseappropriateoutrages,weignorethebigpicture,whichunfortunatelyinclude stheaccusersaswellastheaccused.Realreform,comprehensivereform,istheonlyanswer.A ndImustsayquitehonestly,despiteallthelipservicepaidtothisissue,thereisnoevidenc einthissessionofCongressofanywillbythemajoritytomovetheissueofcampaignfinancere form.ThepresidentchallengedCongressinhisStateoftheUnionaddresstopresentabilltoh imbythe4thofJuly,anditdidnotoccur.Tomyknowledge,nobillhasbeensetforhere.Sowhile weinvestgreatamountsoftimeandmoneyintheinvestigationofwrongdoingincampaigns,wep utpreciouslittle,ifanything,intothequestionofhowtochangethesystemandrestorepubl icconfidence.I'mproudtobeamemberoftheSenate.IamproudtorepresentthestateofIllino is.Likeeverymemberofthispanel,though,IwilltellyouthatIamnotproudofthepoliticalp rocessthatweallhadtoenduretocomehere.Ifitisnotcorrupt,itiscorrupting.,`", Andi tmustbechanged.Andifthiscommitteelosessightofthatasitsultimategoal,Ibelievethat wewillonlyaddtothecynicismoftheAmericanpeople.Ihope,inthefinalanalysis,thesehea ringswillbeconstructive,notdestructive.Ihopetheywillhelprestorepublicconfidence andreassuretheAmericanpeoplethatoursystemhasintegrity,andthatanybreachesoflaw,r ulesornationalsecurityinterests,iftheyinfactoccurred,aredealtwithjustly.Further ,Ihopewe'llseekcomprehensivecampaignfinancereformtoreducethisendlesschaseforcam paignfunds.Onlythencanwehonestlysaythattheawesomeresponsibilitywehaveacceptedas membersofthisimportantcommitteeatthistimeinhistoryhasbeenfulfilled.DURBIN:Thank you,Mr.Chairman.THOMPSON:Thankyou,SenatorDurbin.SenatorNickles.NICKLES:Mr.Chair man,thankyouverymuch.I'lltryandbefairlybrief.Letmejustmakeacoupleofcomments.One ,Ireallyhopethatthishearingwillbebipartisan.Wearefulfillingoneofourconstitution alresponsibilitiesbyhavingoversighttofindoutwhetherornotthelawshavebeenadheredt obyCongress,bytheadministration.Wehavechecksandbalancesinthisgovernmentwhereact uallywedohaveoversightoverthelaw,andwearesupposedtofindoutwhetherornotthelawsha vebeenbroken.Mycolleagueshavesaid--severalcolleagueshavesaid,well,weneedtoreall ymovethisforwardsowecanchangethelawsandreformcampaignlaws.Thatmaywellbe,butweha velawsonthebooks,andweneedtodeterminewhetherornotthoselawshavebeencompliedwith. Andsomething'sreallywrong,Mr.Chairman,whenwefindoutexistinglawsasinterpretednot justbyRepublicansbutalsobyDemocrats.IlookedatamemothatwasgivenbyAbMikva,counsel tothepresident,talkingaboutwhat'slegalandwhat'snotlegalintheWhiteHouse.It'sanex cellentmemo.ItwasverycloselytailoredtoonethatBoydenGrayhadgivenduringtheBushadm inistration.I'mlookingatthecomments,whathesaysasfaraswhatislegal,hesaysgovernme ntbuildingsincludingtheWhiteHouseofficesandmeetingroomsshouldnotbeusedformeetin gsoreventsorganized ,`", bycampaignorpoliticalcommittee.Italsosaysnofundraising phonecallsormailmayemanatefromtheWhiteHouseoranyotherfederalbuilding.That'sfrom theDemocraticgeneralcounsel.NowImightmentionthisadministration'shadfivegeneralc ounsels,andmaybethat'spartoftheproblem.ButthismemowaswritteninAprilof'95.Anditw asn'tadheredto.Andsomecolleagueshavesaid,orkindofimplied,well,bothpartieshaveki ndofpushedtheenvelope.Maybethat'strue,butIthinkinthiscasethisadministrationinma ny,manycases,andsomeindividualsleadingtothehighestindividualsintheWhiteHouse,ha vemovedbeyondpushingtheenvelope.Justgiveyouanexample.Ithinksomething'sreallywro ngwhenyouhaveanofficial,JohnHuang,whoreceivesatopsecurityclearancewithoutabackg roundinvestigationfivemonthsbeforehebeginsworkatCommerceDepartment.Ialsofinditr eallywrongwhenhekeepsthatsecurityclearanceforayearafterhegoestotheDNC.That'smor ethanunusual.It'smorethanunusualtofindthatthislevelofanemployeewouldhave,report edlybyoneaccount,146classifiedbriefings.Atleastover100.That'salot.It'smorethanu nusualtofindoutthatthisindividualhadmeetingsintheWhiteHouseatleast94times,frequ entaccesstothepresidentoftheUnitedStates.That'sveryunusual.That'smorethanpushin gtheenvelope.It'smorethanpushingtheenvelopewhenyouhavethevicepresidentattending afundraiseratatax-exemptBuddhisttemple,andthennotcallingitafundraiser,butclearl yitwasafundraiser,andthenwhenBuddhistmonksandnunswho'vetakenvowsofpovertyaregiv enthousandsofdollarstodonatetotheDNCfollowingthefundraiser.Incasesomeonedoesn't realizeit,thelawcoversthis.Thelawprohibitsanypersonfrommakingapoliticalcontribu tioninthenameofanotherperson,section441.f,oraforeignnationalmakeapoliticalcontr ibutions,section441.e.WhenPresidentClintonofferstheWhiteHouseLincolnBedroomforo vernightersto938peoplewhocollectivelycontributedover$10 ,`", million,manyofwhic h$50or$100thousandforthosesleepovers,that'smorethanpushingtheenvelope.Whenhe'sa skedhowtoenergizemajorfundraisers,PresidentClintonwroteonamemo--thisisPresident Clinton'swriting--"Readytostarttheovernightersrightaway.Givemethetop-10listback alongwiththe$100thousandandthe$50thousandlist."Again,readthestatute.ReadAbMikva 'smemo.Itisunlawful,quote,"foranypersontosolicitorreceiveanycontributioninanyro omorbuildingoccupiedbydischargeofofficialduties."That'sthestatute.Ithinkthestat uteisveryclear.Someofourcolleaguesaretalkingaboutlet'schangethelaw.NICKLES:Thel aw,asinterpretedbyWhiteHousegeneralcounselandaclearinterpretationofthestatute,l ookslikemorethantheenvelopehasbeenpushed.Itlookslikethelawhasbeenviolated.AndIc ouldgoonandon.WhenDNCdonors,formerWhiteHousestaff,coffeeattendeesandtopfundrais ersfleethecountryortheytaketheFifthAmendmentagainstself-incriminationwhenaskeda boutthesourceofdonationorfundraisingactivity--alotofthemajorplayersarefleeing.T hat'snotcooperation.That'samassexodus,inhopesthatmaybethishearingwillblowoverat theendoftheyear.Mr.Chairman,whenyousaidoriginallythatyoudidn'twanttohaveatimeli mit,Iseewhy.Now,IwilltellmycolleaguesIwasonethatwantedatimelimit.Iwantedustodiv eintothisthing,doourworkandbedonewithit.Getthefactsout.Letthefactsfallwherethey maybe,DemocratorRepublican.Let'sfindoutwhoviolatedthelaw.Let'slayitout.Let'shav etheexposureandfindoutwhathappened.Letthechipsfallwheretheymight.Butifseveralof themajorplayersareeithergoingtotaketheFifthorthey'regoingtofleethecountry,thent hatreallybringsintoquestionthecooperationormaybetheinterestofsomepeoplejusttopr olongitandhopethatthey'llbesuccessfulinstallingthisthingout.Onthecoffees--wheny ouhave1,510peopleattend103coffeesattheWhiteHouse,raisingmorethan$27million,that 'smorethanpushingtheenvelope,andagain,seemstobedirectlycontradictorytothememoan dalsotothestatute. ,`", Whenthecoffeeattendeescomeasrepresentativesofgroupsthat receiveapproximately$30billioninfederalgovernmentcontractsandover$825millioning rantsandloansfromgovernmententities,thatlookstomelikeitmaywellbeaviolationofthe law.Quote--"It'sunlawfulforanypersontosolicitanycontributionfromanentitywithcon tractswithanyfederalgovernmentagency."That'sSection441.c.AndMr.Chairman,Icouldg oon.WhenPaulineKanchanalakvisitstheWhiteHouseover26timeswith10meetingswithPresi dentClintonandisallowedtobringinthreeforeignbusinessclientswhoinvestheavilyinto ChinaintotheWhiteHouseforcoffeewiththepresidentinexchangefor$85,000thatwasnotev enherownmoney--Ms.Kanchanalakapparentlyleftthecountryaftercongressionalsubpoena swereissued.Federallawprohibitsanypersonfrommakingpoliticalcontributioninthenam eofanotherperson.That'slaunderingmoney.Andagain,havewehadanycooperationconcerni ngherwhereaboutsorparticipationinsubmittinginformationortestifyingbeforethiscom mittee?AndIcouldgoon.Whenaconvicteddrugdealer,Mr.Cabrera,contributes$20,000toth eDNCandgetsinvitedtotheWhiteHouseChristmaspartywiththeClintonsandattendsadinner inMiamiwithVicePresidentGore--andIcouldgoonandon.Mr.Chairman,wetalkaboutsecurit ybriefings;andyoutalkaboutthelackofsecurity;oryoutalkaboutdrugdealers;oryoutalk aboutMr.Tamraz,whohadanoutstandinginternationalarrestwarrantforallegedlyembezzl ing$200millionfromaLebanesebank--andhe'sadvisedbytheNationalSecurityCouncilnott omeetwithPresidentClinton,butyethehasthatmeeting--hehasaccesstotheWhiteHouse,an dhedonates$50,000andthen$100,000totheDNC,yousaidwhatwentwrong.Howcouldthathappe n?Andthenyoufindoutthatthere'sanex-barbouncer,CraigLivingstone,whoisplacedincha rgeofWhiteHousesecurity.Andthenyoufindoutthathehasaccesstoover900confidentialFB Ifiles,almostallonRepublicans,yousaywhatwentwrong.That'sagainstthelaw.Howcouldt hatbe?Howcouldthathappen?WhenyouhavetheFBIagentswhoareworkingwiththeWhiteHouse, Mr.AldrichandMr.Sculimbrene,whowerebasicallyforcedout,forcedoutofservicewiththe FBI,theSecretServiceiscurtailed.Itleavestheadministrationwithoutanysecurityproc eduretoprevent,`", felonsandinternationalarmsdealersfromattendingWhiteHouseeve nts.Itshowsyouthere'sarealbreakdown.Arealbreakdown.Whenyouhavetheassociateattor neygeneral,WebbHubbell,who'sconvictedofbilkinghisclientsoutofthousandsofdollars ,andthenyoufindoutthathereceived$100,000fromLippoGroup,afterheleavestheadminist ration.NICKLES:Sothere'salotofinterconnectinghere,Mr.Chairman.Ithinkweneedtoget thefactsout.Andweneedtogetthefactsoutinafairandimpartialmanner,andaninformative waynottocrucifyornottoprosecute,butjusttogetthefactsout.Justtoletpeoplefindoutw hathappened.AndI'mallforchangingthelaw.I'veheardsomecolleaguessaywell,maybewene edtomovetothesecondphaseandgointocampaignreform.Thisisnotactuallythecommitteeth atdoescampaignreform.ThathappenstofallontheRulescommitteeandsomeofusserveonboth committees.Butwe'rehappytoworkoncampaignreform.ButIthinkfirstwehavetofindoutexi stinglaw--hasitbeenbroken?AndI'veheardseveralpeoplesaywell,nolawshavebeenbroken .Itlookstome--andI'velookedatseveral.Iquotedahalfadozen,Icouldquotemanymore,law sthatlookveryclear,lookveryplain,looktobebroken.Ihopethiscommitteewilldwellinto that,examinewhathappened,tryandfindoutwhat'swrongandthenmovetoworktomakesuretha titdoesn'thappenagain.Thankyou,Mr.Chairman.THOMPSON:Thankyou,SenatorNickles.Sen atorTorricelli.TORRICELLI:Thankyou,Mr.Chairman.Mr.Chairman,notwantingtobethefir stpersontospeakbeforethiscommitteeandmisleaditinanyway,Iwillnotpromisetobebrief .Ido,however,choosetobeginmyownparticipation,asmanyothermembersofthecommitteeha ve,bycitingthatfirstdayinwhatisstillthestandardforthisinstitutionandthehearingp rocess,whenSenatorSamErvinbroughtdownthegavelintheWatergatehearings.Idosobecaus eIbelievehiswordsareinstructiveasastandard,awarningandanadmonition.Hesaid,andIq uote:"TheCongressionalinvestigationcanbeaninstrumentoffreedom,oritcanbefreedom' sscourge.Alegislativeenquirycanserveasatooltopryopenthebarriersthathidegovernme ntcorruption.Itcanbea ,`", catalystthatspursCongressandthepublictosupportvitalr eformsinournation'slaws.Oritcandebaseourprinciples,invadetheprivacyofourcitizen s,andprovideaplatformfordemagoguesandtherankestpartisans."Mr.Chairman,SenatorEr vinonthatday,andlaterSenatorInouyeintheIran-Contrahearings,setastandardthatshou ldberememberedbyeverymemberofthiscommittee.Theywerefair,theywerebipartisan,they weresubstantiveandtheyremainedtruetotheirobjective.TheSenatehasalsohadmomentsth atdonotprovideopportunityforequalpride.SenatorMcCarthy'sinvestigationintotheArm yandtheStateDepartmentandlater,indeed,Whitewateritself.Investigationsthatproved unnecessarydistractions,moreforumsforpersonalambitionthanmeetingthelegitimatego alsoftheinstitutionorthecountry.Thesearethehistoricextremesthatrepresentthechoi cebeforethiscommittee.I,likeothermembersofthiscommittee,havehadourmomentsofdisc ouragementaswepreparedforthisday.Perhapsthere'sreasonforsomenewoptimism.Promise sthatatlonglastRepublican-affiliatedorganizationswillreceivesubpoenas;promisest hatwhentheseinitialhearingsconcludeinafewweekstheNationalPolicyForumwillatlastb eheldtoanswerforitsownforeignconnectionsandsourcesofcontributions.We'llsee.Mr.C hairman,ifitis,however,establishedthatasissuspectedbyyouandothermembersofthecom mitteethattheChinesegovernmentcontributedfundstotheDemocraticorRepublicanNation alParties,ifthepolicyinfluenceofthiscountryandourinterestswerecompromised,Ibegi nthishearingbysimplysuggestingtomycolleaguesthisisaproblemthatweAmericansinsome measurebroughtuponourselves.TheAmericancampaignfinancesystemhasbeenanaccidentwa itingtohappen.TORRICELLI:Oursystemofcampaignfinanceisinvitationtoanyinterestwit hadesiretocompromisethepolicyoftheUnitedStates,andtousemoneyasaleverofpower.Wea renotthefirstgenerationofAmericanstofaceadecliningpublicconfidenceinoursystemof governmentandtheabuseoftheelectoralprocess.Fromtheabuseofthepatronagesysteminth e19thcenturytothesecretaccumulationsofcontributionsinWatergate, ,`", UnitedStat eshistoryhasbeenacycleofreformandabuse,asthepoliticalsystemadjuststochangeinthe politicalculture.Nowthatburdenofchangearisesagain.Andtheresponsibilityrestswith thisCongress.Nolessthaninthe19thcentury,fromAndrewthroughtothereformsofTeddyRoo seveltandGeraldFordandJimmyCarter,wehaveanewproblemofchangingthecultureofhowAme ricafinancesitscampaigns.Thereissimplyonestartlingdifference.Onestarkcontrast.E achandeveryothergenerationofAmericansrecognizetheproblems,andtheirCongressconve nedtolegislateasolution.ThesilenceinthisCongresstothisnewproblemofcampaignfinan cehasbeendeafening.Asthecommitteemeets,PresidentClinton'sgoalofaJuly4thdeadline fortheCongresstoconsiderandpasscampaignfinancereformhaspassed.Itisnotunusualfor congressionaldeadlinesnottobemetinpassinglegislation.Butwhatismoreextraordinary isnotsimplythatthedatepassedwithoutenactmentofreform,butnobillhasbeenconsidered .Nodatehasbeenestablished.Indeed,thereisnorealisticprospectofcampaignfinanceref ormthisyear.Wemay,indeed,inthecomingdaysandweekslearnmuchaboutthecampaignfinanc esystemthatrequireschange.Ihavenodoubtwewill.ButwhichmemberoftheSenatetodaycoul dnotoffertheirowntestimonyaboutproblemsthatwealreadyknowtoexistandtheirprescrip tionforchange?Myworstfear,asthiscommitteeconvenes,tobeginitsownhearings,isthato urwork,nomatterhowwell-intentionedbysome,becomenothingmorethananotherexcusebyma nytodelayconsiderationoffundamentalreformofthesystem.Mr.Chairman,acenturyago,Sp eakerReednotedthatthereisnointellectualargumentsopersuasiveasthepossessionofama jorityofvotesonacommittee.ThemajorityofthiscommitteehasvotedtosubpoenatheAFL-CI Obecauseofconcernsofthecoordinationofsoftmoneyexpenditures,butshieldedtheChrist ianCoalition,theNationalRifleAssociationandavarietyofotherorganizationssuspecte dofthesameactivitiesfromsubpoenasoranyscrutiny.Themajorityhasvotedtosubpoenathe DemocraticNationalCommitteeandallowedtheRepublicanNationalCommitteetorespond ,` ", withuttercontempttoattemptsbythisSenateandthiscommitteetoinquireintoitsownac tivities,andtothoseoftheNationalPolicyForum.Andthereappearstobenointentionandli ttlewillingnesstoexplorewhat,inmyjudgment,wasthesinglegreatestchangeinthepoliti calcultureofthe1996elections.Whichwastheuseofnon-profit,tax-freeorganizations,a modelofwhichwascreatedbySpeakerGingrich,butduplicatedbypresidentialcampaignsand ,indeed,bymanymembersofCongress.TORRICELLI:Itappearstobereceivingnointerestnors crutinyinthiscommittee'sactivities.Wehave,Mr.Chairman,lefttheimpressionthatther eisapartisanproblemfinancingcampaignsintheUnitedStates.Despitethefactthatitisno westablishedthattheNationalPolicyForumandtheRepublicanNationalCommitteearethela rgestestablishedrecipientsofforeigncontributions.Thereis,Mr.Chairman,nopartisan problemwithcampaignfinanceintheUnitedStates.ThereisanAmericanproblem.Anditisano verwhelmingproblem.Wehaveaswell,Mr.Chairman,convincedtheAmericanpeoplethatthisi sprincipallyaproblemoftheexecutivebranchofgovernmentwithitsrelationshipswithfor eigngovernments.Althoughashearingfollowshearingsandmonthfollowsmonth,Ibelieveit willbeestablishedthattheprincipalproblemsofforeignmoneymaymoreproperlyresidewit htheCongressandtheobjectivesofcertainforeigngovernmentstoinfluencethisgovernmen tmaybemorecenteredontheoperationsofthisCongress.Andindeednowwearetoldtodaythatt heClintonadministration,facingtheprospectofthesehearings,hasnotbeencooperative,

testimonyhasbeenwithheld.Althoughtherecordcouldnotbefurtherfromthetruth.Thepres
ident'sprincipalaideshaveallhavesubjectedtohoursifnotdaysoftestimonyandaquarter
ofamillionpagesofdocumentshavebeenprovidedtothecommittee.Mr.Chairman,Iholdnobri
efforanyone.Therearenoheroesandmanyvictimsofthissystem.Theneedistofollowthetrut
hwhereverthetruthmightlead.Idohowever,finally,wanttoassume ,`", oneresponsibili
tythatIknowothermembersofthecommitteerightfullyfeelaswell.Fortyyearsago,another
chairmanofacongressionalcommittee,asenatoralsofromthestateofTennessee,conveneda
ninquiryintowrongdoinginourcountry.ItisamongthefirstmemoriesIhaveofgovernmentin
theUnitedStates,andprobablythefirsthearingoftheUnitedStatesSenateIeverwitnessed
.Itwasonlyonaflickeringtelevisionscreen,butIwillneverforgetit,andevenifItried,m
yfamilywouldneverallowme.ItwasEstesKefauver.HelefttheAmericanpeoplewiththeunmis
takableimpressionthatbecauseofthemisdeedsofafewindividuals,therewasageneralprob
lemoftheroleofItalianAmericansinthecommerceofthiscountry.Thepain,Mr.Chairman,th
atmanyAmericansfeltonthatdaymustnotandwillnotbeallowedtobevisiteduponAsianAmeri
cansinthecomingweeks.Thereisarisingprosperity,awareness,andinterestofAsianAmeri
cansinthepoliticalprospectsofthiscountry.ItisinthebesttraditionsoftheUnitedStat
esthatAsianAmericansoflongancestryorrecentarrivalintheUnitedStatesaretakingthei
rrightfulplaceinparticipatinginthegovernanceofthiscountry.Iftherewasaproblemwit
hafew,itisnottheproblemofthemany.Thefactthatafewindividualscanbeprovidedfortest
imonycannotbeallowedtobecomeanexcusetovictimizetheroleofAsianAmericansgenerally
inthissociety.TORRICELLI:Itrustallofuswillbeginthishearingwiththatinmind.Finall
y,Mr.Chairman,whilethereismuchtodiscouragetheAmericanpeopleastheylistentothiste
stimonyinthecomingdaysaboutourpoliticalprocess,there'salsosomethingsthatweneedt
oremindourselves.Inonlyafewyears,whenthe20thcenturyends,therewillonlybetwonatio
nsthatcontinueunderthesamebasicsystemoflawsandgovernancewithwhichtheybeganthe20
century.TheUnitedStatesisoneofthem.Ourcapacityforbothself-criticismandchangeisa
reasonforourenduringsystemofgovernment.Thereismuchwrongwiththepoliticalsystemof
theUnitedStates.Thereisalsomuchthatis ,`", right.Anditistheprincipalreasonwhyou
rsystemoffreegovernmentendures.WemaydiscovermanyproblemswiththeClintoncampaigna
ndhowBillClintonsoughtre-election.Butthisfactalsoremains.BillClintonisthefirstp
residentinAmericanhistorywhoreceivedthecontributionsofoveronemillionAmericanswh
obelievedinhiscampaign,hispromiseandhisgovernance.Healsoreceivedthevolunteersup
portofmillionsofAmericans,whohavealsobelievedinhimandhiscampaign.Thosefewindivi
dualswho,unfortunatelyandeventragically,participatedinthissystem,muchtotheembar
rassmentofthatcampaignandourcountry,andwhonodoubtalsodidthesameincongressionalc
ampaigns,theDolecampaignandotherpoliticaloperations,cannotbeseentodetractorinan
ywaycompromisethosemillionsofAmericanswhobelievedintheircountry,theirpresidenta
ndfollowedtheirbeliefintoanactiveinvolvement.Goodpeoplearestillinspiredtoservea
ndparticipateinthegreatestparticipatorydemocracyinhistory.Inthat,throughallthed
aystofollow,weshouldalltakegreatpride.WeareneitherthefirstnorthelastCongressoft
heUnitedStatesthatwilldealwiththeproblemofmoneyandpoliticalcampaigns.Everygener
ationhashadthisresponsibilitytoensuretheintegrityofoursystemofgovernment,whilea
lsoencouragingparticipationanddealingwiththerealityoftheneedtofinancethenationa
lpoliticaldebate.Ilookforward,Mr.Chairman,toparticipationinthesehearings.Itrust
theywillbefairandinformativeandinstructive.Butmostly,apreludetothisCongressmeet
ingourgenerationalresponsibilitytolegislatereformandchangeinthissystemthatwille
nsureitshighestintegrityandtheconfidenceoftheAmericanpeople.Thankyou,Mr.Chairma
n.THOMPSON:Thankyou,SenatorTorricelli.SenatorSpecter.SPECTER:Thankyou,Mr.Chairm
an.Openingstatementsarealwaysdifficult.AndIthinktodayhasbeennoexception.Andwe'r
eanxious,inthewordsoftheOlympians,toletthegamesbegin. ,`", ButIdobelievethatthe
rehasbeenafoundationlaidfromwhichthiscommitteecanmoveveryusefully.Mysenseisthat
thecontentionshavebeenworkedoutaboutthesubpoenas.Andtherewillbefullopportunityf
orDemocratsaswellasRepublicanstohavesubpoenasissued.Andthatthevariousgroupswill
betreatedevenly.Andthatifyoutakethegroupsmentioned,thattherewillbefairtreatment

onallsides.Andtotheextentthatthathasnotbeenaccomplished,Ithinkitcanbeaccomplish edinfairlyshortorder.Idobelievealsothatwherethereisconcernaboutcongressionalmat tersnotbeingheard,thatthiscommitteewill,induecourse,takethosematterup.Theyarewi thinourpurview.Andwherewetalkaboutsomestateandlocalmatters,theCongresshasauthor itytodealthere,andperhapswewill.SPECTER:We'dhavetobroadenourmandate,butthatispo ssible.AndIthinkitishighlysignificantthatsomeofthosewhospokeintermsofshortening thiscommittee'sworkarenowtalkingintermsofelongatingthiscommittee'swork,wheresom ehaveleftthejurisdictionorhavetakentheirprivilegeagainstself-incriminationsotha twehaveourworkcutoutforus.AndasIhearthestatementstoday,Iampersonallyoptimistict hatthiscommitteewillfollowtheTeapotDomehearingsofthe'20sandtheTrumanprocurement hearingsandtheMcClellanhearingsandotherhearingsanddoarealjob.AndIbelievethatwew illnothavecampaignfinancereforminAmericauntiltheAmericanpeopledemandit.Andthere isthepotentialinthiscommitteetocreatethatdemand,andthatisthejobwhichwehavebefor eus.Ihadplannedtotakemostofmytime,andstillwilltosomeextent,todiscussacoupleofth efactualmatters.Andattheoutset,Ithinkitisimportanttonotethatthereareimportantin vestigationsonsoftmoneyforRepublicansaswellasDemocrats.AndtheNationalPolicyForu mhasbeenmentionedrepeatedlyheretoday,andIconcurwiththeDemocratsthatthathastobeg oneinto.AndIthinkitisimportanttonotethatthechairmanrejectedaneffortbytheNationa lPolicyForumtolimitthescopeawayfrom1994andissuedanorder,asitishisprerogative,to includethat. ,`", Whenwetalkabouttheproblems,Ithinkitisunderstandablethattherew ouldbemoreontheDemocrats'sidebecausetheDemocratshavecontrolledtheWhiteHouse.Iha veachartwhichhadbeenpresentedforputtingonthescreen,andwhenitwasputonthescreen,i twasvirtuallyunintelligible.SoI'vehadablow-upofitmade.Andthischartisadepictiono faseriesoffinancialtransactionsontheKanchanalakfamily,whoseleaderwasPaulineKanc hanalak,Mrs.PaulineKanchanalak,whohasevadedprocessandisnowin--well,youcouldn'th earme.Itdidn'tmatterifIdidn'tknowwheresheisnow.(LAUGHTER)Whereisshe,Michael?InT hailand.Andthischartshowsa--thischartshowsatracingofsome$457,500withmoneystarti ngfromChongPoon(ph)Kanchanalak,whoisPaulineKanchanalak'shusband,goingthroughmot hers-in-lawsandsister-in-lawsandendingupintheDemocraticNationalCommitteeorinago odlynumberofstatecommittees.SPECTER:Inthecourseofthehearings,thiswillbeanalyzed insomegreaterdetail.Butitisillustrativeofacomplexjigsawpuzzlethatwehavetoworkwi thhere.TheparticipationofMr.JohnHuangisaveryimportantparticipation.Andwehadanum berofdiscussionsabouthowthecommitteeshouldtreatMr.Huang.Andtoday'shearinghasbee ninteresting,becauseinthelast24hours,wefoundsomeimportantmatters.Asthechairman, SenatorThompson,hasoutlined--andthiswasonlyconcludedlateyesterday--thatwewereab letomakeapresentationoftheinvolvementbythegovernmentofChinaatthehighestlevelsin seekingtoinfluencetheAmericanpoliticalprocess.Andinthespiritofhealthycompetitio n,wehadaninterestingdisclosurebySenatorGlenn,therankingmember,aboutthepossibili tyofhavingimmunityforMr.Huang.Nothinglikealittlegood,healthycompetitionbetweent hepartieshere.AndIthinkifwekeepitin ,`", therightspirit,wecanmoveahead.Andthepr oposedimmunitygranttoMr.Huangisreallyfascinating,formanyreasons.Hehadatleast37b riefingsbytheCIA.Andhesawanumberofdocumentswhichtheycan'teventellus,whichraises arealquestionaboutoursuperspies--don'tevenknowwhattheyhavedone.Andtheycantellus onlyasto15documentswherehemadecomments.AndIreviewedthose.Andtheyarehighlysensit ive.Theydealinsourcesandmethods.TheyarematterswewouldnottelltheBrits,whoareourc losestallies;andyettheCIAmadethoseavailabletoMr.JohnHuang.Andshortlyafterhesawt hose,hewenttoanoutsideofficeandmadefaxesandmadetelephonecallsandvisitedtheChine seEmbassy,withalltheearmarksofdisclosureofhighlysensitivegovernmentalinformatio n,whichisespionage.Anditcarriesalifesentence,andinsomecases,itcouldcarrythedeat hpenalty.Idon'tknowifthat'sapplicablehere.We'dhavetosee.WhenMr.Huangtalksabouti mmunityonlyastoacoupleofcharges,itisafascinatingproposal,becausethehistoryhasbe enthatoncethereisimmunityeventoalimitedextent,itworksouttobecompleteimmunity.Us eimmunityissupposedtobeonlyforthetestimonygiven.Butitfrequentlyturnsout,without beingundulycomplicated,atransactionalimmunity.AndfromthecasesinvolvingAdmiralPo

indexterandColonelNorth,weknowthatoncetheimmunitystarts,thecriminalcasesaregone
.ButmyownpersonalviewisthatitisworthimmunizingMr.Huang,providinghetellsusthetru
thandthewholetruth.Ithasnotbeensaidtoday,butitoughttobeemphasized,thatacongress
ionalcommitteetakespriorityovercriminalprosecutions,becausethepublicpolicyistha
twhatwedoasacongressionalcommitteeismoreimportantthananindividualcriminalprosec
ution,becausewechangethelawsforthefuture,sothatwhenwedealwithimmunity,ithastobe
grantedbythecourt,andtheattorneygeneralcanraiseanobjection.ButI,forone,wouldbew
illingtogiveMr.Huangimmunity, ,`", becauseheisaverycentralfigure.HebroughtMrs.P
aulineKanchanalaktotheWhiteHouse.HebroughtmanypeopletotheWhiteHouse.Andonlyoneo
therspecificmatter--andthatinvolvesWangJun,whichisworthnoting,amajordealerinChi
nesearms--AK-47ssmuggledintotheUnitedStates,saleofarmstoIranandIraq,admittedtot
heWhiteHouseatacoffeeforacampaigncontributionof$50,000,thepresidenthimselflatec
oncedingthatitwastotallyinappropriate.Thereisagreatdealmoretobesaid,butI'mabout
totheendofthe10minutes,which,Ithink,isaslongasanyopeningstatementoughttobe.ButI
approachthesehearingswithoptimismthatwecanworkouttheissuesonafairandbipartisanb
asis,andthatwecanuseaheadintothesoftmoney.OneotheritemIdowanttomention,andthati
s,istophaseII,butjustforamoment.Thekindsofadswhichwereputagainbybothparties,and
theissueisclearthatifyouhaveanadvocacyadwhichiscoordinated,itviolatesthefederal
electionlaw--andthatislanguagetakenasawholethatcanhavenootherreasonablemeaningt
hantourgetheelectionordefeatofaclearlyidentifiedfederalcandidate.SPECTER:Therei
sagreatdealmoretobesaid,butI'mabouttotheendofthe10minutes,whichIthink,isaslonga
sanyopeningstatementoughttobe.ButIapproachthesehearingswithoptimismthatwecanwor
kouttheissuesonafair,bipartisanbasis,andthatwecanuseaheadintothesoftmoney.Oneot
heritemIdowanttomention,andthatisastophaseII,butjustforamoment--thekindsofadswh
ichwereputagainbybothparties.Andtheissueisclearthatifyouhaveanadvocacyadwhichis
coordinated,itviolatesthefederalelectionlaw--andthatislanguagetakenasawholethat
canhavenootherreasonablemeaningthantourgetheelectionordefeatofaclearlyidentifie
dfederalcandidate.AndthisisonewhichisillustrativeoftheDemocrats.ButthereareRepu
blicanssimilar.Andthisisanadwhich,accordingnotonlytoDickMorris,butalsoLeonPanet
ta,buttypeofanadwhichwaseditedpersonallybythepresident.Quote--"Sixty-thousandfe
lonsandfugitivestriedtobuy ,`", handguns,butcouldn't,becausePresidentClintonpas
sedtheBradyBill.Five-daywaits,backgroundchecks."ButDoleandGingrichsaidno.One-hu
ndredthousandnewpolice,becausePresidentClintondelivered.DoleandGingrichvoteno,w
anttorepealthem.Strengthenanti-drugprograms.PresidentClintondidit.DoleandGingri
ch,noway."Theiroldwaysdon'twork.PresidentClinton'splan,thenewway,meetingourchal
lenges,protectingourvalues."Hardtoseehowanyinterpretationofthattelevisioncommer
cialcouldbeconstruedtobeanythingbutanadvocacyoftheelectionofPresidentClinton--r
e-election--andthedefeatofSenatorDole.Andthatisthesecondpartofourchallengeonsof
tmoney.AndIbelievethiscommitteewillrisetotheoccasion.Thankyou,Mr.Chairman.THOMP
SON:Thankyou,SenatorSpecter.SenatorCleland.CLELAND:Mr.Chairman,SenatorGlenn,mem
bersofthecommittee,ladiesandgentlemen,Iguessit'sabadtimetoquoteConfucius...(LAU
GHTER)...butConfucius2,500yearsagohadaninterestingsayingthatIthinkbearsonourbus
inessasweconductthesehearings.Confuciussaidthatagreatnationneededthreethings:fi
rstofall,astrongdefense;secondly,avigorouseconomy;andthird,faithofpeopleintheir
government.Hesaidyoucouldprobablyhaveagreatnation,maybewithoutastrongdefense.Yo
ucouldmaybeevenhaveonewithoutavigorouseconomy.Butyoucannothaveagreatnationwitho
utfaithofpeopleintheirgovernment.Ithinkthat'stheultimategoalofourhearings.It'sn
otjusttoexaminethepeopleandsituationsthroughthisinvestigation,orevenpasscampaig
nfinancereform--lawsofwhichIamaco-sponsor--buttorestoresomeconfidenceandsomefai
thofpeopleintheirgovernmenttomakesurethatwecontinueasagreatnation.Ibelieveinthi
ssystem.I'veservedthisgovernment.I'd ,`", serveitagain.MyfirstactasUnitedStates
senatorwasactuallytotakeanoaththatsaidIwillsupportanddefendtheConstitutionofthe
UnitedStatesagainstallenemies,foreignanddomestic;thatIwillbeartruefaithandalleg
iancetothesame;thatItakethisobligationfreely,withoutanymentalreservationorpurpo

seofevasion;thatIwillwellandfaithfullydischargethedutiesoftheofficeonwhichI'mab
outtoenter,sohelpmeGod.ThatwasmyactasamemberoftheSenate.OneofthereasonsIwantedt
obeonthiscommittee,though,waswhathappenedbeforeIbecameamemberoftheSenate,inthec
ampaign,whereIwasoutspenttwo-tothree-to-one.AndIrealizedIwasupagainsttheodds.In
thedaysandweeksahead,inourconductofthisseriousinvestigationintoallegedimpropera
ndillegalactivitiesconnectedwiththe1996campaignsforfederaloffice,thefaithfulnes
sofmembersofthiscommitteetotheoathI'vejuststatedwillbesorelytested.Forinadditio
ntotheindividualsandorganizationswe'llbeexamining,we,too,areontrialbeforetheAme
ricanpeople.AsanewmemberoftheSenate,I'vebecomeimpressedwiththeseriousnessofpurp
oseandthecompetenceofmycolleaguesonthiscommitteeandourstaffs.Thechallengesforus
areindeedseriousandsevere,becausewesit,inessence,asprosecution,defense,judgeand
jury.We'reallinterestedparties.Andallapartoftheverysystemwhichwe'renowinvestiga
ting.Theentirewebofallegedabuses,whicharethesubjectofthisinvestigationgrowoutof
one,andonlyone,primefactor--therelentless,unremitting,unending,unforgivingpursu
itofcampaigndollars.BackinGeorgia,wehadagovernor,GovernorMarvinGriffin(ph),heus
edtosayaboutraisingpoliticalmoney,theonlythingtaintedaboutmoneyisit'taintminean
dit'taintenough.(LAUGHTER)Unfortunately,thatattitudepredominatesalltoooften.Tob
esure,therearenumerousvariationsintermsofsourcesandusesofmoneyinpolitics,includ
ingtheveryseriousmatterofforeigninfluence. ,`", Butthecampaignchasefordollarsis
attherouteoftheseallegations.It'soneofthemostseriousproblemswefaceasacountryinc
onductingthisAmericanexperimentindemocracy.Isuggesttomycolleaguesthatthisisthec
entralissuewithwhichthisinvestigationandthiscommitteemustcometogrips.Thedisting
uishedchairmanandthesenatorfromMainehavejoinedwithmeandothermembersoftheSenatea
sco-sponsorsofthebipartisanMcCain-Feingoldcampaignfinancereformbill.CLELAND:Itr
ulybelievethathadthatbillorsomethinglikeitbeeninplacein1996,wewouldn'tbesitting
heretoday.AndIsaytoallthemembersofthiscommitteethat,ifwedon'thelpthroughouracti
onshere,buildafiretoenactsuchreformsinthisCongress,regardlessofwhatwe'reabletou
ncoverhere,wewillhavefailedinourlargermissionofensuringtheAmericanpublicthatsuc
habuseswillnotoccuragain.Partofthisreformeffortmustbeanexaminationofissuesrelat
edtocertaintax-exemptandnon-profitorganizations.Theseentitieswillnotbepartofthe
initialroundofourinvestigation,butwillbeafocalpointofphaseII,whichistobeginlate
r.Nonetheless,Ibelieveit'simportantthatwenoteinthebeginningofourworkthatthescop
eofourinquiryintocampaignfinanceissueswemustconfrontgowellbeyondthematterofforе
ignmoneyandinfluence.Forexample,aFebruary22ndreportinCongressionalQuarterlystat
ed--andIquote--"Tax-exemptorganizationsareemergingasapotentweaponinthepolitical
armsracetoamassanarsenalofcampaigndonations.Whilethevastmajorityoftaxexemptorga
nizationspromotecausessuchasshelteringthehomelessorassistingthedisabled,somemon
ey-hungrycampaignshaveusedthemtoskirtcampaignfinancelaws.Whenabused,taxexpertss
ay,atax-exemptorganizationbecomeslittlemorethanashellorconduitformoneytoflowina
ndoutofapolitician'scampaign."Unquote.Thearticlegoesonandcontinues,andputsthequ
estionofsoftmoneyandpotentialtaxexemptnon-profitabusesintoperspective.Quote--"T
helatestfiguresfiledattheFECshowthatpartycommitteesraisedacombinedtotalof$264mi
llioninsoftmoneyin1996.That'sthreetimesasmuchaswasraisedbythemin1992and13 ,`",
timeswhattheyraisedin1980,thefirstelectiontoallowsoftmoney.Butatleastthatmoneyc
anbetotalled.Nooneknowshowmuchmoneywasraisedbytheover600,000tax-exemptgroupsint
he501(c)(3)category,andthealmost140,000taxexemptgroupsinthe501(c)(4)class,becau
setheFECdoesnottrackitandtheIRSdoesnotdiscloseit."Unquote.Letmemakeveryclearthe
vast,vastmajorityofthese--hundredsofthousandsofgroups--arenotimplicatedinanyway
inthesecharges.Andindeed,thetax-exemptandnon-profitworldplaysavitalandpositiver
oleinourcountry.Butforasmallportion,thereisatleastsomereasontobelievethattheyma
yhaveengagedinimproperorevenillegalcampaign-relatedactivity.Amongthequestionswh
ichmustbeansweredarethefollowing:"Didtheorganizationinquestionengageinpartisana
ctivityinviolationoflawsprohibitingboth501(c)(3)and501(c)(4)organizationsfromco
nferringanyprivatebenefits,includingbenefitsforasinglepoliticalparty?Didtheorga

nizationexceedlegallimitsonnon-partisancampaignactivity,whichisthecaseinthecase
of501(c)(3)organizationsprohibitingparticipatingdirectlyorindirectlyinanypoliti
calcampaignonbehalfoforinoppositiontoanycandidate"--endofquote--"forfederal,sta
teorlocaloffice,andinthecaseof501(c)(4)groups,prohibittheseentitiesfromengaging
innon-partisancampaignactivityastheirprimaryactivity?"Anotherquestion--didtheor
ganizationmakeanyfalsestatementsoromitmaterialinformationinitsapplicationtoobta
intax-exemptstatus?Didtheorganizationreceiveandspendmoneyintheamountof$1,000orm
oretoinfluenceafederalelectionwhilefailingtoregisterasapoliticalcommittee?Didan
yoftheorganization'sadvertisements,voterguides,directmailortelephonecallsinexce
ssof$1,000containexpressadvocacy,whichunderthelawmustbereportedtotheFECandraise
dinaccordancewithso-calledhard-moneyrequirements?Anotherquestion--didanyoftheor
ganization'sadvertisementscontaincandidateadvocacywhichviolatedthespirit,ifnott
heletter,offederalelectionlawpertainingtoissueadvocacy? ,`", Didtheorganization
useforeignmoneytofinancecampaignactivities,whichwouldbeillegal?Theseareimportan
tquestions,becauseasouroathofofficeindicates,dangerstoourrepublicanditssystemma
yemanatefromdomestic,aswellasforeign,sources.Ilookforwardtoafullairingofthesema
ttersaswecontinue.Therehavebeenmanyfinewordsspokentodayaboutourcommitmenttofair
ness,tobipartisanship,topursuitofthetruth.Therehavebeensomeseriouschargesmadeab
outabuseswhichmayhavecompromisedournationalsecurity.Wordsareimportantinsettingo
utourpreconceptions,goalsandintentions.Butthepublicandhistorywilljudgeusprimari
lyonourdeedsoverthenextcomingmonths.CLELAND:Andtheywilljudgeusnotonlyoverhowwel
lwepursueandexposeindividualcasesofwrongdoing,butalso,Iwouldsuggest,they'lljudg
eusevenmoreonwhetherornotwehelpleadthewayinfixingacampaignfinancesystemwhichhas
gottenoutofcontrol,asthesehearingswillsoclearlydemonstrate.InthewordsofW.C.Fiel
ds,"It'stimetotakethebullbythetailandfacethesituation."(LAUGHTER)Itistimetoface
thesituationthatoursystemisbrokenandmustbefixed.It'stimetofacethesituationthato
urdemocracyisbecominganauctionratherthanelection.It'stimetofacethesituationthat
thosewhospendthemostmoneywinover90percentofthetime.It'stimetofacethesituationth
atweplacea"ForSale"signonbothendsofPennsylvaniaAvenue.It'stimetofacethesituatio
nthatmoreoftenthannot,specialinterests,particularlyontheHill,predominateoverpub
licinterest.Wehavethebestgovernmentmoneycanbuy.ButthatisnotwhatJeffersonandFran
klinandAdamsandMadisonandtheotherfoundingfathersintendedwhentheypledgedtheirliv
es,theirfortunesandtheirsacredhonorincreatingthiscountry.Letusrenewthatpledgeto
day.Letuspledgeourlives,ourfortunesandoursacredhonortowardimprovingthisdemocrat
icsystemforwhichsomanyyoungAmericanshavegiventheirlives. ,`", Thankyou,Mr.Chair
man.THOMPSON:Thankyou,SenatorCleland.SenatorSmith.SMITH:Thankyouverymuch,Mr.Cha
irman.I'mthe15thof16senatorstogivetheopeningstatementhere.Itremindsmeofthegentl
emanwhomarriedawomanwhohadeightprevioushusbands.IknowwhatIneedtodo,butI'vegotto
figureouthowtomakeitinteresting.ButIwanttothankyou,Mr.Chairman,foryourleadershi
pinthismattertogetustowherewearetoday.You'vebeensubjectedtosomepersonalattacks,
andyou'veheldupundersomeprettyintensefire,keptyourcomposure,andIcommendyouforyo
urleadership.Themattersbeforethiscommitteearevery,veryserious.Neverbeforeinthe2
21-year-oldhistoryofournationhaveallegationsthisseriousabouttheroleofforeigninf
luenceonanAmericanelectionbeenraised.Didaforeigngovernmentdeliberatelyschemetop
umplargesumsofitsmoneyintoaU.S.presidentialcampaignandsomecongressionalcampaign
sinordertoinfluencetheoutcomeofthosecampaigns?DidforeigncontributionstoU.S.poli
ticalcampaignsresultinpolicychangesfavoringthegiver?Wasforeignpolicycompromised
?Didanagentofaforeigngovernmentand/oraforeignmultinationalcorporateconglomerate
usecampaignfundraisingconnectionstoinfiltratetheexecutivebranchofourgovernment,
gainaccesstoourgovernment'smostsensitivesecrets,andthenconductespionageforitsfo
reignbosses?Didsuchaforeignagentinfiltratethehighestlevelsofournation'stwoprinc
ipalpoliticalpartiesinordertohelpfunneloneofthetwoofourtoppoliticalpartiesinord
ertofunnelhisforeignboss'moneyintoourpoliticalsystem?Ifthesethingshappened--and
wedon'tknowthattheyhave--thenhowandwhydidtheresponsibleofficialsofourgovernment

failtopreventthemfromhappening?Whoarethoseresponsible?Orperhapsitmightbebetters aid,whoarethosethatwereirresponsible?Aretheyguiltyofbenignneglect?Oraretheyguil tyofconspiracytounderminenationalsecurity?Thesearedarkquestions,Mr.Chairman, andtheydemandclearanswers.It'stheurgentpriorityofthesehearingstogetthose ,`", a nswers.Asthiscommitteebeginswhatlhopewillbebipartisanhearings,ourinvestigationf acesanumberofveryseriousobstacles--manyhavebeenalludedtohereinpreviousstatement s--obstaclesthataregoingtomakethetruthvery,verydifficulttoattain.Wehavekeywitne sseswhohavenotifiedthecommitteethattheywillasserttheirFifthAmendmentprivilegesa gainstself-incriminationandrefusetotestifyorperhapsplacelimitsorconditionsonhow theytestifyregardingwhattheyknowaboutthetruthoftheallegationsbeforeus.SMITH:Weh avekeywitnesseswhohavefledthecountryandarehidingoutoverseas,ironicallysomeofthe minChina,becausetheydonotwanttocomebeforeusandtellthetruth.Mr.Chairman,Icouldn' thelpbutthinkofPresidentHarryTrumanasIpreparedforthesehearingstoday.Hehadthissi gnthateverybodynewaboutonhisdesk,"TheBuckStopsHere."AndI'mhopeful,Mr.Chairman,t hatwe'llseesomeofPresidentTruman'sspirit,dignity,gritandpersonalresponsibilityi nthecurrentWhiteHouse'sapproachtothesehearings.PresidentClintonknowsJohnHuang.H eknowshimpersonally.HeknowsthatHuangisassertinghisFifthAmendmentrightsinrefusin gtotestify.PresidentClintonhasknownCharlieTrieofLittleRockasafriendfor20years.T rie'shidingoutinChinasothathetoocanavoidtestifying.IwonderwhatPresidentTrumanwo uldhavetosayaboutallthiswerehetobehereunderthesecircumstances.It'sonlysubjectto conjecture,butfranklyIbelievehe'dgetonthephoneandIthinkhe'dsaytoJohnHuangwhoser vedintheadministrationandwhoworkedasaseniorlevelDemocratNationalCommitteeadvise r,IthinkTrumanwouldsaygetyourrearendbeforethiscommittee,Mr.Huang,andtelltheAmer icanpeoplethetruth.IbelievethatPresidentTrumanwouldtellCharlieTrie,comeoutofhid ing.Comehome.Stepuptotheplate.Tellthetruth.You'reanAmericancitizen.Andyourcount rydeservestoknowthetruth.Youhavebroughtembarrassmenttothepresidency,tothecountr y,andtomepersonally.Iwouldliketothink,Mr.Chairman,thatPresidentClinton,in ,`", fact,hasdoneorwillbedoingtheseverythings.Ifhehas,thenIhopethathewilltellthiscom mitteeaboutitsothatwecanbesatisfiedthateverythingpossibleisbeingdonetosecurethe testimonyofMr.Huang,Mr.Trie,andanyoneelsethatweneedtotalktotolearnthetruth.Ofco urse,youcannotforcepeopletotestify.Youcan'tdothat,Mr.President,butyoucanmakethe attempt.Todoless,anythingless,istofurtherexacerbatetheblightonthepresidency,ony ourpresidency,thatnowexists.Mr.Huang,Mr.Trie,andmanyoftheothersmentionedherewor kedforyou.Theyembarrassedyou.Theyletyoudown.HarryTrumanwouldsay,give'emhell.Ino rdertogettheseanswers,Mr.Chairman,wemustleaveourpartisanhatsatthedoor.Thecynics ,theCongress-bashers,andmanyinthemediawillplayupallthepartisanbickering--everyw ordofit.Yes,theCongresshappenstobecontrolledbyRepublicans.Andyes,theexecutivebr anchhappenstobecontrolledbyDemocrats.Andyes,theRepublican-controlledCongressisi nvestigatingallegationsofwrongdoinginaDemocratadministration.Butiftheseallegati onsareprovencorrect,theperpetratorsbringdiscredituponournation,ourpresidency,an damajorpoliticalparty.Theyviolatedatrustthatwasgiventothem,andthey'renotworthyo fdefensebyhonorablepeopleintheirparty.ThepeoplewhodidthesethingsarenotDemocrats .They'readisgrace.Nowsomeinthemediaonthiscommitteehavesaidthateverybodydoesthis .Apoxonallofyourhouses.Weshouldlookequallyatbothparties.Infact,themediaandsomei ntheotherpartyscurriedaroundfranticallytryingtofindsomescandal,somesimilarscand althatmightinsomewaydeflectthecriticismofthisadministration.Andtheyfoundonewith theNationalPolicyForumandwe'llhavetoseeifthefactssupportthecontentionthatitiseq ualinitsseriousness.Andwe'rewillingtolookatit,andIamwillingtolookatit,andIwilll ookatit.Butthat'snotwhathisinvestigationisabout,Mr.Chairman.Andit'sludicroustoi mplythatitis.WhenSamErvin,who'sbeenmentionedheretoday,ledthe ,`", Watergateinve stigation,HowardBakerdidn'ttrytogofindaDemocratscandalsothathecouldforceequalat tention.Hejoinedtheinvestigation,SenatorBakerdid,andthetruthaboutaRepublicanpre sidentwastheresult.I'mcurrentlythechairmanoftheSenateEthicsCommittee--adifferen tperspectivethatIbringtothiscommittee.IfwereceiveallegationsofwrongdoingbyaRepu blicansenatorinthatcommittee,wedon'tputoffinvestigatingthosechargesuntilwefinda Democratsenatorwithsimilarproblems.TheethicscommitteeofthreeRepublicansandthree Democratslooksintothematterathandonabipartisanbasis,andreachesitsconclusionsbas edonthefactsofthecaseandthatparticularsenator.Mr.Chairman,it'struethatthescopeo fthisinvestigationincludesnotonlytheallegationsofillegalforeigncontributionstot heDNC,andpossibleeconomicespionage,butalsopossibleforeigncontributionenteringth eRepublicanParty,andhowsoft-moneycontributionsareimpactingU.S.elections.SMITH:B uttoplacesoft-moneyreformsonthesameplaneastheveryseriousallegationsofforeigncon tributionsandinfluencethathasbeendiscussedheretodayisaninsulttotheintelligenceo ftheAmericanpeople,andthosepeoplewhoputitonthatsameplaneknowit.Mr.Chairman,Iwan ttoaddonefinalpersonalreflection.IusedtobeacivicsteacherinthepublicschoolsofNew Hampshire.Iusedtoteachmystudentsabouthowtheframersdesignedourconstitutionalsyst emandhowourmoderndaygovernmentisintendedtowork.Itaughtthemthatthingswillgowrong fromtimetotime,butit'snotthesystemthat'satfault.Peoplemakemistakes.Theymakemist akesofjudgment,andsometimestheyengageindeliberatewrongdoing.ButItriedtoinstilli nmystudentsafaithinoursystemandadesiretoparticipateinitashonestandpatrioticyoun gmenandwomen.Andwhenthingsdogowrong,don'tturnoff.Thisisatimethatweneedyoumoreth anever.Whatparticularlysaddensme,Mr.Chairman,abouttheobstaclesthatthiscommittee facesisthatthoseobstaclesaresendingexactlythewrongsignaltothoseyoungpeople,andi ndeed,allofthe ,`", Americanpeople.Whenthemostseriousallegationsaremadeandthepe oplewhoknowthetruthflee,hideortaketheFifthtoavoidtellingthetruth,thatjustfeedst hecynicismthatissoevidentinthiscountry.Itespeciallysaddensmethatisalsoturnsofft hoseveryyoungpeoplethatItaught.AllAmericanshavearighttoexpectthatpeoplewhoserve inpositionsoftrustinthisgovernmentshouldtellthetruth.Theobstaclesthatthiscommit teeisfacing--theflightsoverseas,theFifthAmendment--aretherebecausetheseindividu alsbelievethemselvestobemoreimportantthanthetruth,moreimportantthantheircountry ,moreimportantthantheembarrassmenttotheirpresident,totheirCongress.Truth,aftera ll,oughttobethehighestideal.Aristotleoncesaid,"Platoisdeartome,butdearerstillis truth."Ihope,Mr.Chairman,thatthemajorwitnessestowhomIhavereferredwillputasideth eirnarrowself-interest,recognizeasAristotledidthattruthisdearerstill,andtellthi scommitteeandtheAmericanpeoplethetruth,thewholetruthandnothingbutthetruth.Would n'titberefreshingifallpartieshereaccusedwouldvoluntarilystepuptotheplate,comebe forethecommittee,tellthetruth,sothatwedidn'thavetohaveaninvestigation?Inthedark estdaysoftherevolution,ThomasPainesaid:"Thesearethetimesthattrymen'ssouls,andsu nshinepatriotsandsummersoldierswillshrinkinthiscrisisfromtheserviceoftheircount ry.Butthosethatstanditnowdeservetheloveandthanksofmanandwoman."Thisisn'ttheAmer icanRevolution,andit'snotonthesameplane.Butinthisparticularcrisis,thesummersold ierandthesunshinepatriotwillcrypartisanship,willwhine,willequatetheneedforsoft- moneyreformswithillegalforeigncontributions,andwillsay,everybodydoesit,let'sjus treformtheprocess.ButMr.Chairman,thosewhostanditnow--andIincludeyouinthatcatego ry--thosewhostayfocusedongettingthetruth,thosewhotrytoridthisterriblepollutiono fforeigncontributionsandeconomicespionagefromourgovernmentwilldeservethethankso ftheircountrymen.Andhistory,Mr.Chairman,willbeourjudges.Wecanprovethecynicswron gandgivemyformerstudentsandtheirchildrenproofthatinspiteoftheflaws,wecanconduct our ,`", oversightresponsibilitieswithbipartisanshipanddignityandthatoursystemd oeswork.Thankyou,Mr.Chairman.THOMPSON:Thankyou,SenatorSmith.SenatorBennett.BENN ETT:Thankyou,Mr.Chairman.Iamgratefulthatanumberofmembersofthepresshavestayed.Ik nowthemembersoftheSenatefeelsomecompulsiontostay.Thehorseissmellingthewater.We' removingtowardsthebarn.Thisisthelastone.IfImay,Mr.Chairman,I'dliketostandbefore theeasel.I,beingattheendofthestream,wasn'tawareofthehigh-techcircumstancesavail abletous,andmychartsareverydefinitelylow-tech.ButIwouldappreciatetheopportunity ofpresentingthem.Mr.Chairman,there'sanoldstatementabouttheverybestplacetohideal eaf.Andtheansweris,onthefloooftheforest,surroundedbyalltheotherleaves.BENNETT: We'vehadanumberofleavesthrownatusinthisdebate.AndIwanttopickuponeparticularleaf

offtheflooroftheforestandspendsometimeonit,becauseIthinkitisthekeyofwhatwe'reta
lkingabout.Itwillcomeasnosurprisethatwe'retalkingaboutJohnHuang.JohnHuanghasthr
eepressuresonhim,asIseeit--thefirstonecomingfromtheLippoGroup;thesecondonefromt
heChinesegovernment;andthethirdfromPresidentClinton.AndI'mgoingtotalkaboutallth
ree,inthatorder.Let'stalkfirstabouttheLippoGroup.IwillnotresurrectthespiritofSa
mErvin,butIdogotoanotherdeadofficial,inthiscaseAlanDulles,whomsomeconsiderthefo
underofthemodernCIA.Hemadethiscommentinhismemoirs.Hesays:"Oneofthegreatintellig
enceservicesofthe19thcenturywasmaintainednotbyagovernment,butbyaprivatefirm--th
ebankinghouseofRothschild.Theybenefitedtheclientsaswellasthemselvesbytheirsuper
iorintelligence-gatheringduties."IquoteMr.Dullestoindicatethatitisnotunusual, ,
`", unprecedentedorunhistoricalforabanktobeconcernedaboutsignificantintelligenc
e-gatheringactivities.AndMr.Huangworkedforaninternationalbank.Heworkedforthemfo
ralongperiodoftime.Thedepositionsthatwehavereadindicatethatnoone'squitesurewhat
hedidforthem.Buttheydoknowhehandledagreatdealofmoney.Now,Mr.Riady,theheadofLipp
oGroup,referredtoMr.HuangwhilehewasattheCommerceDepartmentas"mymanintheAmerican
government,"inthistraditionofabankhavinganintelligenceofficerwell-placed.Mr.Hua
ngmayhavefelthewasMr.Riady'smanaswell.Ishowyouthisfacsimileofacheck,perfectlyle
gitimate,perfectlylegalcampaigncontributionbyMr.Huang.Butnotetwothings,Mr.Chair
man.First,thedate--Decemberof1995.Mr.Huang,atthetime,wasanemployeeoftheUnitedSt
atesgovernment,attheCommerceDepartment.ButwhatdidheputonhisFECreport,tellingthe
FEChisemployment?Hesaidhewasvicepresidentandchairman--vicepresidentoftheLippoBa
nk,chairmanoftheLippoGroup.HeapparentlyconsideredhimselfMr.Riady'smaninthegover
nment,ifasthetimehemadeacampaigncontribution,hedidnotreporthimselfasagovernment
employee,whichhewas.Instead,hereportedhimselfstillworkingforLippo.Now,that'sLip
po'sinterest--intelligenceinformationinthespiritofinternationalbankersthroughou
ttheyears.Let'stalkabouttheChinesegovernmentandtheirinterest.Thechairmanhasread
astatementthismorningabouttheChinesegovernmentandtheirinterestinthiscampaign,st
artingwithTaiwanin1995.Infact,theChinesegovernmenthasbeeninterestedinthiskindof
thingformuchlongerthanthat.ThisisastatementtakenfromthetestimonyofaChineseintel
ligencerecruit.HisnameisBimWu(ph).Hewasrecruitedin1989inChinabytheMinistryofSta
teSecurity,theChineseequivalentoftheCIA.TheysaidBimWu(ph)wouldbecomeasuccessful
businessman.YouwouldpatientlysteadilyworkyourwayupintotheU.S.power ,`", struct
ure.Youwouldcometoknowcongressmenandsenators,andperhapsoneday,evenbeabletorepor
tinformationfromtheWhiteHouse.Now,Mr.Wu(ph)gotasfarasthefirstsentence.WithChine
semoney,hebecameasuccessfulbusinessman.Unfortunatelyforhim,hewasarrestedforviol
atingU.S.exportlaws.HewasgivenhischoiceofbeingdeportedtoChinaorstandingtrialint
heUnitedStates.HechosetostandtrialintheUnitedStates,andhe'snowcurrentlyaguestof
theU.S.taxpayersatafederalpenitentiaryinPennsylvania.Hepreferrsthattoreturningto
China,becausehegotnofartherthanthis.ButtheChineseclearlyweremakinganefforttofin
dpeoplewhowouldpatiently,steadilyworktheirwayupintotheU.S.powerstructure.BENNET
T:Whatkindofpeoplearetheylookingforwhowilldothis?WilliamColby,aformerheadoftheC
IAsaid,"Theperfectoperatorinsuchoperationsisthetraditionalgrayman,soinconspicuo
usthathecannevercatchthewaiter'seyeinarestaurant."Thisisthekindofpersonthatwear
elookingforintheAmericanapparatustomeettheChinesepressuresonMr.Huang.WeknowtheC
hineseofficialsworkingthroughLippomadecontactwithMr.HuangpriortohisenteringtheC
ommerceDepartmentandcomingtoworkfortheU.S.government,thattheChinesewereawareofh
imandawareofhisupwardmobilityinthegovernment.Now,whenMr.HuangcametotheCommerceD
epartmentfromtheLippoGroup,theundersecretaryofthedepartment,Mr.Garton(ph),dicta
tedapolicyinwritinginamemotoMr.Huang'sdirectsuperior,theassistantsecretary,Mr.M
eissner,statingthat"becauseofMr.Huang'sbackgroundatLippointhebankingbusinessdea
lingwithAsia,Mr.HuangwastobewalledofffromanythingdealingwithAsiaandthePacific."
UnderstandMr.HuangwasoneofsixdeputyassistantsecretariesreportingtoMr.Meissner,b
uthewastheprincipaldeputyassistantsecretary.Thatmeanstheotherdeputyassistantsec
retaries,oneforeachoftheseareas--EuropeandtheAmericas,Africa,JapanandAsiaandthe

Pacific--eachofthesefivereportedtoMr.Huangastheprincipaldeputyassistantsecretary,andheactedastheassistantsecretarywhenMr.Meissnerwasoutoftown. ,`", Mr.Meissnerwasanotorioustraveler.Hewasoutoftownagreatdealoftime,whichmeantthatallofthe intelligenceinformationavailabletoMr.MeissnerbecameavailabletoMr.HuangwhileMr.Meissnerwasoutoftown.Ofcourse,informationwasavailabletoMr.HuangwhenMr.Meissnerwasin townaswell,butthespecificrequirementfromMr.Garton(ph)wasthatMr.Huangwastobewalledofffromdealingswith AsiaandthePacific.InAprilofthisyear,infederalcourt,JohnDickerson(ph),thebrieferfromtheCIAwhobriefedMr.Huang,reportedinthecourtthatMr.Huang'sprimaryinterestwasChinawithsubsidiaryinterestinVietnam,SouthKorea,Singapore, HongKong,Taiwan,IndonesiaandMalaysia.Inotherwords,Mr.Huang--insteadofstayingawayfromthisareaashewasorderedtodoinwriting--spentthemajorityofhistimeinthisarea.Itisinterestingthatinhisbriefings--andyouseethesearetheareashe'ssupposedtobeconcernedabout--Mr.Huangseldom,ifever,raisedanyissueaboutJapan.Ifwe'regoingtotalkaboutAmerica'stradingactivitiesandyouaretheprincipaldeputyassistantsecretarydealingwithU.S.tradepolicy,youwanttoknowwhat'sgoingonwithJapan.Mr.HuangseemedtohavenointerestinJapanwhatsoever.Itmaybejustcoincidence,butLippohasnoactivitiesinJapancomparedtotheactivitiestheyhaveintheseothercountrieswhereMr.Huanghadregular,continuingbriefingsinviolationofCommerce'sowndirective.Now,oneotherthingthatisveryinterestingisthatMr.Huang,inadditiontohisbriefingsandhiscontinuedcontactswithLippo,hadseriouscontinuingcontactswiththeChineseEmbassy.BENNETT:Again,amanwhobywritteninstructionsfromtheundersecretaryisnotsupposedtobeinthisarea,isnotonlyint hisarearegularlyinhisbriefingsandhisintelligence,butalsointhisarearegularlywith hiscontacts.Thus,thepossibilityofthepressurefromtheChinese.Finally,pressurefrom theClintonsonMr.Huang.Hereisalistwithwhichwe'reallfamiliar,butIdecidedtoputitup again,ofBillClinton'scareerafterleavingcollege.ImmediatelyafterleavingYaleLawSchoolin1974,heranfortheU.S.Houseof ,`", Representatives.Twoyearslater,heranforattorneygeneral.Twoyearslater,heranforgovernor.Twoyearslater,heranforgovernor.Twoyearslater,heranforgovernor.Twoyearslater,heranforgovernor.Twoyearslater,heranforgovernor.Fouryearslater,heranforgovernor.Twoyearslater,heranforpresident.Andofcourse,twoyearslater,heranforpresidentagain.Allofusinthisroomwhohaverunstatewidecampaignscanhaveanappreciationforhowmuchmoneyittakestorunastatewidecampaignagainandagainandagain.Mr.HuangandtheLippoGroupmetMr.Clinton,thenattorneygeneral,roughlyatthispointonthechart,andparticipatedinhelpingfinanceeverycampaignforthenext16to20years.PressureonMr.Huang,pressurefromLippo,pressurefromtheChinese,pressurefromMr.Clinton.EachonewantedsomethingdifferentfromMr.Huang.Somewantedonlyinformation.Somewantedcampaigncontributions.WhenMr.HuangleftheCommerceDepartment,Ibelievethatthefolkswhoputpressureherebecametherecipientofthepressurehere.That is,thepressureformorecampaigncontributions,pressurethathadbeenputonMr.Huangandrespondedtofora20-yearperiod,turnedintopressurebacktopeoplewithwhomhehadpreviouslyhadcontact,andtherewehavetheproblem.Mr.Chairman,thisleafisworthexamining.Itisaveryseriousone,anditgoesbeyondsomeoftheotherleavesthathavebeenstrewnaroundinthiscircumstance.Itraisesformeoneoverwhelmingquestion,whichIwillpursuethroughoutthisfirstphaseofthehearings.Thatquestionisthis:WhowasJohnHuang'spatron?WearetalkingaboutpatronagejobsHere--apatronagejobattheDepartmentofCommerce,apatronagejob attheDemocraticNationalCommittee.Thesearenotmeritjobs.Thesearenotcareerjobs.Theyarepatronagejobs,andtheyareachievedunderthepressureofapatron.IwanttoknowwhoisJohnHuang'spatron.WhoputhimintheCommerceDepartmentandsawthathestayedthereeventhoughhewasoperatinginawayviolativeofthewrittendirectionsofthatdepartment?Whoputhimatthenationalcommitteeandsawthathestayedthereeventhoughthecontributionsthatheraisedeventuallyweresufficientlytaintedthatamajorityofthemhadtobereturned? ,`", Hedidn'tgettotheplacesthathegotbyvirtueofhispersonality.Hegottherebecausehehadapatron,andIthinkaswelifthisleafoffthefloroftheforest,weshouldaskourselveswhowasthat.Thankyou.THOMPSON:Thankyou,SenatorBennett.AsSenatorGlennsuggested,let'sdiscussasacommitteenowforafewminutesastohowwewanttoproceedasfarasMr.Huangandhisa ttorneysareconcerned.AsSenatorGlennsaid,wejustreceivedthisletterfromMr.Huang'sa ttorneyinoneoftheleadingandmostprestigiouslawfirmsinWashington,D.C.,aswellasels ewhere.THOMPSON:Andbasically,asIreadtheletter,heisofferingtotestifyforwhathecal ls"limitedimmunity,"andthatisthathewouldhaveimmunityforeverythingexcepttwobasic categories.Onewouldbetheclassificationorthedisclosureofclassificationinformatio n.Hewouldnothaveimmunityforthat.Andhewouldnothaveimmunityformattersrelatingtoes pionage.Forallotherthings,suchascampaignmoneylaunderingandthingsofthatnatureora nythingelse,hewouldhaveimmunityfor.Clearly,anythingthatisgoingtomakeitsothatMr. Huangcancomebeforeusandgiveustruthfulandcompleteinformationissomethingthatweare very,verymuchinterestedin,inthiscommittee.Clearly,wewillpursuethat.Clearly,we'r ebeingofferedanarrangementthatwe'regoingtohavetoseriouslyconsideroncewefindoute xactlywhatitis.Butlet'sstepbackamomentandputitinperspectiveandrememberwherewear e.Mr.HuangrecentlywasquotedasbeinginNewYorkandmakingaspeechwhenhesaid,sure,he'd begladtotestifybeforethecommittee.Mr.Madigancalledhiscounselatthattime--Ithinkt hatwasaboutthreeweeksago--andaskedhimaboutthat.Hiscounselsaidhewasmisquoted,tha thewasnot.HewasgoingtotaketheFifthAmendment.Mr.Madiganhashadthreeseparatecontac ts--Ibelieveinadditiontothat--overthelastfewmonthswithhiscounsel,atwhichtimeine verycase,noprofferwasoffered,andastatementwasmadethathewasgoingtotaketheFifthAm endment.Now,asIunderstandit--andIcongratulateMr.Baronforbeing ,`", thebeareroft his--he'smadeusanofferhereforwhathecallslimitedimmunity.Theonlyproblemwiththati sthatheisaskingusforsomethingthatweprobablylegallycannotgivehim.I'venothadachan cetoresearchthelawonthis,butmyfeelingisthatthere'snosuchthingaslimitedimmunity, thatyoucanhaveimmunityforonesetoflawsandnotimmunityforanothersetoflaws,thatyoue itherhaveimmunityoryoudon't.Nowitmightbethatwemight,undersomecircumstances,want togivehimcompleteimmunity.Butofcourse,inorderforthat,asSenatorGlennandIhavedisc ussed,hewouldneedtocomeinandmakeaproffer.Inotherwords,youdon'tbuyapiginapoke.Yo udon'tgiveanybodyimmunityunlessyouknowthattheirtestimonywillbehelpfulandyouknow itwon'tbeheldagainstthemiftheimmunitydealfallsapart.Butyouhavetohavethroughcoun selorotherwisesomeindicationofwhatthey'regoingtobetestifyingtounderanycircumsta nces.AndIcertainlythinkweneedtoproceedonthatbasis.Butlet'sproceedwithacertainam ountofcautionandunderstanding.Ironically,Isaidinmyopeningstatement,whichIprepar edalittlewhileago,thatourtendencyistowant,inallthisjumble,towanttohaveonekeywit nessoronedocumenttocomeinandexplainitalltous.That'sadanger.There'snoquickfixtot hisprocess,andthereisnoeasysolution.Usually,thewayyougettoMr.Huangisyouworkupto towardaMr.HuangwithpeoplesuchastheBuddhistmonks,andwestillhaveimmunityquestions lyingouttherefor them.Sothisisinalittlebitofinverseorder.Soarushtothetop,sotospe ak,oftheevidencechainissomethingthatweoughttoproceedwithacertainamountofcaution .I'mdelightedattheprospect,butyouknow,I'vebeendowntomanytrailstobetotallyconvin cedofwhatwe'redealingwith.Ihopewe'renotdealingwithasituationwhereMr.Huang'scoun selisproposingsomethingtousthatweknowwecannotdeliverlegally.Andthenafterwedealw ithitforafewdaysandafewwitnesseswho,Ithink,aregoingtoprovideveryinterestingtest imony,bytheway,startingtomorrow,thatallthetalkandalltheconcentrationiswhat'sMr. Huanggoingtodo,andbythetimewefindouthe'snot ,`", goingtodoanything,wearealongwa ydowntheroadandsomevaluabletestimonyhasbeenoverlooked.THOMPSON:Thosearemyconcer ns,SenatorGlenn.Iapplaudyouforbringingthistoourattention.AndIotherwisethinkwene edtomoveforwardonitexpeditiously,justtoseewhattheyhavetosayandwhattheyhavetooff erus.GLENN:Mr.Chairman?THOMPSON:Yes,SenatorGlenn.GLENN:Mr.Chairman,Iagreewithmu chofwhatyou'vesaid.AndI--thedefinitionsofwhatislimitedimmunity,whatthoselimitat ionswouldbe,issomethingthatyetistobeworkedout.Wehavetheindicationofwhattheinten tisfromthecounselforMr.Huang.Andthat'swhatthiswasthismorningwasbasicallyaletter ofintent.Itdidnottryandspelloutallthedetailsofwhatanactualprofferwouldputforwar dtous.Ithinkit'sincumbentonustogettothatprofferjustasfastaswepossiblycan,getiti nattheearliestpossibletime,havecounsel,bothcounsels,chiefcounsels,workwithMr.Co bbandseeifwecan'tgetanagreementthereonexactlyhowtheprofferwouldworkandwhattheimm unitywouldbe.AndIwouldsaythatiftheimmunizationisaslimited,perhaps,asyouindicate d,thenI'mnotsurewherethatleavesuswiththeBuddhistmonksandeveryoneelsewhowouldfol lowunderthosesameinterpretationsandtheothersthatmightbegrantedimmunitylater.But that'sbesidethepoint.Onewitnessandonequickfix,asyoureferredtoit,mightbeabletosh ort-circuitalotoftherest,saveusalotoftimeandgettothebasisofthis,withouthavingto workuplayerbylayerbylayerbylayertotryandbuildacaseagainstsomeone.Ifthatparticul arpersonthatthecaseisbeingbuilttowardiswillingtocomeininthefirstinstanceandansw erallthequestionsyou'retryingtobuildto,itwouldseemtomethefirstthingweshoulddois getthatprofferinhereandlookatit.Iseenothingwrongwiththat.Icertainlycan'tbelieve thatourbestinterestswouldbeservedbyturningdowntheofferthathasbeenmade.Yourlasts tatement,thatweshouldproceedwithcaution,Iagreewiththat.Iagreewiththatwitheveryo neofourwitnesses,includingthisone. ,`", AndasIstatedinmystatement,Ihavenotdecid edwhichwayIwouldvoteonimmunitymyselfwithouthavingtheprofferandwithoutknowingwha ttheJusticeDepartmentopinionofthiswas,albeitwearethefinalauthorityonwhetherwewi shtoissuesomekindofimmunityornot.SoIwouldjustproposethatwegoaheadwiththisandtha tweauthorize--wenotauthorize--thatwedirectourcounselsjointlytotalktoMr.Cobbandt rytoworkthisout,workoutaproffertobringbeforethecommitteeattheveryearliesttime.T HOMPSON:Well,Iwouldjoininthat.Andifthere'snoobjection,that'sthewaywewillproceed .Isthereanyonewhohasanyfurthercomment?SenatorLieberman.LIEBERMAN:Mr.Chairman,ve rybriefly,thepossibilitythatMr.Huangwouldcomeandtestifybeforeusissomethingthatw ehadnotexpected,andinthatsense,presentsuswithanoptionthatwedidnotknowwehad.ButI wanttosecondwhatyou'vesaidandwhatSenatorGlennhassaid.Weoughttobeverycautiousbef orewerushtoexercisethisoption.Inonesense,thisisthestarwitnessthatthecommitteeha sbeenlookingfor.Ontheotherhand,theimmunitythat'sbeingrequestedisimmunityfrompro secutionforelectionlawviolationswhich,whilenotassignificantasespionage,nonethel essareattheheartofwhat's--whatwe'reallconcernedabouthere.AndIthinkwe'vegottotre adverycautiouslyhere,andwe'vegottoaskourselves,asourcounselsbegintoworkwithatto rneyforMr.Huang,astowhetherMr.Huangwillofferustestimonythatwilladvancethefocuso fthisinvestigationandtoweighthatagainstthecompromisingofthepossibleprosecutiono fMr.Huangandotherswithwhomhehasbeenassociatedonelectionlawviolations.LIEBERMAN: Finally,I'mgoingtopersonallyapplythesamestandardtothisasIhavetotheotherrequests forimmunitythatthecommitteehasmade,whichistoasktheJusticeDepartmentfirstwhatthe ythinkaboutit.There--andiftheyhavenoobjection,thatwouldcertainlymaketheroadalot easierforme,andIpresume,thewholecommittee.Iftheydohaveobjections,it'sstillpossi blewemightdecideonourowngoodjudgmenttograntimmunity.ButIthinkthat'sthe--,`", a sourcounselsgather,weoughttoalsotryinaspeedyway,Mr.Chairman,tositwiththeJustice Departmenttofindoutwhattheyhavetosayaboutthis.DOMENICI:Mr.Chairman?THOMPSON:Sen atorDomenici.DOMENICI:Mr.Chairman,first,Ithinktheopeningsessionbodeswellforasuc cessfulhearing.Buttherewillbemanybumps.Somemayevenbeevenbigmountainsthatwehavet ogetover.Frankly,theletterthatcomesfromMr.TyCobb,signedbysomebodyotherthanhe,in hisbehalf...GLENN:Wesincehavetheoriginalsignedlettersenttousthismorning.Thatwas faxedoverthismorningtousabout8:50thismorning.Wedonowhavealetterthat'sbeensigned by...DOMENICI:Thanks,Senator.Butmypoint--thatwasjustkindofaparenthetical,whichI shouldn'thavethrownin.Letmejustsuggest--thislettermakesmeputmyguardupaboutthisi mmunity.Firstofall,IheardmydistinguishedfriendfromAlaskaraisetheissueofAsianbas hing.Andthislawyerraisesithereinhisletter.Idon'tbelievethere'sanyAsianbashingev enonthiscommittee,ontheUnitedStatesSenate,thatevenreachestheproportionofbeingmi nuscule.Soyouknow,toraisethatissueinthislettercausesmetowonderaboutwhatthey'reu pto.Secondly,wehadadifficulttimeinthiscommitteegettingtheattorneygeneraltotellu swecanhaveimmunity,myrecollectionis,on12or15Buddhistmonksandnuns.Theextentofthe irinvolvementwasa$5,000contribution,whichtheywereprobablythevehicleforlaunderin g.Wedon'thaveanyevidencethattheywouldbeprosecutedforanything.Asamatteroffact,so meindicationfromtheattorneygeneralthattheywouldn't,becausethey'retoofardownthet otempole.NowIbelievethatthatprocessoftryingtogetthemimmunizedtookusaninordinate amountoftimebecausetheothersidewasn'twillingtoletushaveimmunity.Theyhavesince,withreferencetotwoorthreeorthreeorfour,saidlet'simmunizethem. ,`", Nowmypointisthatthisfellow,fromeverythingweknowabouthim,reallyneedsimmunity.Well,that'sthewayIseeit.Totellyouthetruth,ifIwerehe,Iwouldcomehererunningtryingtogetimmunity.Butthepointofitis,wehavetobeveryjudicious,becausethismanmust--andwemustfindamechanismtobesurethatheisgoingtotelluswhatheknows.YougrantimmunityonsomeweakproffertthatsaysI'lltalkaboutthisandthat,youhavenoassurancewhenitcomestimetoanswerthequestionthathe'lltellyouanything.NowIthinkyoucandirectyourcounsel.WhetherI'mgoingtovoteonwhattheyrecommend--Imean,tome,we'vegottomakesurethattheyaresayingtousheewilltelluswhatheknows,anditwillrelatetotheseissues.Hewillnotbeevasive.Hewillnotregularlyclaimhecan'tremember.We'vegotdocumentstorefreshrecollectionaboutthisguy.Sowhileitisanicegesture,itissuspicious.Afterthreemonthsofnegotiatingwithhim,itwasn'tavailable.Toldourcounselthathewasn'tgoingtobethere.Andallofsudden,itshowsuptoday.AndInoticed,forsomereason,thespinningwaswonderfulheretoday.Imean,that'swhythatlittleline--thereisthespinnerswhostayonthissideandthepressonthatside.Andthespinningofthisdocumentwasenormous.Ididn'tseeanyofusdowntherespinning.SoIguessweknowwho'sspinningit.Butthetruthofthematteris--thetruthofthematteriswehavetofindoutalotmoreaboutwhathe'sgoingtotellusbeforewegrantthiskindofimmunity.DOMENICI:Andinthemeantime,fellowsenators,weoughttogetonwithimmunizingtheselittlenunsandmonkssowearen'tworriedaboutdiscriminatingagainstthen.Wewon'tgivethemimmunity,andwegivethiskindofguyimmunity.Imean,thatdoesn'tstrikemevery--asbeingvery,veryright.Ihavetoleave.ButIstayedaroundheretomakethatlittlestatementandtocongratulateyouonthehearing.GLENN:Mr.Chairman?THOMPSON:Thankyouverymuch.SenatorGlenn. ,`", GLENN:Mr.Chairman,letmeanswer--andthis--theanswertothisiswegettheprofferin.Ifit'sweak,well,it'sweak,andwedon'tacceptit,becauseaprofferissupposedtospelloutwhatthepersonisgoingtotestifytoinresponseforwhatimmunityyou'regoingtogive,andthat'sthebasicreasonforit.Wedon'thavethatyet.Wehavealetterofintent.Andsotocharacterizeitinsomewayasbeingweakatthispoint,itmaycomeinasaverystrongprofferforallIknow.Asfaras--andIwouldnot--IwouldcautionthatwenotequatethiswithwhatshappenedoverattheJusticeDepartment,becauseyouknow,weknowwhatthedelayswerethere.Wehadsomelawyerproblemswithothercommitmentsandsoon.Therewasadelaythere.Theattorneygeneral,JanetReno,hasguaranteedusthatifatallpossible,shewillturnthesethingsaroundwherepossiblewithin24hours.Nowwhethershecanmeetthatgoalornot,Idon'tknow.ThedifficultyinimmunizingtheBuddhistgroupfromouttherethatwassent,thatwasgiventousinabloc,wasthefactthattheyareworkingthroughthese--andwealreadyhavefourofthemthroughandapprovednow--andthey'reworkingasrapidlyastheycantogettheothersthroughalso,asIunderstandit.Ithinktotryandgowithoutthemrunningthroughthiswouldtake--wouldruntheriskofseeingusmaybegetinto,getourselvesinthemiddleofimmunizingsomeonethattheymaybehavearealsubstantialcasebuiltupagainst,andthatthey'repreparedtotaketoagrandjury.Andwe'dbeimmunizingwithoutknowingthat.Andwhetherthey'reBuddhistmonksornunsorwhatever,theymightverywellhavechargeslikethatagainstthemforallIknow.Soallwe'veaskedisasign-offovertherethatnosuch--orit'sleftuptousforourconsideration.Ifthereareconsiderationslikethatoverthere,thenwewanttoknowaboutit.Andthen,asthechairmanhaspointedoutseveraltimes,wearethefinaljudge.Andwehaveaskedthatthatdecisionoverthere,thattherebegivenamaximumof10daysfortheJusticeDepartmenttoactonthese.Andiftheyhavenotactedatthattime,thechairmanhasindicated--andIthinkproperlyso--thatwethenwouldgoaheadifwewantedto.Wewouldmakethatjudgmentatthattime.Ijustdon'tseeanyproblemherewithgettingaproffer,becausethat'sthenextstep.Allwehavenowisaletterofintent.We ,`", can'tsaywhetherit'saweakproffer,astrongproffer,amiddleprofferorwhatever.Wewon'tknowuntilwegetit.AndallI'veaskedforthismorningistheopportunitytohaveourstaffsbedirectedtogo,andthat'swhatwevotedamomentagowiththeunanimousconsentrequestthatthechairmanmade.IwouldrepeatsomethingIsaidawhileago.Idon'tknowhowIwouldvoteonimmunityatthispoint.I,too,wanttoseetheproffer.I,too,wanttoknowwhatcomesoutofthenegotiationswiththeattorneygeneral.Andatthattime,I'llbesatisfiedtomakemyow

njudgment.ButIdothinkthisisagreatopportunity,andI'mgladIunderstandthattherewasn
oobjectionbefore.Andsothecommitteehasvotedtoauthorizeourstafftogoahead,andthat'
sobviouslythelogicalnextstep,andI'mgladtoseeustakeit.Thankyou.THOMPSON:Sure.Tha
nkyou,SenatorGlenn.Ithinkwe'reallbasicallysayingthesamething.Andwewilljustletth
elawyersdowhatlawyersaresupposedtodoatthisstage,andthatisto--andit'shappenedbef
ore,andit'llhappenagain.Whenthesematterscomeup,youtalktotheotherlawyerandseewha
tthey'vegottooffer.Andthenwe'llgetbacktogetherandseethenatureoftheprofferthatwe
wouldexpectandstartnarrowingthedifferenceifwecan.So,Mr.MadiganandMr.Baronwilldo
that.I'dliketoannouncethatwewillstartinthemorningat9o'clockandgostraightthrough
until1o'clock.Therewassomescheduleproblemswithsomeofourpeoplewe'veaskedtobehere
withustomorrow.Andsowe'retryingtoaccommodatethem.Sowewilladjournuntil9o'clockin
themorning.FDCHTranscriptServiceJuly08,199755Therearenomoreitemstoread.58#p#================== END
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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Rochester M. Johnson (CN=Rochester M. Johnson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:16-JUL-1997 10:40:20.00

SUBJECT: 7/15 TRANSCRIPT AND CURRENT INDEX ATTACTED

TO: Matthew I. Fraidin (CN=Matthew I. Fraidin/O=OVP @ OVP [UNKNOWN])
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ONCAMPAIGNFINANCEJULY15,1997SPEAKERS:U.S.SENATORFREDTHOMPSON(R-TN),CHAIRMANU.S.SENATORSUSANM.COLLINS(R-ME)U.S.SENATORSAMBROWNBACK(R-KS)U.S.SENATORPETEV.DOMENICI(R-NM)U.S.SENATORTHADCOCHRAN(R-MS)U.S.SENATORDONNICKLES(R-OK)U.S.SENATORARLENSPECTER(R-PA)U.S.SENATORROBERTC.SMITH(R-NH)U.S.SENATORROBERTBENNETT(R-UT)U.S.SENATORJOHNGLENN(D-OH),RANKINGU.S.SENATORCARLLEVIN(D-MI)U.S.SENATORJOSEPHI.LIEBERMAN(D-CT)U.S.SENATORDANIELK.AKAKA(D-HI)U.S.SENATORRICHARDJ.DURBIN(D-IL)U.S.SENATORROBERTG.TORRICELLI(D-NJ)U.S.SENATORMAXCLELAND(D-GA)MICHAELMADIGAN,CHIEFMAJORITYCOUNSELALANBARON,CHIEFMINORITYCOUNSELJULIANAUTOMO,HIPHINGHOLDINGSEMPLOYEE/CO
NSULTANTTHOMASHAMPSON,SUMMARYWITNESSONLIPPOGROUPHAROLDARTHUR,FORMERLIPPOEXECUTI
VEJAMESA.ALEXANDER,FORMERLIPPOEXECUTIVEGARYCHRISTOPHERSON,FORMERWHITEHOUSEOFFIC
IALPAULBUSKIRK,COMMERCEDEPARTMENTOFFICIALPAULAGREENE,FORMEREMPLOYEE,STEVENS,INC

. '& [*]THOMPSON:Themeetingwillcometoorder,please.TheSenateGovernmentalAffairs Committeecontinuesitsinvestigationtodayintoillegalandimproperactivitiesassociatedwiththe1996federalelectioncampaigns.Lastweek,thecommitteeheardtestimonythatLippoexecutivesandLippoconsultantsandotherssoughttoconvincetheDemocraticNationalCommitteetohireMr.Huangasafundraiser.CertainpeoplewereconcernedaboutMr.Huang'sactivities--puttingthepresidentinsmalldinnersituationswithforeignnationalswhocouldnotcontribute,althoughtheyweresupposedtobefundraisingactivities--andothermattersthatcausedMr.SullivanandapparentlysomeotherstobeconcernedattheDNC.ThenitturnedoutMr.Huangfacilitatedtheraisingofhundredsofthousandsofdollarsinillegalcontributionsthathavebeenshownbythecommittee'sinvestigationtobeofforeignorigin.Today,we'llhearfromsomeofthefewpeoplewhoworkedatLippowhohaveremainedintheUnitedStates. We'lllookatMr.JohnHuang'sactivitieswhenheworkedatLippo,includingwhetherheengagedinillegalmoneylaunderingthere.Ithinkthesignificancethereisthat,apparently,both Mr.HuangandLippowereperfectlywillingandadeptatputtingillegalmoneyintotheUnitedStates.We'llalsoexamineLippo'srelationshiptothePeople'sRepublicofChina.Thenwe'll considerMr.Huang'sactivitieswhileheasemployedattheCommerceDepartment.We'llconsiderthenatureoftheinformationthathehadaccessto.Someofthisinformationcanbedisclosedinpublicsession,butsomeofitwillhavetobedisclosedinexecutivesessionofthiscommittee.Thenwewillexaminewhatcommunicationshehadduringthattimeandwhatpossibilities therewereforthedisseminationofthatinformation.LastFridayfollowingthecompletionoftheappearanceofthecommittee'switness,formerDNCfinancedirectorRichardSullivan,theDNCproduceddocumentstothecommitteethathadbeencopiedtoMr.Sullivan,amemorandum--aseriesofmemorandums--toMr.FowlerfromDavidMercer(ph),whoworkedforMr.Sullivan. ,(#- Thedocuments--theywererelevanttoMr.Sullivan'sexaminationandwereproducedthedayafterMr.Sullivanconcludedhisexamination.These--we'regoingtomakethesedocumentsapartoftherecordandfollowuponthem.Theybasicallysetforthprettyclearevidencethat aforeigncitizen--Ithinkthroughhiswife--offeredtomakealargecontribution,$100,000,totheDNCinreturnforassistanceinarrangingforameetingwithatopnationalsecurityofficial.TheseddocumentsclearlyappeartobeapartofwhatshouldhavebeentheDNCresponse.We wanttocheckonthatandmakesureandwe'llhaveanappropriateresponseasfarasthecomplianceissueisconcerned.Butwewillmaketheseapartoftherecordatthistime,andfollowuponthataccordingly.Beforewecallourfirstwitness,I'llcallonSenatorGlennforanystatementshewants...GLENN:Mr.Chairman,Ihavenoopeningstatementtoday.Wediscussedthisonthe--thestuffyouenteredinto--thematerialyouenteredintotherecordhere.Wewanttochecksomeofthosethingsout,too.Sowelookforwardtodiscussingthat.THOMPSON:Allright.GLENN: Thankyou.THOMPSON:OK.We'llcallJulianaUtomo,please.Mr.Wexler(ph),goodmorning.WEXLER(ph):Goodmorning.THOMPSON:Ms.Utomo,thankyouforbeinghere.THOMPSON:Wouldyoupleasestandandraiseyourrighthandplease.Doyoupromisethatthetestimonythatyouareabout togiveisthetruth,thewholetruth,andnothingbutthetruth,sohelpyouGod?Thankyouverym uch. ,(#- Iunderstandthatyouhavenoopeningstatement,soifwemay,we'lljustproceedwi thquestions.Isthat... WEXLER(ph):That'scorrect.THOMPSON:OKwithyou?WEXKER(ph):Tha twouldbefine.THOMPSON:Allright.Thankyou.Mr.Madigan.MADIGAN:Goodmorning,MsUtomo. UTOMO:Goodmorning.MADIGAN:Thankyouverymuchforbeingherethismorning.UTOMO:You'rew elcome.MADIGAN:Letmestartbyaskingyoualittlebitaboutyoureducationalbackground.Co uldyoutellthecommitteeaboutit?UTOMO:Mybackgroundisfromarchitecture,engineering, andalsoconstructionmanagement.MADIGAN:Andinabout1988,didyoubeginworkforoneofthe LippocompaniesintheUnitedStates?UTOMO:Yes,withHipHingHoldings.MADIGAN:Couldyoup erhapspullthatmicrophonealittlebitcloser?Tellthecommittee,ifyouwould,howitcamet obethatyoubeganworkforHipHingHoldings.DidMr.Riadyhireyou?UTOMO:Yes,hedid.MADIGA N:Andhowdidthathappen,briefly,ifyouwould?UTOMO:Actually,westudy,wefinishmasterd egreeatCleveland,OhioinMay1988,andmyhusbandgotajobinLosAngeles,soIjustsentaresu metoHipHingHoldingtoMr.Riady,ifthereisanyopeningforme.MADIGAN:Nowduringthefirst periodoftimethatyouworkedforHipHingHoldings,didyoureportdirectlytoMr.Riady? ,`" , UTOMO:Forthefirstfewmonths,yes.MADIGAN:DidtherecomeatimewhenyouworkedforHipHi ngthatyoureportedtoMr.JohnHuang?UTOMO:Yes.AfterMr.Riadyleft.MADIGAN:Nowtellme,i fyouwould,whenthatwastothebestofyourrecollection.UTOMO:Approximatelyin1989or'90 .Icannotrememberexactlytheyear.MADIGAN:Aroundthetimeperiodof1989to1990,Mr.Riady lefttheUnitedStatesandmovedbacktoJakarta.Isthatright?UTOMO:Yes.MADIGAN:Nowwheny ouwerefirstwithHipHingHoldings,Mr.RiadylivedinLosAngeles,isthatright?UTOMO:Yes. MADIGAN:Upuntilthistimeframethatyoutoldusabout?UTOMO:Yes.MADIGAN:NowamIcorrectt hatyouworkedatHipHingonafull-timebasisuntil1996andthatyoustillworkforHipHingnow onaconsultingagreement?Isthatright?UTOMO:Yes,butafterMarch'94Ididn'tcomeforthef ulleighthours.MADIGAN:DuringthetimethatyouworkedinHipHing,let'stakethe1992to199 4timeframe,didyoureportdirectlytoMr.Huangduringthattimeframe?UTOMO:Yesforproper tymatters.MADIGAN:Nowyourofficesatthattime,whereweretheylocated?UTOMO:At711West CollegeStreet.MADIGAN:AndisthatthesamebuildingthathousestheLippo ,`", bank?UTOM O:Yes.MADIGAN:Whatfloorwereyouoneinthebuilding?UTOMO:Imoveseveraltimesfromthird floortothesixthfloor.MADIGAN:AndwherewasMr.Huang'soffice?UTOMO:Atsixthfloor.MAD IGAN:Samefloorasyouwereon?UTOMO:Yes.Butonlyforthreeorfourmonths.Isatinthesamesu ite.MADIGAN:Nowtoyourknowledge,hasHipHingHoldingsevermadeaprofit?UTOMO:Idon'tkn owexactly,becauseIdidn'ttakecareofthebooksuntillateMarch1994.MADIGAN:Butyouknow ,don'tyou,thattheonlypropertythatHipHingHoldingshasisanemptyparkinglotinLosAnge les.Isthatright?UTOMO:Yes.MADIGAN:Therearenootherassets.UTOMO:No,as...MADIGAN:T hatyouknowof.UTOMO:AsIknow,yes.MADIGAN:Now,duringthetimethatyouwerewithHipHing, howdidHipHingstayfinanciallyafloat,ifitsonlyassetwasanemptyparkinglot?UTOMO:Bas edonthedocumentsthatwerequestfundsforcapitalinjection.MADIGAN:Youwouldrequestfu ndsfromLippoJakartaandthe ,`", fundswouldbewiredintoLosAngeles,isthatright?UTOM O:IcannotsayifLippofromJakarta.Idon'tknowexactlythesource.Butwesendtherequestto Jakartaoffice.MADIGAN:Well,we'lltalkaboutthatinaminuteandI'llshowyouacoupleofdo cuments.YoualwayssentthedocumentstoaMrs.Ing(ph),isthatright?UTOMO:Yes.MADIGAN:A ndyouknewthatshewasinJakartaandthatherofficewasonthesamefloorasMr.Riady,right?U TOMO:Yes.MADIGAN:Now,duringthetimethatMr.HuangworkedatHipHing,HipHingmadepoliti calcontributions,diditnot?UTOMO:Yes.MADIGAN:AndMr.HuanghandledallthatforHipHing ,amIright?UTOMO:Yes.MADIGAN:Letmeshowyou,ifImight,andputuponthescreenhereExhibi tNumber101.NowExhibitNumber101,Ms.Utomo,isacheckdatedAugust12th,1992intheamount of$50,000payabletotheDNCVictoryFund,isthatright?UTOMO:Itappearsso,yes.MADIGAN:A ndtellmeifyouwouldwho'ssignaturesareonthatcheck.UTOMO:MysignatureonthetopandMr. AugustSetiawan(ph)onthebottom.MADIGAN:Mr.Setiawan(ph),isthatright?UTOMO:Yes.MAD IGAN:Andatthattime,whatpositioninHipHingdidMr.Setiawan(ph)have? ,`", UTOMO:Heis thepersonthathandledthefunds.MADIGAN:Washethecomptrollerofthecompany,sotospeak? UTOMO:Yes.MADIGAN:DidtherecomeatimewhenhelefttheUnitedStatesandwentbacktoJakart a?UTOMO:Pardonme,sir?MADIGAN:DidMr.Setiawan(ph)leavethecountryandgotoIndonesia? UTOMO:Yes.MADIGAN:Sohe'snotheretoday?UTOMO:No.MADIGAN:NowletmeaskyoutolookatExh ibit102,ifwecouldputthatuponthescreen.NowExhibitNumber102isamemorandumdatedAugust17,1992fromMr.HuangandMr.Setiawan(ph)tothisMrs.Ing(ph)thatwespokeaboutaminuteago,amIright?UTOMO:Yes.MADIGAN:Andyou'veseenthesetypeofmemorandabefore,haveyounot?WhileyouworkedatHipHing?UTOMO:Justrecently.MADIGAN:Butwhileyouworkedthere,yousentmemorandumsyourselftoMrs.Ing(ph)inordertohavemoneywiredfromJakartabacktoHipHingintheUnitedStates,amIrightaboutthat?UTOMO:Yes.Thisisliketheformweuseforthis.MADIGAN:Thesamekindofformthatyouuse.We'lllookatafewoftheminamoment.UTOMO:Yes.MADIGAN:Butlet'slookatthisparticularone.Youseeinthefirstparagraphwhereitsays,pleasekindlywire$146,500? ,`", UTOMO:Yes.MADIGAN:DidIreadthatcorrectly?AnditsaystotheLippoBankLosAngeles,attentionJohnHuang,andAugustSetiawan(ph),isthatright?UTOMO:Yes.MADIGAN:Nowthismemorandumthenliststheexpensesthatthefundsareneededfor.Andinthesecondline,itsays,DNCVictorycontribution,$50,000.UTOMO:Yes.MADIGAN:DidIreadthatright?UTOMO:Yes.MADIGAN:Now,youdidthisonaregularbasisintermsofsendingmemorandato,overtoJakartaandhavingmoneywiredback,isthatright?UTOMO:BeforeMarch'94Idon'tknowifit'sregularorit'sjustonceinawhile.MADIGAN:Let'slookatExhibitNumber103ifwecould.NowExhibitNumber103istheincomestatementforHipHingholdingsfortheyearendingDecember31st,1992.AnditshowsthatHipHinglost$482,000thatyear,amIright?UTOMO:Itappearsso,yes.MADIGAN:Fromthisdocument?UTOMO:Fromthisdocument.MADIGAN:NowletmeaskyouifImighttolookatExhibitNumber108.MADIGAN:Nowisexhibit108amemorandumthatyouprepared?UTOMO:Yes.MADIGAN:Andit'sinthesameformatastheexhibit102memorandumthatwewerejustlookingat.AmIright? ,`", UTOMO:Yes.MADIGAN:AnditwassenttothesameMrs.Ing(ph)forreimbursementofexpenses,correct?UTOMO:That'scorrect.MADIGAN:Nowlet'sgobacktoMayandletmeshowyouanothercoupleofexhibitshere.Let'slookatExhibitNumber104.ExhibitNumber104,we'lltakethemoneatatime,perhaps,ifwecan.ThefirstoneonExhibitNumber104isacheckdatedSeptember23,1993for$15,000,payabletotheDNC,amIright?UTOMO:Yes.MADIGAN:Nowwho'ssignaturesareonthatcheck?UTOMO:ThetoponeisMr.Huang,andthesecondoneisMr.AugustDiawan(ph).MADIGAN:Nowthesecondcheck,whichiswrittenonexhibit104,whichiswrittenfourdayslater,alsofor$15,000,alsototheDNC,arethesametwosignaturesonthatcheck?UTOMO:Yes.MADIGAN:AndMr.Huang'sbeingthesignatureontop?UTOMO:Yes.MADIGAN:AndhowaboutthethirdcheckonExhibit104,whichisacheckdatedSeptember23,1993from15--for$15,000totheDNC?Sametwosignaturesonthatcheck?UTOMO:Yes.MADIGAN:NowthebottomtwochecksarefromtwodifferentLippo-relatedcompanies,correct?UTOMO:Yes.MADIGAN:ThefirstisSanJoseHoldings,Inc.UTOMO:Yes. ,`", MADIGAN:Isthatright?AndyoudidworkforthatcompanywhileyouwereworkingoutatLippoalso.AmIcorrectaboutthat?UTOMO:Yes.Theyassignedmetohandletheirproperties.MADIGAN:WasitMr.RiadythataskedyoutoworkontheSanJosematteroriginally?UTOMO:Yes.MADIGAN:AnddidMr.HuangalsohandleanypoliticalcontributionsthatwouldbemadebytheSanJosecompanywhileyouwerethere?UTOMO:Idon'tknowexactly.MADIGAN:DuringthetimethatyouworkedintheLippoofficestherewithrespecttoHipHingandSanJoseandtheToycompany,itwasMr.Huang,wasitnot,whohandledallthesepoliticalcontributionsthatwouldbemade?UTOMO:Ididn'thandlethebookkeepingandthechecks.SosometimesIdon'tknowwho'sdirection,becausethecheckswerekeptbyMr.AugustDiawan(ph).MADIGAN:ButMr.Huangistheonethathadtoapprovethesethings.UTOMO:Yes.MADIGAN:Right?UTOMO:Yes.MADIGAN:AndifyouweregoingtosendrequestsbacktoJakartaformoney,Mr.Huangwouldhavetoapprovethat,wouldn'the?UTOMO:Yes.MADIGAN:Letmeaskyoutolookatanotherexhibit.Let'slookatNumber105.NowNumber105isanotherincomestatementforHipHingholdings,thistimeshowingthatfortheyear1993,HipHinglostanother493,000.AmIcorrect?That'swhatthedocumentshows?UTOMO:Yes. ,`", MADIGAN:Nowletmeaskyouaquestion,ifImight,aboutthebonusthatMr.HuangreceivedwhenheleftheLippocompanies.Youwereaware,weren'tyou,thathedidreceiveabonusbecauseseverallargewirescameinthatyouaskedaboutatthetime?UTOMO:Yes.MADIGAN:Andwhatwereyoutoldwithrespecttowhythesewireswerecomingin?UTOMO:Hesaidit'sforhisseverancepay.MADIGAN:AndMr.Huangtoldyouthatdirectly?UTOMO:Yes.MADIGAN:Letmeaskyoutolookatexhibit106.Ifyoucanputthatuponthescreen.Nowexhibitnumber106isamemorandumdatedJune27,1994,toMr.HuangfromthemanagingdirectoroftheLippoGroup.Isthatright?UTOMO:Itappearsso,yes.MADIGAN:Anddoyoukn owhim?Themanagingdirectorwho'slisteddownthere?UTOMO:Iknowthenameonly.MADIGAN:An dhaveyouseenthatnameinconnectionwithcorrespondencebackandforthbetweenLippoandth eUnitedStatesandLippo/Jakarta?AmIright?UTOMO:No.Thisis...MADIGAN:Where--I'msorr y.UTOMO:Justfromtheirbrochure,theircatalogues.MADIGAN:FromtheLippobrochures,you recognizehisname?UTOMO:Yes. ,`", MADIGAN:Butyouyourselfdidnothaveanydealingswit hhimdirectlyduringthetimeyouwereatLippo?UTOMO:No.MADIGAN:Letmeinviteyourattenti ontothefirstparagraphofthememo,whereitsays,"IhavereceivedyourmemodatedJune13,19 94,andlearnedofyourdecisiontoaccepttheappointmentfromtheClintonadministrationto serveastheprincipaldeputyassistantsecretaryofcommerce."Doyouseethatlanguage?UTO MO:Yes.MADIGAN:Ireadthatcorrectly,didn'tI?UTOMO:Yes.MADIGAN:Now,whenyoulookdown onthedocument,itsays"severancebonus$425,000;unusedvacation$17,500;andMercedes$2 5,000."Isthatcorrect?UTOMO:Yes.MADIGAN:Doyouknow,bytheway,wheretheletteristhat- -orthememothat'sreferencedherethatJohnHuangwroterequestinghisbonus?Becausetheco mmitteehasneverbeenabletoobtainit.UTOMO:No,Ineverseenone.MADIGAN:Didyouseeitatt hetime?UTOMO:No.MADIGAN:Mr.Huangnevershowedyouthememobywhichhewouldhaverequeste dhisbonusandseverancepackage?UTOMO:No.MADIGAN:Takeamoment,ifyouwill,andlookatth enextpageofexhibit106.NowthisisageneralledgerforHipHingHoldingsfortheperiodendi ngMarchof1994,justacoupleofmonthsbeforeMr.HuangwenttoworkattheCommerceDepartmen t. ,`", Thesearedocumentsthatyou'refamiliarwith,Itakeit,inthe1994timeframe?UTOM O:Yes,IguessthiswaspreparedbytheCPA.MADIGAN:TheLippoCPA?UTOMO:TheHipHingHolding sCPA.MADIGAN:HipHing'sCPA?UTOMO:Yes.MADIGAN:Anddowninthemiddle,itsays"JohnHuang bonus,$230,000."Isthatright?UTOMO:Yes.MADIGAN:Nowthat'sinadditiontothenumberswe weretalkingaboutamomentago.Isitnot?UTOMO:Yes.MADIGAN:Nowletmeaskyoutolookatthet hirdpageofexhibitnumber106.Well,actually,beforewedothat,thataddsuptowhat?$600-a nd-somethingthousandifyouaddthe$468andthe$230?Mathwasnevermystrongsuit,butit'ss omewhereapproachingahalfamilliondollars,isn'tit?UTOMO:Yes.Thisappears.MADIGAN:N owthethirdpageofexhibit106I'llrepresenttoyouisapartofadocumentthatwasfiledbyMr. HuangwhenheenteredtheemploymentofthefederalgovernmentattheCommerceDepartment.Do youseedownonthebottomleft-handcornerofthatdocumentwhereitsays,"LippoGroup/USA"? UTOMO:Yes.MADIGAN:Andthenthereisinhandwriting--doesthatlooklikeMr.Huang'swritin gbytheway?UTOMO:I'mnotsure. ,`", MADIGAN:Doyouseewhereitsays1-2-3.Andthenthefir stsays"LippoGroup,B-E-N-E,"itlookslike,andacrosstheline,itsays"salaryandseveran cebonus"andthen"$71,050"?Andthennumber2says"LippoBank/Californiadirector'sfeesa ndbonus"another$18,950.Doyouseethat?UTOMO:Yes.MADIGAN:Andnumberthree,helistsHip HingHoldings--salary,bonusandseverancebonus,another$788,750.Doyouseethatlanguag e?UTOMO:Yes.MADIGAN:Nowthataddsuptoabout$900,000-something.Doyou--andIknowyouha ven'tseenthisdocumentbefore,butdoyouknowwherethe$788,000figurecamefromthatMr.Hu anglistedonhiscommercedocument?UTOMO:No,Idon'tknow.MADIGAN:Doyouknowwhyhewouldl istpaymentsfromtheLippoBankandHipHingHoldingsandtheLippoGroup?UTOMO:Idon'tknow, sir.MADIGAN:Duringthetimethatyouworkedthere,wasMr.Huangadirectororamemberoftheb oardoftheLippoBankaswellashispositionatHipHingHoldings?UTOMO:Yes.MADIGAN:Didyou haveanyresponsibilitiesinconnectionwithMr.Huang'spositioninthebank?UTOMO:Noatal l.MADIGAN:Wheredidthepeopleinthebank--theLippoBank--office,asopposedtowheretheH ipHingofficewasduringthetimethatyouwerethere?UTOMO:It'sthesamefloor,butadiffere ntsuite. ,`", MADIGAN:Now,wherewereyouinproximitytowhereMr.Huangwasduringthetim ethatyouworkedthere?UTOMO:Iwasonthesixthflooronetime,thesamefloor,butdifferento ffice;andthenImovedtothethirdfloor,andhewasstillinsixthfloor.MADIGAN:Duringthet imethatyouandMr.Huangwerebothonthesixthfloor...UTOMO:Yes.MADIGAN:...whatdidhedo ?UTOMO:Idon'tknowexactly.MADIGAN:Whatwashisjobasyouunderstoodit?UTOMO:JustifIne edanapprovalforspecialexpensesoIneedtogotohimforhisapproval.MADIGAN:Duringthisp eriodoftimewhenyouhadtogotoMr.Huangforhisapproval,didMr.Riadyvisitfromtimetotim e?UTOMO:No.MADIGAN:NowonceMr.Riadyleftandyousaidinthe'89,'90timeframe,hemaintai nedhishouseinLosAngeles,didhenot?UTOMO:Yes.MADIGAN:AndamIcorrectthathishousewas intheBrentwoodarea?UTOMO:Yes.MADIGAN:Doyouknowexactlywhereitwas?Hadyoueververvisit edit?UTOMO:Yes.MADIGAN:Now,amIcorrectthatpresentlyMr.Riadyisbuildinganewhouse?U TOMO:Yes,that'scorrect. ,`", MADIGAN:WhatdidhedowiththeBrentwoodhousethatyouhad visited?UTOMO:Theytearitdownandthenbuiltthenewone.MADIGAN:Andwhenisthenewhouses upposedtobefinished?UTOMO:Approximatelyanotheroneortwomonths.MADIGAN:Haveyouspo kentoMr.Riadyaboutthatnewhouse?UTOMO:No.MADIGAN:HasMr.Riadyspokentoanyoneelseth atyouknowaboutcomingbacktohisnewhousethathe'shavingbuiltinBrentwood?UTOMO:Idon' tknow.MADIGAN:Doyouknowanyonewho'sinvolvedwiththathouse,theconstructionofthatho use?UTOMO:Thearchitects.MADIGAN:Andarethey--dotheyhavesomerelationtoHipHingHold ings?UTOMO:No.MADIGAN:Thenhowdoyouknowthem?UTOMO:Thearchitectcontactmeto--soeve ryMondaysendmebillsforthecontractorsoIissuethecheckforthem.MADIGAN:Sothearchite ctthat'sbuildingMr.Riady'shouseaswespeak,theysendthebillstoyou?UTOMO:Yes.Actual ly,thehouseisnotdirectly--Imean,notbelongtoMr.Riadyanymore.ItbelongstoLippoHold ingsAmerica,Inc.MADIGAN:IsLippoHoldingAmericaoneoftheLipposubsidiariesintheUnit edStates?UTOMO:Idon'tknowexactlyhowit'sconnectedtoLippoinJakarta,butthenameisLi ppo. ,`", MADIGAN:Well,we'lltalkaboutthatinamoment.Letmeaskyoutolookatexhibitnu mber107,ifwecouldputthatup.Now107isanothermemorandumthatyouwrotetothisMrs.Ing(p h),isthatright?UTOMO:That'scorrect.MADIGAN:Andthismemorandumisaddressedtoheratt heLippoGroup,amIright?UTOMO:Yes.MADIGAN:Andthat'sinJakartawhereyousendthis?UTOM O:Yes.MADIGAN:Andthismemorandum,liketheothers,requeststhatmoneybesentfromJakart abacktotheUnitedStates,isthatright?UTOMO:Yes.MADIGAN:AmIreadingthatright?UTOMO: Yes.MADIGAN:DoyouknowapersonbythenameofMeliTom(ph)?UTOMO:Yes.Imetheronce.MADIGA N:DoessheworkforLippo?UTOMO:HipHingHoldingspayhisconsultantfee.MADIGAN:Lookifyo uwouldforamomentatexhibitnumber108.Ithinkyoumeanttosayherconsultingfee,nothis.I sthatright,Ms.Utomo?UTOMO:Yes.Sorry.MADIGAN:Inotherwords,HipHingHoldingspaidaco nsultingfeetoMaeleyTom?UTOMO:Right. ,`", MADIGAN:Lookifyouwouldatexhibit108.And welookedatthatamomentago.That'sanothermemorandumfromyouandMr.HuangdatedJuly5,19 94,again,toMrs.Ing(ph)withtheLippoGroup,right?InJakarta?UTOMO:Shehasthesameoffi cewiththeLippogroup,butIdon'tknowexactlywhatishertitle.MADIGAN:Right.She'stheon ethatwejustlookedatamomentagowherethedocumentsaid,Mrs.Ing(ph),LippoGroup,right? UTOMO:Yes.MADIGAN:Andshe'sthesameladyyoumentionedamomentearlierinthetestimonywh ohadtheofficeonthesamefloorasMr.RiadyinJakarta?UTOMO:Right.MADIGAN:Butyoujustdo n'tknowasyousittheretheexacttitlethatshehad,amIright?UTOMO:Yes.WEXLER(PH):Ibeli eve,Mr.Madigan,shealsodoesn'tknowwhoformallyemploysMissIng(ph).MADIGAN:Let'sloo katnumber108.Inthemiddleofthatpage,itsaysconsultingfeeandtheninhandwritingoutat thesideitsaysMaeleyTom,$6,600.Doyouknowwho'shandwritingthatis?UTOMO:Mr.Huang.MA DIGAN:Andisthathissignatureupatthetopofthatmemorandum?UTOMO:Yes.MADIGAN:Ifyoulo okoveratthesecondpageofexhibit108,againdowninthemiddlewhereitsaysconsultingfeea ndreimbursement,MaeleyTomandAssociates,thistime$18,000.Doyouseethat?UTOMO:Yes. ,`", MADIGAN:DoyouknowwhatshedidfortheHipHingcompany?UTOMO:No.MADIGAN:Youseethe lineabovethatonthedocumentwhereitsays,triptoLittleRockandWashington,D.C.6/19to6 /26,1994?UTOMO:Yes.MADIGAN:That'sjustafewweeksbeforeMr.HuangstartedattheCommerc eDepartment.DoyouknowwhatthistriptoLittleRockwasaboutorwhyhewentthere?UTOMO:No. MADIGAN:Allright,letmeaskyoualittlebitmoreaboutthat.ThetriptoLittleRockwiththec ost$6,293,andabovethatonthedocumentitsaysJ.H.reimbursement,thisisallmoneythatis reimbursedinthewiretransfersthatHipHingreceivesfromJakarta,correct?UTOMO:I'msor ry.Pardonme?MADIGAN:Thisdocumentthat,number108...UTOMO:Yes.MADIGAN:Thisparticul aronethat'sdatedAugust9,1994,this,liketheotherswe'vebeenlookingat,is,ifIunderst anditright,isaformdocumentthatyousendovertoJakarta,correct?UTOMO:Yes.MADIGAN:An dthenJakartawiresmoneybacktoyou...UTOMO:Yes.MADIGAN:...asspecifiedinthisdocumen t.UTOMO:Right.MADIGAN:NowItakeitthatsomebodymusthave,atsomepointintime,instruct edyouastohowtodothis,amIright?UTOMO:Yes.IjustfollowwhatMr.AugustDiawan(ph)hasdo ne ,`", beforeMarch'94.MADIGAN:SoMr.Setiawan(ph)usedtohandlethetransferspriorto '94,andthenin'94,youtookoverthetransfers?UTOMO:Yes.MADIGAN:Andyoudidthemortried todothemthesamewaythatMr.Setiawan(ph)toldyouthathedidthem?Isthatright?UTOMO:Yes

.MADIGAN:OK.Andyoudon'tknow,asyousithere,whatanyoftheseexpenseswerefor,forexample,inthetriptoLittleRock,orwhytheywouldbereimbursedbyJakarta?UTOMO:No.MADIGAN:Isthatright?UTOMO:Yes.MADIGAN:Nowifwelookovertothenextexhibit,thenextpartofnumber108,actually.MADIGAN:It'saSeptember28,1994,memo,thesameformat.Giveme22nd.WhatdidIsay?I'msorry,September22nd.I'msorry,theSeptember22ndmemorandum,1994.Yes,YourHonor.(LAUGHTER)Goingbacktoapriorlife,I'mafraid.Yes,Senator.It'sthelastpageofexhibit108.Andthistimethememoisjustfromyou,againtoMrs.Ing(ph). ,`", AnddowninthemiddleofthisexhibititalsohasaconsultingfeeforMaeleyTomintheamountof$4,913.Isthatright?UTOMO:Yes.MADIGAN:Doyouknowwhoshereportedto?UTOMO:ToMr.Hanna(ph).MADIGAN:I'msorry?UTOMO:ToMr.JoeHanna(ph)inJakarta.MADIGAN:AndshereporteddirectlytosomeoneinJakarta?UTOMO:Yes.MADIGAN:SoshedidnotreporttosomeoneintheUnitedStateswithrespecttowhatshewasdoingfortheseconsultingfees?UTOMO:No,no.MADIGAN:Anddownabitfarther,theLittleRockLimousine,Ltd.--$1,013.Doyouknowwhatthatwasfor?UTOMO:Itisforlimousines.Ican--Idon'tknowexactlywhatfor.MADIGAN:Doyouknowwhatthe--thisparticularlimousineexpensewasusedfor?ThisisdatednowSeptemberof1994.MrHuangisalreadyintheCommerceDepartment.Doyouknowwhatthatwasfororwhousedthelimousine?UTOMO:Atthattime,sometimesMr.Hanna(ph)alsovisitUnitedStates.MADIGAN:Andthisparticular,doyouknow?Orareyou--Idon'twantyoutoguess.Justtellmewhatyouknowaboutthings.UTOMO:Idon'trecall.MADIGAN:OK.Nowtoday,youhaveaconsultingagreementwith--withHipHing.Isthatright? ,`", UTOMO:Yes,that'scorrect.MADIGAN:Andwhatdoyoudobasicallyforthecompanytoday?UTOMO:TakecarespropertiesbelongtoSanJoseHoldings,ToyCenterHolding,andHipHingHoldings,andalsoLippoHolding/America.MADIGAN:Well,letmehavethisotherexhibitpresentedifIcan,whichwejustobtained.Ifwecanmarkit108Aorsomethingofthatnature.ThisisacopyofyourconsultingagreementthatIaskedyourattorneytogivemelastnight.Doyouhavethatthere?WEXLER(ph):Idon'tbelievethat'sinthebook.MADIGAN:We'llhavesomebodybringitdowninamoment.UTOMO:Yes,thankyou.WEXLER(ph):Thisismarkedexhibit122.MADIGAN:Allright.We'llcallitexhibit122then.It'sdatedNovember17,1996.Isthatright?UTOMO:Yes.MADIGAN:Nowthisisamulti-pagedocument,butitbasicallysetsforthinthefirsttwopages,ifIunderstanditcorrectly,thecurrentarrangementthatyouhavewithHipHing.UTOMO:Yes.MADIGAN:AndwasthispreparedforyoubyMr.Setiawan(ph)?UTOMO:Wedoittogether.Imean...MADIGAN:Thiswas...UTOMO:Itwasagreedbybothsides.MADIGAN:AndwasheintheUnitedStatesatthetime? ,`", UTOMO:Yes.MADIGAN:Andhowdiditcomeaboutthatyourstatuswouldchangefromafulltimeemployee,ifyouwill,toaconsultingarrangement?WasthatMr.Setiawan's(ph)idea?UTOMO:No,becauseIhavetwoveryyoungchildrentotakecare,soIcannotgototheofficeexactlyeighthoursaday.MADIGAN:Andatthispointintime,theyalsomovedtheLippoofficesorsaytheLippoGroupcompaniesweremovedfromLosAngelesouttoadifferentplace,right?UTOMO:Yes.MADIGAN:Wherewerethemovedto?UTOMO:ToRosemead(ph).It'saboutjust15minutesbyfreeway--10or15minutesbyfreewayfromtheLippoBank'soffice.MADIGAN:Wereyouinvolvedinthemoveoftheoffices?UTOMO:Yes.MADIGAN:WhathappenedtoallthedocumentsthatwereintheofficesinLosAngeles?Wehaven'tbeenabletogetourhandsontoomanyofthem.Doyouknow?UTOMO:Webringallofthedocumentstothenextoffice.MADIGAN:AlloftheHipHingdocuments?UTOMO:Yes.MADIGAN:HowaboutthedocumentsforthevarietyofotherLippo-relatedcompanies?UTOMO:Yes.MADIGAN:AndwhenyouenteredthisagreementinNovemberof'96,theremainderoftheexhibitshowsresignationlettersfromthevariouscompanies,isthatright?UTOMO:Yes. ,`", MADIGAN:Whywasthatdone?Doyouknow?UTOMO:I'msorry.Pardonme?MADIGAN:ThedocumentsaysthatyouresignedfromHipHing,fromCalbotHoldingsInc.,fromLippoEnergyCo.,andfromLippoHoldingAmericaInc.Doyouknowwhythatwasdone?UTOMO:BecauseIwastheofficerofthesecompanies.MADIGAN:Wasthatdoneinconjunctionwiththemoveoftheofficesfromdowntowntothesuburb?UTOMO:No,becauseIresignedfromHipHingjusttomakesurethatIresignfromallthecompanies.MADIGAN:Sotomakesurethebookswerestraight,youresignedfromallthecompaniesandenteredaconsultingagreementjustwithHipHing.UTOMO:Yes. .MADIGAN:OK.Thankyouverymuch.GLENN:Thankyou,Mr.Chairman.I'dliketohaveMr.Barontotthepreviousquestionplease.BARON:Thankyou,SenatorGlenn.Goodmorning,Ms.Utomo.Ms.Utomo,Mr.Madiganinhisquestioningtoyousaidthat,suggestedthatHipHingownedanemptylot inLosAngeles.Isthatcorrect?UTOMO:Yes,that'scorrect.BARON:Andthatlotisusedandhas beenusedasaparkinglot,isthatcorrect?UTOMO:Someofit.BARON:OK.Anddoyouhaveanyidea ,amIcorrectthatthatparkinglothasbeenassessedasbeingworthseveralmilliondollars?U TOMO:That'scorrect.BARON:AndamIcorrectthatoriginallytheideawastodevelopthatopen lotintosomeotherkindofpropertywithabuildingonit,`", orotherkindsofdevelopment? UTOMO:Yes.BARON:Anddidtherecomeatimebecauseoftheeconomicconditionsin Californiat hattheplanstodevelopthelotwereabandoned?UTOMO:That'scorrect.BARON:Nowtherewasal soinMr.Madigan'squestions,heraisedthefactthatMr.Setiawan(ph)isgonefromthecountr y.HeleftandwentbacktoIndonesia.UTOMO:Yes.BARON:Isthatcorrect?UTOMO:Yes.BARON:OK .Thatoccurredbackin1994,diditnot?UTOMO:Yes.ApproximatelyMarch.BARON:Notrecently .Hehasn'tbeenbacktoworkatHipHingorforLippoBanksincethattime,hashe?UTOMO:No.Heca mewhenwehavetomovetheofficeandthentocountedagreement.BARON:Right.Buthehasn'tcom ebacktoworkhereforalongperiodoftime.HebasicallymovedbacktoIndonesiain1994.UTOMO :Yes.BARON:Now,wereyouawareduringthetimeperiodthatyouworkedwithMr.Huangthathewa sveryactiveinmanyChinese-Americancommunityorganizations?UTOMO:Idon'tknow.BARON: Youdon'tknow.DoyourecallhimbeingactiveintheAsianBankersAssociation?Wouldyoubeaw areofthat?UTOMO:Idon'tknow. ,`", BARON:Doyourecallhimbeingactiveasaninvitedmemb eroftheCommitteeof100,whichisanorganizationheadedbyYo-YoMaandI.M.Pei.UTOMO:Idon 'tknow.BARON:Youdon'tknowaboutthat.UTOMO:No.BARON:Now,doestheparkinglotgenerate revenueforHipHing?UTOMO:There'sincomefromparkinglots.BARON:Right.IsHipHing,toyo urknowledge,incorporatedasanAmericancompanyeventhoughit'sownedbyaforeigncompany ?UTOMO:Yes,it'sstateofCalifornia.BARON:It'sincorporatedinthestateofCalifornia.U TOMO:Right.BARON:AndsoitpayspropertytaxeshereintheUnitedStates?UTOMO:Yes.BARON: Andthere'salsoanentityknownastheToyCenter.UTOMO:Right.BARON:Andthatisanotherent itywithwhichyouarefamiliaraspartoftheLippoorganization?UTOMO:Yes.BARON:Andwhatk indofpropertydoestheToyCenterown?UTOMO:ToyCenterhavethree-storybuildings.Isabou tapproximately13,000square.Andthenis90percentleasedandtenantspaytherent.BARON:H owaboutanentityknownasSanJoseHoldings?Areyoufamiliarwiththatentity? ,`", UTOMO: Yes.BARON:OK.AndthatisalsoanAmericanCompany.It'sincorporatedinCaliforniaasisthe ToyCenter.Isthatcorrect?UTOMO:Right.BARON:AndwhatassetdoesSanJoseHoldingsown?UT OMO:Hasthreeparcelofproperty.Oneisfive-storybuilding.BARON:Anddoesitgenerateinc ome?UTOMO:Yes.BARON:OK.Now,canwelookatsomeoftheexhibitsthatyoureviewedwithMr.Ma digan?Let'slookannumber103,ifyouwould.BARON:Doyouhavethatinfrontofyou?UTOMO:Yes .BARON:NowthatisanincomestatementforHipHingHoldingsfortheperiod1992?AmIcorrect? UTOMO:Yes.BARON:AnditshowsthattherewastotalincomeforHipHingofalittleover$38,000 --$38,400?Isthatcorrect?UTOMO:That'scorrect.BARON:Andthatistheyearinwhichthe$50 ,000checktotheDNCwasmadeoutandsent,isthatcorrect?UTOMO:Yes.BARON:SoHipHinghadab out$12,000lessinincomegeneratedinthiscountrythanthe$50,000thatwascontributedtot heDNC,isthatcorrect?UTOMO:Yes.Itappearsso.BARON:Nowletmedirectyourattentiontonu mber105,ifyou,`", would.Doyouseethat?UTOMO:Yes.BARON:Nowthatisanincomestatemen tfortheyear1993forHipHingHolding,isitnot?UTOMO:Yes.BARON:Anditshowstotalincomeo fapproximately$35,000,$35,200tobeexact?UTOMO:Yes.BARON:Nowlet'sgobackto104,andi n1993weseeachecktotheDNCfor$15,000.Doyouseethat?UTOMO:Yes.BARON:Andthat'sinSept emberof'93.UTOMO:Right.BARON:AndthatisontheaccountofHipHingHoldings.UTOMO:Yes.B ARON:Andin1993,asfarasyouknow,that'stheonlypoliticalcontributionthatHipHingmade in1993,asfarasyouknow?UTOMO:Isfromthisstatementisappear--is$32,000.BARON:OK.Let measkyouthis.Theyhadmoreincomethan$15,000in1993,isthatcorrect?UTOMO:Correct.BAR ON:OK.Andtakealookifyouwouldat,it'sthedocumentbehind105,itisa1993incomestatemen tforSanJoseHoldings.Doyouseethat?UTOMO:Yes.BARON:Nowithadtotalincomeof$172,108, isthatcorrect? ,`", UTOMO:Right.BARON:Andso,andthat'sfor1993.UTOMO:Yes.BARON:An difyougobacktwopages,inSeptemberof'93,SanJoseHoldingsmadeacontributiontotheDNCi ntheamountof$15,000?UTOMO:Yes.BARON:OK.Soithadincomeinexcessoftheamountthatwasc ontributedtotheDNCthatyear,isthatcorrect?UTOMO:Yes.BARON:Pleaseturntothenextpag ewhereyouhaveanincomestatementforToyCenterHoldingsofCalifornia,Inc.,doyouseetha t?UTOMO:Yes.BARON:Andithad--andthisisfortheperiodof1993,correct?UTOMO:Yes.BARON:Andithadincomeof$132,404.24tobeexact,isthatcorrect?UTOMO:Yes.BARON:PleaseturnbacktothecheckthatwasissuedinSeptemberof'93ontheaccountofToyCenterHoldingsofCaliforniaInc.Doyouseethat?UTOMO:Yes.BARON:Andthatwasintheamountof$15,000?UTOMO:Yes.BARON:Andso,ToyCenterHoldingsofCaliforniahadsubstantialincomeinexcessofthe$15,000thatwascontributed,isthatcorrect? ,`", UTOMO:Yes.BARON:NowI'dliketoexplorealittlebit,ifwemight,thebonusthatwaspaidtoMr.JohnHuang.UTOMO:Yes.BARON:AmIcorrect--well,letmecheckifyouknow--thatMr.Huangwouldhavereceivedabonusannually,thatthatwasatypicalpartofhiscompensation?UTOMO:Idon'tknowexactly.BARON:OK.Doyouknowwhetherhereceivedabonusfor1993,theyearbeforeheleft?UTOMO:Don'tremember.BARON:Doyouknowwhenannualbonusesarepaid?UTOMO:Usuallyisclosetotheendoftheyear,maybeJanuaryorFebruary.BARON:OK.Ofthefollowingyear?UTOMO:Ofthefollowingyear.BARON:Soacheckin,say,JanuaryorFebruaryof'94wouldbea1993bonus.Wouldthatbefair?UTOMO:Yes.BARON:OK.NowifIcoulddirectyourattentiontodocument106,whichyou'veseenbefore.Doyouseethat?UTOMO:Yes.BARON:Allright.Turntothenextpage.It'sageneralledgerforHipHingHoldingsfortheperiodendedMarch31,'94.Doyouseethat?UTOMO:Yes.BARON:AnddoyouseethereferencetoabonustoJohnHuangintheamountof$230,000? ,`", UTOMO:Yes.BARON:IsitfairtoconcludethatthatrepresentsMr.Huang's1993bonusbeinggiventohim,reflectedontheledger,atthebeginningof'94?UTOMO:Yes.BARON:OK.Andthatwas230,000?Right?UTOMO:That'scorrect,yes.BARON:OK.Nowgobackonepage,andthatisamemorandum--thisis106now.ThisisamemorandumdatedJune27,1994,toMr.Huang,whichsetsouthisseverancebonus,asdistinguishedfromhisannualbonus.UTOMO:Yes.BARON:Isthatcorrect?Andtheseverancebonusis$425,625.Isthatcorrect?UTOMO:Accordingtothis,yes.BARON:Right.Atisappearsonthepage.UTOMO:Yes.BARON:Whichisroughlydouble--actually,somewhatlessthandoublehisannualbonus.UTOMO:Right.BARON:Now,I'dlikeyou--I'dliketohaveputuponthescreenacheckdated7/15/94toMr.Huangintheamountof$284,798.74.Doyouseethatonthescreeninfrontofyou?UTOMO:Yes.BARON:AmIcorrectthatthatrepresentsthenetchecktoMr.Huangforhisseverancebonus?Thatis,netaftertaxeshavebeentakenout?UTOMO:That'scorrect. ,`", BARON:Mr.Utomo,afterMr.HuanglefttogotoCommerce...UTOMO:Yes.BARON:...didyoueverspeaktohimoverthetelephone?Didheevercallyou,ordidyouevercallhim?UTOMO:Yes.BARON:Andapproximately--I'mnotaskingyouanexactcount--butwhat'syourbestrecollectionofhowmanytimesyouspoketohimoverthephonewhilehewasatCommerce,eitherbyacallthatwasinitiatedbyhim,oronethatyouinitiatedtohim?UTOMO:Maybearoundfive.BARON:Aroundfive.UTOMO:Yes.BARON:Andwhatwasthesubjectoftheconversation,ifyourecall?UTOMO:Becauseit'sjustcloseafterheleftasthereisstillsomemailsthatIhavetoforwardtohim.BARON:Forwardingmailtohim?UTOMO:Thereis--mailcame(ph).BARON:Right.UTOMO:AndthenstillgotoHipHingHoldings.BARON:Right.UTOMO:SoIforwardedittohim.BARON:DidMr.HuangeveraskyoutorelayinformationtoMr.Riady?UTOMO:No.BARON:DidheeveraskyoutorelayanyinformationtosomeoneelseinAsia? ,`", UTOMO:No.BARON:Didheeveraskyoutorelayinformationtosomebodyatthebank?UTOMO:No.BARON:DidheeveraskyoutotransferhiscalltoyouoryourcalltohimtoMr.Riady?UTOMO:No.BARON:DidheeveraskyoutotransferorconnecthiscalltoanyoneinAsia?UTOMO:No.BARON:AmIcorrectthattheusualexpensesforoperatingHipHingHoldingwasapproximately28,000amonth?UTOMO:Yes.BARON:Indulgemeonemoment.Thankyou,Mr.Chairman.Ihavenofurtherquestionsofthewitness.MADIGAN:Justafew,ifImight,Ms.Utomo.THOMPSON:ThiswillcomeonSenatorCollins'time,becausehehadpreviouslygivenmepermission.(LAUGHTER)MADIGAN:Thankyou,Senator.I'llbeverybrief.Mr.Barontookyouthroughexhibit105,whichhasalltheincomestatementsforHipHing,SanJoseHoldingsandToyCenter(ph)andaskedyouonlyabouttheincome.Eachofthosestatementsshowsexpensesaswellasincome.Right?UTOMO:Yes.MADIGAN:Andeachofthosestatementsshowsthateachofthosecompaniesforeachofthoseyearslostmoney.Right?UTOMO:Itappearsonthis(ph). ,`", MADIGAN:Nowletmejustinviteyourattentionbacktoexhibit101,whichisthe$50,000checktotheDNCin1992.There'snoquestionbutthatthatmoneywasrequestedbyyoutobewiredfromJakartatoreimbursethemoneyspentonthatcheck,right?Accordingtothisdocument.UTOMO:Itwasn'tbyme.MADIGAN:No,I'msorry.Let'stakealookonestepatatime.Let'slookat--number101isthecheck,right?UTOMO

:Yes.MADIGAN:And102isadocumentthatisfromJohnHuangandMr.Sethiwan(ph),which,accordingtothedocument,specificallyseeksreimbursementforthe$50,000giventotheDNCfromJakarta.Correct?Isn'tthatwhatthedocumentsays?UTOMO:Itappears...MADIGAN:Accordingtothedocument.Iunderstandyoudidn'twriteit.UTOMO:Uh-hmm.MADIGAN:AmIright?UTOMO:Yes.MADIGAN:Nothingfurther,Mr.Chairman.THOMPSON:Anythingfurtherwiththiswitness?BENNETT:Mr.Chairman?THOMPSON:SenatorBennett.BENNETT:Ihavesomequestionsforthiswitness,ifImay.THOMPSON:Ourorderhere--IsupposeoutoftherestofSenatorCollins'time,youmayusetherestofSenatorCollins'time.BENNETT:Theyarerelativelyfew.Ms.Utomo,didanyofthesecompaniesevermakeanymoney?Toyourknowledge?,`", UTOMO:Thereisincome.BENNETT:Ididn'taskincome.I'mtalkingbottom-lineprofit.Didanyofthesecompaniesevermakeanymoney?BENNETT:Wedonothaveanincomestatementshowingthatanyofthemdid.UTOMO:Itappearsso,yes.BENNETT:Itappearssothattheydid?UTOMO:Itappearssothatsomeofthisonethereisaloss.BENNETT:Yes.UTOMO:Yes.BENNETT:Thatallofthemlostmoney.IfIcouldtakeyouto,veryquickly,exhibits103and105,andtheincomestatementsthatareinthere--ineveryinstance,aspartofthelossesthatareshown,oneoftheitemsofexpenseiscontributionanddonations.Exhibit103--contributionanddonationswere$55,400.Isthatcorrect?UTOMO:Yes.BENNETT:Doyouknowifthatincludesthe$50,000totheDNC?UTOMO:Idon'tknow.Ididn'tpreparethisone.BENNETT:Isee.Thesameistrueinnumber105.HipHingHoldingslost,orgave,contributionsof$32,000.That'stheyearthat$15,000wenttotheDNC.Doyouknowifthat'sincluded?UTOMO:Idon'tknow.BENNETT:Isee.Ishan'tpursueit,butthetimepatternisinalloftheotherincomestatements.Andmyonlypoint,Mr.Chairman,isthatpoliticalcontributionsarenotlegallydeductible.Ifthisincomestatementwasusedfortaxpurposesandtherewasataxdeductionclaimedforthesecontributions,thatwouldbeillegalunder ,`", thetaxlaw.Ihavenothingfurther,butIwantedtopointthatout.THOMPSON:Thankyou,SenatorBennett.Anythingfurtherforthiswitness?LEVIN:Mr.Chairman,Ijusthaveabriefquestionactually.DoyouhaveavailabletoyoutheincomestatementsforSanJoseHoldingsandToyCenterHoldingsfor1992?Isthatsomethingyoucouldreadilyputyourhandon?Idon'tthinktheseweremarkedasexhibits.WEXLER(PH):Ifthey'renotinthebook,wedon'thavetheminfrontofus.LEVIN:Allright.Mr.Chairman,theseare...THOMPSON:...whatwe'redealingwithhere.MADIGAN:(OFF-MIKE)documents.I'veneverseenthem.Idon'tknowwherethey...THOMPSON:Idon'tknowthatwe'veeverseenthosedocuments.Couldwehave...LEVIN:Theseareinourbookhere.So...Atanyrate,Iwouldjustoffertheseintotherecord.THOMPSON:Well,whatarethey?LEVIN:ThesearetheToyCenterincomestatementsandtheSanJoseHoldingsincomestatementsfortheyear.THOMPSON:Couldwehave--couldweseecopiesof--couldwehavecopies?LEVIN:IfIcanjustsaywhattheyshow--theybasicallyshowthesamepattern,thatthere'sincomeandthatthere'sexpenses.AndIcanjustofferthese.Icanreadthem.It'sthesame--exactsamepatternthat'sbeendescribedbefore. ,`", ForSanJose,therewasincomeof$155,000,expensesof$330,000;andforToyCenter,it'sincomeof$167,000,expensesof$199,000.Arethosethedocumentsthatyou'relookingataswell?UTOMO:Yes.LEVIN:Andthatraisesthequestion,Iguess,astothe--whichSenatorBennett,Ithink,maybereferringto--I'mnotsure--astowhetherornotthequestionofcontributionsfromAmericancorporations,whichareownedeitherdirectlyorindirectlybyforeigncorporations,whenthey'reallowedtomakecontributionsfromincomeearnedintheUnitedStates,whetherornotthatmeansnetincomeorgrossincome.Andapparently,there'snoclearguidanceonthat.Andthatmaybesomethingweoughttorepairinthelawifthereisnoguidanceinthelaw,Mr.Chairman.Iwouldjustsimplyofferthisas--theseexhibits.Intheonecase,however,inoneoftheseincomestatementsforoneyear,inthatcase,that$50,000contributionin1992,thereneithergrossnornetincomewassufficienttocoverthe$50,000contribution.Sointhatcase,unlesstheargumentisthatthisisalegalcontributionforsomeotherreasons,suchasthefactthatmaybeitdidn'tgotoacandidate'scampaignbutwenttoaparty,thenthatisadifferentissue.Butthere'soneandpossiblytwocorrectionsinthelawthatIwouldsuggestweoughttobelookingatintheareaofforeigncontributions,whichareillustratedbythesedocuments.AndIwouldofferthese--Mr.Chairman,Icanofferthemlater.It'snota...THOMPSON:Well,they'llbemadepartoftherecord.LEVIN:Yes.ThosearetheonlyquestionsIhaveofthiswitness,exceptIwouldpointoutthat1992contributionof$50,000,Mr.Chair man,isthesameyearthatwehavebeenpointingouttheforeigncontributionallegedlythroug hMr.Kojima...THOMPSON:AndyouwerewonderingwhyIwasbeingsoliberalbefore?LEVIN:Yes, right,right. ,`", (LAUGHTER)Butatanyrate,wewillcomebacktothatissuesinceithappen stobethesameyear--1992--asthis$50,000contribution.ButI'llsavethatforanotherdate .THOMPSON:Well,don'tgettoooptimisticbecausethe--seriously,Idothinkthatthingstha tshowapatternofconductarecertainly--arecertainlypermissible.Andwemayhave--wemay havesomeoneachsidetherethatfitsthatbill.MissUtomo,thankyouverymuchforbeinghere. LIEBERMAN:Mr.Chairman...(UNKNOWN):Mr.Chairman...THOMPSON:Oh,I'msorry.I'msorry.D idn'trealizetherewereothers.Anyoneelseoverhere?Goahead.LIEBERMAN:Thanks,Mr.Chai rman.Verybriefly,MissUtomo.Thankyouforbeinghere.Ijustwanttounderstandaboutyouro riginalconnectiontoHipHing.Iunderstoodwhenyougraduatedfromschool,yourhusbandhad obtainedajobinLosAngeles,andthenyousentaresume.DidyouknowaboutHipHing?Ordidyouk nowtheRiadyfamilybeforethen?UTOMO:NotRiadyfamily,justtheLippoBank.LIEBERMAN:You knewabouttheLippoBank.UTOMO:BecauseLippoBankisoneofthebiggestinIndonesia.LIEBER MAN:Yes.Soyouhadnopersonalcontactwiththefamily,butyousenttheresumebecausetheLip poBanknamewasfamiliartoyou?UTOMO:Yes.LIEBERMAN:OK.Andyouarrivedtherein1988or'89 ? ,`", UTOMO:September'88.LIEBERMAN:'88.AndwasJohnHuangalreadyworkingthereatHip Hingwhenyouarrived?UTOMO:No,Ididn'tseehim.LIEBERMAN:So--buthestartedworkingatHi pHingshortlythereafter?AmIright?UTOMO:Yes.LIEBERMAN:1989.UTOMO:Approximately,ye s.LIEBERMAN:Yes.AndamIcorrectthatheworkedthereuntil1994?Or1993?UTOMO:'94approxi matelyJuly.LIEBERMAN:WhenhewenttoworkfortheCommerceDepartment.Soitwasaperiodofa boutfiveyearsthatyouworkedtheretogether.WereyoutheonlytwoemployeesofHipHing?UTO MO:Mr.AugustodeAwan(ph).LIEBERMAN:That'sright.UTOMO:Yes.Andthereis--wassecretar y.LIEBERMAN:Yes.UTOMO:Yes.LIEBERMAN:Anddidyouhaveoffices--onelargeofficeoroffic esnexttooneanother?UTOMO:MyofficewithMr.Huangofficeisnextonthefloorlikethreeorf ourmonths.LIEBERMAN:OK.Forthreeorfourmonths,yourofficewasrightnexttoMr.Huang's? ,`", UTOMO:Yes.LIEBERMAN:Andthenintheothertime,youwereonthesamefloor,Iassume.I sthatcorrect?UTOMO:Onceinawhilenotthesamefloor.LIEBERMAN:Sometimesnot.UTOMO:Yes .LIEBERMAN:Butmeantime,hewasthesupervisorofHipHingatthatpoint?Inotherwords,youw ereclearthatyouwereworkingforhim?UTOMO:Yes.LIEBERMAN:OK.Andcanyoutellusfromyour experiencewithhimoverthisfive-yearperiodanythingaboutwhatMr.Huang'sdutieswere?W hatwashedoingduringthatperiodoftime?UTOMO:Iguessheworksalsoforthebank.LIEBERMAN :Hedidsomeworkforthebank.UTOMO:Yes.LIEBERMAN:DidhedoanythingregardingHipHingits elf?UTOMO:IfIneedapprovalfromhim,Ijustcametohim.That'sit.LIEBERMAN:Ifyouneedwha t?UTOMO:Approval--for...LIEBERMAN:Approval,yes.UTOMO:...forirregularexpense.LIE BERMAN:Butasfarasyoucanremember,mostofhistimewasspentonbankwork?UTOMO:Idon'tkno w. ,`", LIEBERMAN:Youdon'tknow.UTOMO:No.LIEBERMAN:Eventhoughyouweretherewithhim forthatfourorfiveyears.But...UTOMO:Idon'tseehimeveryday.LIEBERMAN:Yes.OK.Didany one--obviously,we'reinterestedhereinpoliticalcontributionsfromHipHing--didanyon eeverdiscusswithyouwhyHipHingwasmakingpoliticalcontributions?UTOMO:No.LIEBERMAN :Did--whenyousignedthe$50,000checktotheDNCVictoryFund,didanybodyexplaintoyouwha titwas?UTOMO:No.LIEBERMAN:Sotheyjustaskedyoutosignit?UTOMO:Right.LIEBERMAN:Andw ithoutknowledge,yousignedit.WithoutknowledgeofwhatthepurposewasiswhatImeantosay .UTOMO:Yes,that'scorrect.LIEBERMAN:OK.Allright,Idon'thaveanyotherquestions,Mr.C hairman.ItdoesseemtomethatthroughthiswitnesswehavealthoughIsupposequestionsco uldbemadeabouttheincomeandlossstatements--there'saprettycleardocumenthereremques tingareimbursementfora$50,000donationtotheDNCVictoryFund,whichcertainlylookslik ethemovementofforeignmoneyintoanAmericancampaignin1992.IthankthechairandIthanky ou,MissUtomo,foryourtestimony.UTOMO:IfImayadd--actuallytheDNCexact(OFF-MIKE).Id idn'tknowuntilrecently. ,`", LIEBERMAN:Couldyousaythatagain?TheDNC...Ididn'thea rthesecondword.WEXLER(ph):Shedidn'tknowwhattheDNCstoodforuntilrecently.LIEBERMA N:Oh,didn'tknowwhatitwas.Sothiswasliterallyablankcheckthatyou--thatyousigned.Im ean,whoaskedyoutosignthecheck?UTOMO:Icannotremember.LIEBERMAN:Youdon'tknowwheth er--well,whomightithave...UTOMO:ButusuallyMr.AugustdeAwan(ph)orMr.Huang.LIEBERM

AN:OrMr.Huang.Oneortheother...UTOMO:Yes.LIEBERMAN:...wouldhaveaskedyoutosign.OK.Thankyou.THOMPSON:Mr.Torricelli.TORRICELLI:Thankyou,Mr.Chairman.Ms.Utomo,didthereappeartobeanythingunusualinyourmindabouttheorganizationofanyofthesethreecorporations--ToyCenter,SanJoseorHipHing--inhowtheywereorganizedoroperatedascorporationsestablishedforthepurposeofholdingrealestate?UTOMO:No.TORRICELLI:Infact,aren'ttheyactually,intherealestateindustry,fairlystandardenterprisesorganizedforthelargelyorexclusivepurposesofholdingrealestatefordevelopment?UTOMO:Yes.TORRICELLI:Duringthecourseoftheoperationsfrom1991to'93,bymyrecords,HipHingHoldingsmade16politicalcontributions;theToyCenterHoldings10;SanJoseHoldings,six.Butineachandeveryoneofthoseinstances,therewassufficientrevenueinthe ,`", accountfromincometothepropertieswiththesoleexceptionofthecontributiontotheDemocraticNationalCommittee,whichapparentlywasillegallyreimbursed.Isthatyourownimpression?UTOMO:Idon't know,becausebeforeMarch'94,Ididn'thandleallthebookkeepings.Andactually,IjustlearnedalittlebitbylittlebitregardingthefinancialstatementafterMarch'94,becausemybackgroundwasnotinthe...TORRICELLI:Well,asyou'vereviewedtherecordsofeachofthesethreecorporations,isitnotaccuratethatfromwhatyoucandecipher,ineachandeveryinstancewheretherewasapoliticalcontribution,therewasadomesticsourceofrevenueequaltoorgreatertothelevelofthepoliticalcontribution,withtheexceptionoftheDNCcontributionatissue?UTOMO:Yes.TORRICELLLI:Soitwouldappear--althoughyoudonothavedirectknowledgeonallofthese,becauseyouwerenothandlingthebooksatalltimes--wehaveatotalof32contributionsbythesethreecorporations,andinonlyoneinstancedoesitappearthattherewasnotalocalsourceofrevenueinexcessoftheamountofthecontributions?UTOMO:Itappears so.TORRICELLLI:Thatwouldappearthatforthosewhobelievethatanyoneorallofthesecompanieswereestablishedsolelyforthepurposesofbeinganillegalconduitoffunds,thatitwould--thefactswouldnotseemtosupportthatcontention?UTOMO:Yes.TORRICELLLI:Doyourecognize,MissUtomo,thatitisthebeliefofsomethatthesecorporationsmayhavebeenestablishedforthepurposesofputtingforeignmoneyintothedomesticpoliticalprocessinthiscountry.Butitwouldbeyourcontention,basedonyourownlimitedexperience,thatthatwasnotthefunction,theintentionoreventhepurposeofanyoneofthesecompanies?Isn'tthatyourtestimony?UTOMO:Yes.TORRICELLLI:Itisalsothebeliefofsomethatthesecompanies ,`", orindividualsassociatedwiththemmayhavebeenrepresentingforeigngovernmentsintendingtocontributetotheAmericanpoliticalprocess.Butitisyourtestimonythatthat,toyourknowledge,wasnottheinstanceinthesecircumstances?UTOMO:Yes.TORRICELLLI:ItisthebeliefofsomethatMr.Huangmayhaveinfactbeenrepresentingaforeigngovernmentinaconduitofcontributions.Buttoyourknowledge,havingworkedwithMr.Huangandthesecompanies,infacthavinghadanofficenexttohis,havingbeenassociatedandresponsibleforsomeofthebookkeepingandthepaperworkofthesecompanies,isityourtestimonythatyouhavenoknowledgethatthosewerethecircumstanceseither?UTOMO:Yes.Idon'tknow.TORRICELLLI:ThepropertyatquestionownedbyHipHingwasworthatvarioustimesseveralmillionto$7million?UTOMO:That'scorrect.It's,Iguess,atthattimemorethan$10million.TORRICELLLI:Butyouwereunsuccessfulinfindingthemeansbecauseofmarketconditionstodevelopit?UTOMO:Yes,themarketwas(OFF-MIKE)down(ph).TORRICELLLI:I'venotedinyourcontributions,considerablecontributions,tostatepartiesorCaliforniapoliticalfiguresthatwerethroughoneofthethreecorporations,isthataccurate?UTOMO:I'msorry?TORRICELLLI:Well,I'venoticedthatyoucontributedthroughoneormanyofthesecompaniestovariouspoliticalfiguresinCalifornia.UTOMO:Yes.TORRICELLLI:Thecompanyobviouslywaslosingconsiderablemoney.Itheldrealestate,butitcontinuedtopaytaxes,paybills,andmeetitsobligationsinholdingrealestatethatwasgeneratingnoprofitandinfactlosingcapital.Isn'tthataccurate?UTOMO:It appearsso. ,`", TORRICELLLI:Itdefinitelyappearsso.Doyouhaveanyknowledgewhether, asaresultofallthesepoliticalcontributionsthrougheachofthesecompaniesoverallthese yearstoalltheseCaliforniapoliticalfigures,therewaseveranyeffortorintentionorany evidencethatanytimeeffortwasexpendedtoeitherassistinthedevelopmentofthepropertyorchangeitszoningorchangeitscircumstancesthatwouldhavemadeitmoreprofitable?UTOMO:No.TORRICELLLI:So,infact,despitethesepoliticalcontributions,whateverrelation

shipswereestablishedoradvantagesweregained,noneappearstohavebeenusedforanydirec
teconomicbenefitofthecompany?UTOMO:No.TORRICELLLI:Mr.Chairman,Ihavenofurtherque
stions.MADIGAN:Justverybriefly,MissUtomo,whenyousummarizethedocumentsthathavebe
enplacedinfrontofyou,andyoulooknotonlyatrevenue,butyoulookattheexpensesperyear,
startingin1992withHipHingHoldingsandmovingto1993withHipHingHoldings,SanJoseandt
heToyCenter,thedocumentsshowthateverysingleyearforeachofthosecompaniestheylostm
oney,right?UTOMO:Yes.THOMPSON:Allright.SenatorAkaka.AKAKA:Thankyouverymuch,Mr.C
hairman.MissUtomo,didyoueverdiscusspoliticalcontributionswithMr.Huang?UTOMO:No.
AKAKA:OrwithMrs.Sathiwan(ph)?UTOMO:No.AKAKA:Didyoueverhearthemdiscusspoliticalc
ontributions?UTOMO:No.AKAKA:Didyouevermakeapoliticalcontributionyourself? ,`",
UTOMO:No.AKAKA:Well,Iwanttothankyousomuchforcoming.Iwanttoaddmywelcometoyou.And
mayweapologizefordraggingyoualltheway fromCaliforniaheretothishearing?AndIjustwa
ntedtotaketheopportunitytothankyouforcomingfromCalifornia.UTOMO:Thankyou.AKAKA:
Thankyou,Mr.Chairman.THOMPSON:Anythingfurther?Thankyouverymuch,Ms.Utomo.Weappre
ciateyourbeingherewithus.Andyou'reexcused.Andwewilltakea10-minuterecess.Let'str
ytostartbackpromptlyafter10minutes.(RECESS)THOMPSON:Let'scometoorderplease.Then
extwitnesswillbeMr.ThomasR.Hampson.Mr.Hampsonwillbeabletoexplainalittlebitmorea
bouttheorganizationoftheLippoGroup.Mr.Hampson,wouldyoupleasestandandraiseyourri
ghthand?Doyousolemnlysweartotellthetruth,thewholetruthandnothingbutthetruthinth
etestimonyyou'reabouttogive?HAMPSON:Ido.THOMPSON:Thankyouverymuch.SenatorBennet
t.BENNETT:Thankyou,Mr.Chairman.Fortherecord,Mr.Hampson,let'slayoutyourbackgroun
dandyourqualifications.Iunderstandyou'represidentofSearchInternational,aresearc
handinvestigationsfirm.Willyoutelluswhatthatfirmdoes?HAMPSON:Well,we'rebasedout
ofChicago,andit'safirmthatIfounded14yearsago.Weconductresearchandinvestigations
worldwide,andwespecializeinqualifyingprospectivebusiness,`", partnersoracquisi
tiontargetsonbehalfofourcorporateclients.Wealsoprovidecompetitiveassessmentandb
usinessintelligenceservices.BENNETT:DoyouspecializeinAmericancompaniesthatneedi
nformationaboutforeigncompanies?HAMPSON:Yes,sir.BENNETT:Sowecanlooktoyouasanexp
erttounderstandhowforeigncommerceworksandhowforeigncompaniesareorganized?HAMPSO
N:Yes.BENNETT:Mr.Hampson,didyouhearthetestimonyofthepreviouswitness?HAMPSON:No,
Ididn't.BENNETT:Well,letmecharacterizeitbecauseI'dlikeyourcommentonit.AsIsawit,
comingfromabusinessbackgroundmyself,wehavehereaseriesofsmallfirms--bysmall,Imea
nnooneofthemisdoingmorethanaquarterofamilliondollarsayearintotalrevenue,andsome
ofthemdoingsubstantiallyless,oneofthemdoinglessthan$50,000ayearinrevenue.Butweh
aveaseriesofthem--halfadozenorso--noneofwhichhasevermadeanymoney.Allofthemhavee
xpensesthatareinexcessoftheirincome,insomecasessubstantiallyinexcessofincome.An
dyettheycontinue,fromyeartoyeartoyeartoyear,withnoactiononthepartofmanagementto
trytosolvetheirfinancialdifficulties.Theexecutivewhoseemstobeconnectedwithallof
thesefirmsearns$90,000ayear,receivesanannualbonusof$230,000,anduponleaving,isgi
venaseverancepayapproachinghalfamilliondollars.Inyourresearch,haveyoucomeacross
anycircumstanceslikethat?Doyouconsiderthatanormalactivityonthepartofaforeigncom
panytryingtodobusinessintheUnitedStates?HAMPSON:Ihaven'tseenanythinglikethatbef
ore. ,`", BENNETT:Thisisnotstandardrealestateoperations,inyouropinion?HAMPSON:N
o.BENNETT:Wouldyouliketoapplyforajobwhereyouwouldgetsalaryandbonusofthatkind,pr
esidingovercompaniesthatcontinuallylosemoney?HAMPSON:Idon'tknowthatIwould.BENNE
TT:Well,Ithinkthat'saprettygoodjob,Mr.Chairman,togetthatkindofincomeandbepresid
ingovercompaniesthatnevereverproduceanykindofrevenue.Well,let'sgoontotheareatha
twewanttogothroughwithyou.THOMPSON:Couldyoupullyourmicrophonealittlecloser.BENN
ETT:There'sbeenalotofconversationabouttheLippoGroup,andwe'dlikeyoutoexplaintous
whattheLippoGroupis.Basedonyourbackgroundandyourinvestigationofthis,you'reinapo
sitiontotellus.WhatistheLippoGroup?HAMPSON:It'samultibilliondollarconfederation
ofcompaniescontrolledbytheRiadyfamilyofIndonesia.It'saconglomerateverymuchlikeA
T&T,althoughit'snotaslarge--orITT.Also,there'snocentralcompanythatmanagesanddir
ectsthevariousunits.Infact,there'snorealentityknownastheLippoGroup.Althoughther

e'snocentralstructure,thegroupofcompaniesiscontrolledbyaninterlockingnetworkoff amilyrelationships.MochtarRiadystartedthecompanymorethan30yearsagobypiecingtoge theragroupofdifferentfirms.HestartedwitharetailbankingbaseinIndonesia,buttheLip poGrouphasexpandedtoencompassbanking,finance,insurance,propertydevelopment,comm unicationsandmanufacturinginterests.Thefinancialsideofthebusinesswasintentional lydevelopedandstructuredtofacilitateinternationaltrade,initiallyintheAsiaarea,a ndlater,itwasexpandedintotheWest.AlthoughtheprincipalfigureintheLippoGroupisDr. Mochtar ,`", Riady,anIndonesianofChinesedescent,todayhistwosons--StephenandJame s--managetheentireLippoempire.StephenRiadyisresponsibleformostoftheHongKongoper ationsoftheLippoLimited--LippoGroup,suchasLippoLimitedandtheHonkKongChineseBank .HAMPSON:HisactivitiesareprimarilyfocusedonbankingandpropertydevelopmentinHongK ongandmainlandChina.JamesRiadyisresponsiblefortheLippoBank,flagshipLippoBankofI ndonesia,andalsoLippoLand(ph),whichisheadquarteredintheIndonesianareaandisdevel opingpropertyinIndonesiainasubsidiary--orasuburbofJakarta.BENNETT:Whataretheydo ingintheUnitedStates?Isitrealestatedevelopment?Isitbanking?Isitinsurance?Whatar ethe...HAMPSON:TheprimaryoperationintheUnitedStatesistheLippoBank.Ithasheadquar tersinLosAngeles.Andthen--butithasalsoseveralbranches--oneinSanFrancisco;SanJos e;andWestminster,California.BENNETT:Dotheymakemoney?HAMPSON:Itdoesn'tseemthatth eymakethatmuch.Idon'thaveaccesstotheirfinancialrecords.BENNETT:DoyouknowofanyAm ericanentityofLippothatdoesmakemoney,basedonpublicdocuments?HAMPSON:No,Idon'tpe rsonally.BENNETT:Sothey'reintheUnitedStates,butthere'snoevidencethatthey'remaki nganymoneyintheUnitedStates?Theirmoneyisallmadeelsewhereintheworld?HAMPSON:Well ,no,I--whatIdidwasevaluatethepublicrecorddocumentsthatareavailablethroughavarie tyofonlinedatabases.Andalotofthosespecificfinancialrecordsarenotavailable.BENNE TT:Isee.HAMPSON:Theyhave,youknow--theyare--mostofthemareprivatelyheldcorporatio nsthatdon'tproduceanypublicdocuments,`", thatshowtheirfinancialstatement.BENNE TT:SoitwouldbeunfairformetoconcludethattheyarenotmakingmoneyontheirAmericanoper ations?HAMPSON:Yes,thatwouldbeunfair,Ithink.BENNETT:Isee.Idon'twanttobeunfair.H AMPSON:AtleastfromwhatIknow.BENNETT:OK.Well,whatistheconnectionbetweenLippoandt hePeople'sRepublicofChina?HAMPSON:Well,overthepastfewyears,therecordisveryclear thattheLippoGrouphasshifteditsstrategiccenterfromIndonesiatothePeople'sRepublic ofChina.LippocurrentlyisinvolvedindozensoflargeTLjointventuresonthemainland,inc ludingconstructionanddevelopmentofapartmentcomplexes,officebuildings,highways,p ortsandotherinfrastructure.Lippo'sprincipalpartneronthemainlandisChinaResources ,acompanywhollyownedbythegovernmentofthePeople'sRepublicofChina.Theinterrelatio nshipoftheLippoandthegovernment-sponsoredcompaniessuchasChinaResourceshasgrownm arkedlysince1993.Lippo'sfirstknownbusinessconnectionwithaPRC-controlledcompanyw asinlate1991,whentheHongKongChineseBankattemptedtoinvolveChinaResourcesinacquir ingtheHongKongbranchoftheBankofCreditandCommerceInternational,betterknownasBCCI .ThedealfellthroughwhenChinaResourcesbackedout.However,inlate1992,ChinaResource spurchased15percentofHongKongChineseBank.Subsequently,atacriticaltime,whentheIn donesianinterestswereundergreatfinancialstrain,andindeed,therewasabriefrunonthe LippoBank,ChinaResourcesinjectedtensofmillionsofdollarsintothecash-starvedLippo Land.Finally,inmid-1993,ChinaResourcesincreaseditsstakeintheHongKongChineseBank to50percent.PressreportsindicatethatChinaResourcespaid50percentoverthemarketpri ceofthestock,morethana$125millionpremium.Since1993,theLippoGroupandChinaResourc eshavegrowncloserandcloser,withdozensofshareddevelopmentprojectsthroughoutmainl andChina. ,`", Justtwoweeksago,StephenRiadyannouncedthatthenameofLippo'sHongKon gChineseBankwouldbechangedtoLippoChinaResourcestoreflectthatChinaResourcesisnow anequalpartner.Bywayofillustratingthechange,Ipreparedseveralcharts.There'sa1992 chartoverhereonmyright.Ican'tseeit,but...BENNETT:Icanseeit,butIcan'treadit.HAMP SON:Well,boththe1992chartandthe1997chartareanalyticalcharts.Theyareintendedtoev aluatetherelationshipthatexistsbetweenthevariousentities.I'veprovided--puttthein formationinaverylargedatabase.Andestablishconnectionsbetweenthevariousgroups,wh

ichshowhowtheentitiesarerelatedtoeachotherandwhatdirectionownershipinterestisin
volved.HAMPSON:Theyarenotintendedtobeflowcharts.WhatI'dliketodoisreferyoutoseve
ralexhibits.ExhibitNumber117,ifyoucouldputthatonthescreen,isachartthatshowstheL
ippoGroupin1997.Anditgreatlysimplifiesandmakesmorecleartherelationshipsthatexis
tedorthatexistedatthistime.Asyoucanseeontherightofthechart,LippoLimited,headedb
yStephenRiady,andasubsidiaryisaHongKong,China,bank.They'relocatedonthemainlanda
ndinvolvedinanumberofdifferentdevelopmentprojectsinmainlandChinatogether.Thesea
reonlyasmalllistofthosethatareavailable.Ontheleft-handsideofthechart,you'llseet
he--extremeleft--you'llseethefinancialactivities,centeredinIndonesia,thatprovid
etheIndonesiansideoftheirfinancialnetworkthatthey'vesetup.InthemiddleisLippoLan
d(ph),andthevarious--orthetwodifferentdevelopmentprojectsinIndonesiathatLippoha
sstartedbackinaboutthemid-'90s.AlloftheseentitieshaveconnectionstothePeople'sRe
publicofChina,andessentially,that'swhatthischartoverhereshowsinaverymuch--inave
rycomplicatedway.However,thattypeofrepresentationisextremelyimportanttoevaluate
thedetailoftherelationships,becauseit'sfromthedetailthatwegetthegeneralrelation
shipsthatexist. ,`", ThesecondchartthatyoucanseeisLippoGroupinearly1992,Exhibit
118.Youcanseeallofthemajorentitiesonthesecharts.Butatthattime,therewasnoknownbu
sinessconnectionbetweentheLippoGroupandChinaResources,whichisessentiallythePeop
le'sRepublicofChina.BENNETT:Soyourpointisthatinthefive-yearperiod,Lippowentfrom
afamily-ownedentityheadquarteredinIndonesiatoajointventure,ineffect,withtheChin
esegovernment,withtheprimarysourceofactivityheadquarteredinthePeople'sRepublico
fChina.Isthatafaircharacterizationofwhatyou'resaying?HAMPSON:Yes.BENNETT:Tellus
alittlemoreaboutChinaResourcesandwhattheycanbringtothetableasajointventurepartn
er.HAMPSON:Well,ChinaResourcesisahugetradingcompany.It'sahundredpercentownedbyt
hegovernmentofthePeople'sRepublicofChina.It'sinvolvedineverythingfrompeanutstop
ropertydevelopment,andfrommineralstomachinery.Ithashundredsofsubsidiaries.It'ss
heersizedwarfseventheLippoGroup.It'spurposeistofostertradeandtopromotedevelopme
ntofthemainland'seconomy.Throughbusinesstiesithasestablished,thegroupseeksoutte
chnologythatthecountryneedsandbuysit.ChinaResourcesalsohasamoregeopoliticalpurp
ose.Itiswell-establishedinthepublicrecordthatthegovernmentofthePeople'sRepublic
ofChinausesChinaResourcesasanagentofespionage,economic,militaryandpolitical.Ifi
tsagentscan'tbuythetechnology,theyobtainitbyothermeans.Theyacquireinterestincom
paniesinordertousethemassurrogates,aswellastoprovidecoverforcovertoperatives.Th
ecompanyiskindoflikeasmilingtiger--itmightlookfriendly,butit'sverydangerous.BEN
NETT:Well,now,let'stalkabouttheLippoactivitiesintheUnitedStatescurrently,becaus
eyourimplicationisthattheChinaResources,byvirtueofitsrelativelynewassociationwi
thLippo,cancomethroughLippoentitiesintotheUnitedStates.Idon'twanttoleadyou.Buti
sthatafaircharacterizationofwhatyou'releadingto? ,`", HAMPSON:It'spossible.Righ
tnow,ifI'dreferyoutoExhibitNumber19--119,thisisanotherchartthatwasprepared.This
largelyisdevelopedfromadocumentproducedbyHipHingHoldingsCompany.AsImentionedear
lier,mostoftheoperationsoftheLippoGroupintheUnitedStatesareverycloselyheldandpr
ivate.There'snotagreatdealofinformationaboutthem.Andwedon'tknowverymuchaboutthe
iractivities,atleastIdon't.Imean,there'snotthatmuchinthepublicrecordthat'savail
able.Butyoucansee...BENNETT:WenowknowthatatleastSanJoseHoldings,ToyCenterandHip
HingHoldingsdon'tmakeanymoney,andneverhave,basedonthetestimonywe'vehadbefore.HA
MPSON:OK.BENNETT:Allright.Goahead.Ididn'tmean...HAMPSON:Iwasjustgoingtopointout
thatyoucanseethattheLippoBankinCaliforniaistheprimary--reallytheprimaryactiveop
erationoftheLippoGroupthatI'mawareof,atleastfromthepublicrecorddocumentsthatare
available.TherestofitareprivatelyheldcompaniesthatallhavetiesbackintotheLippoGr
oupoperationsinternationally.BENNETT:Doyouhaveanyinformationonthepublicrecordth
atwouldindicatetherewasanyactivityonthepartoftheChinesegovernmentthroughChinaRe
sources,throughLippo,intheUnitedStatesinanyoftheseorganizations?HAMPSON:Ihaveno
knowledgeofthat.BENNETT:Doyouhaveanyknowledgethatithasnothappened?HAMPSON:No.BE
NNETT:So,that'ssomethingwe'llhavetopursueotherthanthroughpublicdocuments.HAMPSO

N:Yes.BENNETT:Asidefromthefactthatyourchartsgiveusterribleeyestrain,Iwanttothan kyouforcomingtohelpusgetabetterunderstandingofexactlywhatitiswe'redealingwith.T hankyou. ,`", Mr.Chairman,Ihavenothingfurther.THOMPSON:SenatorGlenn.GLENN:Mr.Ba ron.BARON:Thankyou,Senator.Goodafternoon,Mr.Hampson.Wejustmadeitbytwominutes.Yo udescribedearlierthatyouarethepresidentofSearchInternational,andyoudescribedwha tSearchInternationalis.HowmanyemployeesdoesSearchInternationalitselfhave?HAMPSO N:Five.BARON:Andyou'rebasedinChicago?HAMPSON:InChicago,yes.BARON:Andareallfivei nvestigators?Ordoesthatincludeclericalpeople?HAMPSON:Well,Idon'thaveanyclerical people.Idohaveanadministrativeassistant.BARON:OK.Soyouhavefourinvestigatorsanda nadministrativeassistant?HAMPSON:Yes.BARON:Now,ingatheringinformationonaforeign company,amIcorrectthatyouwouldtypicallyusemanydatabasesthatarepublic?HAMPSON:Ye s.BARON:Andisitfairtosaythatinputtingtogetheryouranalysisthatmuchofthematerialy ou'verelieddontodayisavailableinthepublicdomain?HAMPSON:Yes.BARON:Thiswouldinclu deLexis-Nexis,Dun&Bradstreet--databasesofthatsort? ,`", HAMPSON:Yes,sir.BARON:O K.Now,inyourgatheringofinformationconcerningtheLippoGroup,didyouhaveaccesstoast udydonebytheHarvardBusinessSchoolin1993?HAMPSON:Yes,Idid.BARON:Anddoyourecallth attheHarvardBusinessSchoolprofiledescribestheLippoGroup,basedinIndonesia,asanun consolidatedfederationofcompanieswithamultibilliondollarassetbase,asecondmajorb aseinHongKong,andactivitiesthroughoutthePacificRimwhichenjoyedremarkablesuccess .HAMPSON:Yes.BARON:Doyouagreewiththat?HAMPSON:Yes,Ido.BARON:Doesthatconfirmyour ownanalysis?HAMPSON:Yes.BARON:AndamIcorrectthatyoulearnedinyouranalysisandresea rchwithregardtotheLippoGroupthatitisaprofit-drivenentity.Imean,itiswhatwewouldt hinkofasacapitalistventure.HAMPSON:Oh,yes.BARON:Allright.Anddoyourecallalso,acc ordingtotheHarvardBusinessSchoolProfilethattheLippoGroupwasabletoattractandhire experienced,well-regardedexecutives?Doyourecallthat?HAMPSON:Yes.Yes,Ido.BARON:H igh-caliberprofessionals,Ithink,isoneofthephrases.Now,thepopulationofChinahasin excessofabillionpeople.AmIcorrect? ,`", HAMPSON:Yes,itdoes.BARON:Anditcertainly isalsooneofthelargestmarketsintheworld.Isitnot?HAMPSON:Yes.BARON:And,ofcourse,a sanentity,itandthroughitsvariousarms,ithasmoneythatitwishestoinvest.Doesitnot?H AMPSON:Yes.BARON:AndmuchofthatinvestmentisoutsideofChina.Isitnot?HAMPSON:Yes,it is.BARON:Andthere'snothingunusualaboutthatinherently.Isthere?HAMPSON:No.BARON:A mIcorrectthatinChina,doingbusiness--andwe'retalkingaboutthePRC--ifyou'redoingbu sinessinChina,doingbusinesswithChinesecompaniesmeansdoingbusinesswithcompanieso wnedbytheChinesegovernment,suchasChinaResources.HAMPSON:Notalways.BARON:Idon'tm eanalways,butifyou--ifonewishestodobusinessinChina,veryoftenoneendsupdealingwit hanentitysuchasChinaResources,whichisownedbythegovernment.HAMPSON:Right.BARON:N ow,amIcorrectthattheLippoGroupalsohasrelationshipswithcountriesotherthanChina?A ndbyChina,I'mtalkingaboutmainlandChina.HAMPSON:Yes.BARON:CountrieslikeTaiwan?HA MPSON:Yes. ,`", BARON:Japan?HAMPSON:Yes.BARON:France?HAMPSON:Yes.BARON:England? HAMPSON:Yes.BARON:Now,thechartsthatyouhaveprovideddon'tsayanythingaboutthere bei nganyChinesegovernmentmoneyinanyofLippo'sAmericanentities,dothey?You'renotinapo sitiontosaythat,areyou?HAMPSON:No,I'mnot.BARON:Sotheydon'tshowanyChinesemoneyin Lippo/USAorinHipHingHoldingsorinToyCenterHoldings.Youdon'tknowthat,doyou?HAMPSO N:No,Idon't.BARON:SanJoseInvestments?HAMPSON:Idon'tknow.BARON:Butasfarasyouknow ,there'snoChinesegovernmentmoneyinanyofLippo/USA'sentities?HAMPSON:Iwouldn'tkno wonewayortheother.BARON:Right.Ifyouhadseenevidenceofit,youwouldhavebroughtitfor ward,wouldyounot?HAMPSON:Yes.BARON:Now,youindicatedthatLippohasbusinessventures jointlywithChinaResources,acompanythatiseitherpartiallyorentirelyownedbytheChin esegovernment.Isthatcorrect? ,`", HAMPSON:Yes.BARON:AndoneofthoseventuresistheH ongKongChineseBank,Ibelieve?HAMPSON:Yes,itis.BARON:Allright.Now,Ibelieveyou'vea lsotestifiedthattheLippoGroupisahugeinternationalconglomerate.HAMPSON:Yes.BARON :Atourbestcount,ithasabout143subsidiariesallovertheglobe.Doesthatsoundright?HAM PSON:Ithinkthere'smorethanthat.BARON:Giveortakeacouple?HAMPSON:No,there'squitea bitmorethanthat.BARON:OK.HAMPSON:Thisisonlyasmallrepresentationofthecompaniesth atareavailable.Infact,thisisjustthecorerelationshipsthatexist.Thechartwouldbemu ch,muchbiggerifwehadalloftheadditionalcompanieslistedonit.BARON:Allright.I'dlik etohavethechartoverontheeasel.Pleaseputitinapositionsothewitnesscanseeit.Maybey ououghttotakedownthe...(UNKNOWN):Youcantakethat...BARON:...therewego.Now,doyour ecognizethoseasLippojointventuresthatapartofthemakeupofthevariousinvestmentstha tthecompanyhas?HAMPSON:Yes.BARON:Amlcorrect--I'msorry.HAMPSON:Idon'trecognizeac oupleofthemoffthetopofmy ,`", head.ButIdo--Iseeseveralofthemthatlremember.BARON :Right.Andthefactthatyoudon'tremembermaybebecausetheyhavesomany,andyoujustdon't rememberthem.HAMPSON:That'sright.BARON:OK.Andindeed,amIcorrect--didyoucomeacros sthefactthatevenPatRobertsondoesbusinesswithLippo?HAMPSON:No,Ididn'tcomeacrosst hat.BARON:Well...(LAUGHTER)HAMPSON:Iwasn'tlookingforhim.BARON:Well,thereheis.Yo urecognizetheface?HAMPSON:Yes.BARON:OK.AndweassumethatPatRobertson'sinvestmenti nLippowasnotpartofsomegrandschemetopermittheChinesegovernmenttoinfiltrateourpol iticalsystem?HAMPSON:Iwouldn'tknow.(LAUGHTER)BARON:OK.Mr.Hampson,areyouawaretha tBoeinghasbusinessventuresinvolvingcompaniesinwhichtheChinesegovernmenthasastak e?HAMPSON:Yes.BARON:GeneralMotorshasthesamekindofrelationshipwithChinesecompani esinwhichtheChinesegovernmenthasastake.HAMPSON:Yes.BARON:EastmanKodakhasbusines sventuresofthattype.Dotheynot?HAMPSON:Idon'tknow. ,`", BARON:Itwouldn'tshockyou tofindoutthattheydid?HAMPSON:No.BARON:It'sagreatplacetosellfilm,woulditnot?Over abillioninpopulation.HAMPSON:Iwouldthinkso.BARON:AreyouawarethatMicrosofthasbus inessventuresinvolvingcompaniesinwhichtheChinesegovernmenthasastake?You'reaware ofthat?HAMPSON:No.BARON:Itwouldn'tshockyoutofindputthatthatwasthecase,though,wo uldit?HAMPSON:No.BARON:CocaCola,all-Americancompanylikethat,hasbusinessventures withtheChinesegovernment,withcompaniesinwhichtheChinesegovernmenthasastake.Doyo uknow--areyouawareofthat?HAMPSON:No,Iwasn't.BARON:Doesitshockyou?HAMPSON:No.BAR ON:Ihavenothingfurther.THOMPSON:Whydon'tweletthesenatorgoahead.LEVIN:Justacoupl eofquestions,Mr.Chairman.ShallIproceed?THOMPSON:Yes.LEVIN:DidyoureadtheHarvards tudy,bytheway,onLippo?HAMPSON:Yes,Idid.LEVIN:Didanythingyoufoundinthepublicreco rdconflictwiththeHarvardstudythatyouread? ,`", HAMPSON:No.NotthatIrecall.LEVIN: WhenyoulookedatthepublicrecordonLippoandyousawthatoneoftheholdingcompanieswasHo pHing,isthatcorrect?(OFF-MIKE)achart?HAMPSON:HipHing.LEVIN:HipHing,Imean.HAMPSO N:Yes.LEVIN:YouhaveHipHong?HAMPSON:Well,Ididn'tputitinthere.LEVIN:Allright.Well ...HAMPSON:Isee.Iknowit'sHipHing.LEVIN:It'sHipHing.Andwhenyoulookedatthepublicr ecordonHipHing,didyou--we'reyouabletodeterminewhattheirincomewas1992?HAMPSON:No .LEVIN:Wereyouabletodeterminewhattheirgrossornetincomewasin'92?HAMPSON:No.LEVIN :Thatwasn'tinthepublicrecord?HAMPSON:No.LEVIN:Doyouknowwhetherornot,forinstance ,theygrossedeven$100,000in'92?HAMPSON:Ihavenoidea.LEVIN:Didyoudoathoroughexamin ationofthepublicrecord?HAMPSON:Ididaverycompletedatabaseresearchonanumberofdiff erentrecords.Iwouldn'tconsideritexhaustive. ,`", LEVIN:Butyoudidareasonablythor oughdatabasesearch?HAMPSON:Yes.LEVIN:Andthatdidnotdisclosewhateithernetorgrossi ncomewasin'92?HAMPSON:No.LEVIN:Thisgetsintothequestionofhow,then,doesapolitical partyreceivingacontributioncheckoutwhetherornottherewasadequateeithergrossornet incometocoverthatcontribution.LEVIN:Now,you'renotabletoanswerthat.I'mnotaskingy outhequestion.Butthat'swhatyourtestimonyraiseshere.Acheckcomesinfor$50,000.Ifit 'snotfromaforeignsource,itisclearlylegal.Peoplecanargueastowhetherornotifitisfr omaforeignsourceit'slegalornot.Butitshouldn'tbereceivedinanyevent.AsfarasI'mcon cerned,itshouldn'tbelegal.Butthecheckcomesinin1992,andtheyhiresomebodylikeyou.H owmanyweekshaveyoubeenworkingonthis?HAMPSON:Acouple.LEVIN:Acoupleofweeks.Sothey hiresomebodylikeyouforacoupleofweeks,say,here'sthischeckfor$50,000andchecktheda tabaseandseewhatthesourcesare.Butinanyevent,itdoesraisethequestionastohowwhendo zensorhundredsofcheckscomein,whatisthevettingprocedurewhichisreasonablyexpectab leofapartyoracampaign,becauseevenyourreasonablythoroughpublicsearchofthepublicr ecorddoesn'tdisclosethiskindofafigureorwhatthatgrossornetfigurecould--wasinthat particularyear.Mynextquestionisthis:You'veindicatedthatthere'sagreaterfocusnowo

nChinaonthepartoftheLippoGroup,isthatcorrect?HAMPSON:Yes.LEVIN:Inthelastfiveyea
rs.Isthatfairlytypicalofalotofcompanies,thatthere'sbeenashiftoffocusinthelastfe
wyearstoChinaasanopportunityforprofit?Isthathappeningwithalot,`", ofentities?B
oeing,othershavebeenmentioned.Isthat...HAMPSON:Alotofcompaniesaremakinginvestme
ntsinChina.Ihaven'tseenalotofcompaniesbecomingpartnerswithacompanylikeChinaReso
urces,however.LEVIN:YouindicatedChinaResources,Ithought--didn'tyousayhadhundred
sofsubsidiariesorhundredsof...HAMPSON:Yes.LEVIN:Anddoyouknowapproximatelyhowman
yofthose--doyoucallthemsubsidiariesorjointventures?HAMPSON:Yes.LEVIN:Doyouknow-
-haveyoutrackedthegrowthofthosesubsidiariesandjointventuresintheChinaventures?H
AMPSON:No.IonlytrackedthoseentitiesthatIcouldtieintotheLippoGroup.LEVIN:Sothaty
ou'renotabletotellus,forinstance,whetherornotthere'stwiceasmany,fivetimesasmany
,10timesasmanysubsidiariesnowthatjoint--thatChinaventuresisinvolvedinastherewer
ein1992?HAMPSON:No,Iwouldn'tknow.LEVIN:Doyouknow,intermsoftheLippoGroup'sincome
,doyouknowwhatpercentageoftheincomeortheassetsofLippoGrouparenowinChinacompared
tofiveyearsago?HAMPSON:It'sverydifficulttotell.Icouldn'tevenbegintospeculate.LE
VIN:OK.Thankyou,Mr.Chairman.THOMPSON:SenatorLieberman,wemayhave--wehaveavoteon,
butwemayhavetimeforyouifyouwantto...LIEBERMAN:Thanks,Mr.Chairman.I'lltrytodothi
squickly.Mr.Hampson,goingbacktothatHarvardstudy,verybriefly,ononeoftheexhibitsi
nit,theylistcountryrepresentativesforthe ,`", LippoGroup.Theyhavefivecountriesi
nit.NexttotheUnitedStates--thisisasof1992--JohnHuangislisted.Onthebasisoftherev
iewyoudid,doyouhaveanyunderstandingofwhatitwouldmeanforJohnHuangtobethecountryr
epresentativefortheLippoGrouphereintheUnitedStates?Washe--ishechiefofficerorasa
lesrep?Or...HAMPSON:Idon'tknow.LIEBERMAN:Youcan'ttell.OK.Second,theLippoGroupan
dtheindividualsassociatedwithitcontributedsubstantialamountsofmoneytoAmericanpo
liticalcampaignsoverthelastseveralyears,amountsofmoneythatarequestionableorrais
equestionsbecausethecompanywasn'tdoing--theLippoGroupwasn'tdoingthatmuchbusines
shereintheUnitedStates.ButoneofthetheoriesraiseddoesnotgotoChina,butgoestoJakar
taandIndonesia.AndthequestionIwanttoaskyouis,inyourreview,didyou--onthebasisofy
ourreview,canyoutellusanythingabouttherelationshipbetweentheLippoGroupandtheInd
onesiangovernment?HAMPSON:Ididn'tlookatthat.LIEBERMAN:OK.Finalquestion.ChinaRes
ourcesHoldingCompany.Ibelieveyouindicatedthatthatholdingcompany,whichboughta15p
ercentinterestinLippoGroupin'92,andnow,Ibelieve,holdsa50--intheLippoHongKongBan
k...HAMPSON:Yes.LIEBERMAN:...nowholdsa50percentinterest,hadbeenusedforespionage
purposesbytheChinesegovernment.Whatisthebasisofthatconclusionthatyou'vemade?HAM
PSON:There'sanumberofpublishedreportsinthemediaaboutthis.TherewasaBBCbroadcasta
fewyearsagowhereitquotedan--intelligenceagentsonthatparticularsubject.Therewere
acoupleofotherreferences,too,thatIcan't--Ihaveitinmymaterials,butIcan'trecallth
eexactsource.LIEBERMAN:OK.So,again,thesewerefrompublicsources,not,`", fromclas
sifiedinformation?HAMPSON:No.LIEBERMAN:Thankyou.Thanks,Mr.Chairman.THOMPSON:All
right.No.Ithoughtwe'dbringhimbackifyou--wehaveavoteon.Let'srecessforlunch.Andle
t'sreconveneat2:15?2:15.(RECESS)THOMPSON:SenatorGlenn,didyouhavefurtherquestion
softhiswitness?GLENN:Mr.Chairman,justoneminuteworth.Iwasgoingtoaskbeforewewento
utforthebreakwhether,youknow,thetitleofyourcompanywouldindicatethatyoudosearche
sabroadandIwasjustwonderingifyoudoactualpersonnelsearchesinaforeigncountry,andt
heobviousfollowupquestionwouldbewegotacoupleofdozenpeopleoutsomeplaceoutthereth
atwe'dliketofind.Doyouthinkyoucouldfindthem?(LAUGHTER)HAMPSON:Wemight.GLENN:Tha
t'snottherightanswer.Doyouthinkyoucanorcannotorisyoursthewrongcompanytodothat?H
AMPSON:Well,wecouldfindthemifwe'regivenenoughtime.GLENN:Welltimeisoftheessencei
nthiscase.I'mreasonablyseriousaboutthistoo.I'dliketohaveabipartisaneffort.Let's
findsomeofthesepeopleandifwefindthemseeifwecantalktothem.Doyoudothatkindofwork,
orareyoumainlyinvolvedwithcorporateandbusinessconnectionsasyour,asthewriteupofy
ourbackgroundindicates?HAMPSON:Mostofitiscorporateworkthatwedo.GLENN:OK,you'ven
everdoneworklikethat,likeI'mtalkingabout?HAMPSON:Theonlything--we'vetrackeddown
manypeoplefor ,`", witnessesorwhateverpurposeitmightbe.GLENN:Wellthismightbesom

ethingwe'dwanttotakeandmakeabipartisaneffortontoseeifyoucouldgooutthereandfinds omeofthesefolks.Ifyoucould,I'dbeallforit.Don'tknowwhetherwecouldgetthemtotalkon cewe'rethere,butwemighttryit.Thankyou,Mr.Chairman.THOMPSON:Thankyou.Mr.Madigan, didyouhaveacoupleofbriefquestions?MADIGAN:Yes,Mr.Chairman,justbriefly.Mr.Hampso n,ifyouwouldlookbackforusatthechartontheright,whichasIunderstoodyourtestimonyis theconfigurationoftheLippoGrouptodayaswesithere.Isthatright?HAMPSON:Yes.MADIGAN :NowwhatdoesthechartontherightreflectastothepresentinteresttodayofChinaResource sinanyLippoentity?HAMPSON:ThechartshowsthatmostoftheLippoentitiesrepresentedont hisdisplayhaveatleastsomeownershipinterestbyChinaResourcesHolding.MADIGAN:Andso Icanfollowthis--actuallycan'tseeitallthatwellfromhere--withthedifferentcoloredl ines,isthepresentinterestthatChinaResourceshasinanyLippoentityreflectedonthisch artreflectedonthischartbyaparticularcolorline?HAMPSON:Yes,thepurplelineshowanow nershipinterestbybothChinaResourcesandtheLippoGroup.MADIGAN:Soit'sthepurpleline sonthischartthatwouldreflectthat.Isthatright?HAMPSON:Yes.MADIGAN:Nowtoyourknowl edge,doesChinaResourceshaveanyownershipinterestinCoca-Cola,Microsoft,GeneralMot ors,oranyoftheothercompaniesbeingaskedaboutbyMr.Baron?HAMPSON:No,sir. ,`", MADI GAN:That'salllhave,Mr.Chairman.THOMPSON:That'sallthatwehave,Mr.Hampson.Iwillpoi ntoutthatIwashandedattheintermissiontheadvisoryopinionoftheFederalElectionCommi ssion,1992-16.Says,"contributionsbydomesticsubsidiariesofforeignnationals."Appa rently,inordertobelegal,adomesticsubsidiarymustmakeapoliticalcontributionoutofn etprofitsandnotrevenues.Andsowiththatwewillexcuseyou,Mr.Hampson,andthankyouvery much.HAMPSON:Thankyou.THOMPSON:We'regoingtocallHaroldArthurasournextwitness.THO MPSON:Mr.Arthur,I'msorry.I'mnotgoingtoaskyoutostandagain.Wouldyoupleaseraiseyou rrighthand,please?Doyousolemnlyswearthetestimonyyou'reabouttogiveisthetruth,the wholetruth,andnothingbutthetruth,sohelpyouGod?ARTHUR:Ido.THOMPSON:Thankyouverym uch,Mr.Arthur.I'llcallonSenatorCollins.COLLINS:Goodafternoon,Mr.Arthur.Iknowtha tyouhavealengthyopeningstatement,whichIcanassureyouwiththechairman'sconcurrence willbesubmittedfortherecord,andwhichhasbeenprovidedtoallmembersofthiscommittee. So,unlessyou'dliketomakeafewopeningremarks,we'llproceedtoquestions.ARTHUR:Proce ed.COLLINS:Thankyou,Mr.Arthur.Mr.Arthur,Iunderstandthatyouarealong-timeofficera nddirectorofLippoBank,andthatyoucurrentlyserveaschairmanoftheboardofdirectors,i sthatcorrect?ARTHUR:That'scorrect.COLLINS:Mr.Arthur,whoownsLippoBank?ARTHUR:Mr. JamesRiady. ,`", COLLINS:Andisitaccuratethatsome98percentor99percentofthestocki sownedbyMr.Riady.ARTHUR:That'smyunderstanding.COLLINS:OK.IsLippoBankpartoftheLi ppoGroupthatwe'veheardiscussedearliertoday?ARTHUR:TheLippoGroupconsistsofacons ortium.Itconsistsofagroupofsmallorlargedifferenttypesofentities,allwiththecommo nalitiesofbeingrelatedinsomerespecttotheRiadyfamily.COLLINS:I'mgoingtotakethata sayesandasconsistentwithyourdepositioninwhichyouareaskedwasthereanywayinwhichth ebankwasnotpartoftheLippoGroup,andyourespondedthattherewasnoway.Doyoustillstand bythatstatementinyourdeposition?ARTHUR:Ofcourse.COLLINS:Thankyou.Aspartofyourdu tiesduringtheperiodthatyouoccupiedthepositionofCEOofLippoBank,youattendedLippoG roupconferencesinJakarta,whereseniorexecutivesthroughoutthegroupwerebroughttoge ther,isthatcorrect?ARTHUR:That'scorrect.COLLINS:Andwhatwasthepurposeofthoseconf erences?ARTHUR:Tointroducethevariousentitieswhichwereconsideredtobepartofthegro uptooneanotherforthepurposeofknowingwhatthebusinessrelationshipscouldbedevelope d,andwhatmarketingfunctionswecouldshare.COLLINS:OK.WereMr.JamesRiadyandMochtarR iadyinattendanceatthosemeetings?ARTHUR:Yes.COLLINS:DuringyourtenureatLippoBank, youworkedwithanindividualnamedJohnHuang.CouldyoutelluswhatpositionorpositionsMr .HuangheldatLippoBank?ARTHUR:Mr.Huangwasthepresidentandchiefoperatingofficeroft hebankin1986to1988,Ibelieve.IwastheCEOatthattime,until--letmestartoveragain.Iwa stheCEOfrom'84until'87.,`", JohnjoinedthebankaspresidentandCOOin'86,andheheldt hatpositionuntil'88.COLLINS:Thankyou.Beyondhisdirector'sdutiesatthebankwhichhes ubsequentlywenttoafterhewasnolongerCOO,didMr.HuangalsoserveastheUnitedStatesrep resentativeoftheRiadyfamily?ARTHUR:Thatwasmyunderstanding.COLLINS:Areyouaware,M

r.Arthur,thatin1992,theLippoGroupattemptedtopurchasetheHongKongbranchoftheBankofCreditandCommerceInternational,whichisknownasBCCI?ARTHUR:Iunderstandthatiscorrect.COLLINS:OK.DoyouhappentobeawareofthefactthattheRiadyssentMr.HuangtoBeijingtonegotiateaspectsofthattransactionwiththeChinesegovernment?ARTHUR:Idonotknow.COLLINS:OK.Mr.HuangmaintainedanofficeatLippoBank,didn'the?ARTHUR:Yes.COLLINS:I'dliketodirectyourattentiontoanexhibit.It'sexhibit109,that'sinyourbook.Andit'llalsobebroughtuponthescreen.ARTHUR:OK.COLLINS:Thefirstpageofthisexhibitisalittlebithardtoseeonthescreen.Maybewecangotothesecondpage,whichlabelsthevariousrooms.Whatwe'relookingatisthelayoutoftheLippoBankexecutivesuiteduringtheperiodthatwe'rediscussing.Couldwehavepagetwooftheexhibitputup?ARTHUR:Yes.COLLINS:Thismaymakeiteasiertofollow.Woulditbefairtosaythatthisisasmallofficesuiteandthatyousatinclose
,`", proximitytoMr.Huang'sofficeforthebetterpartofthefouryearsdayinanddayout?ARTHUR:That'scorrect.Butthenamesarewrong.COLLINS:Thenamesarewrong?OK.Butitiscorrectthatyouwereincloseproximitytohisoffice.Isthatcorrect?ARTHUR:Myofficewas(OFF-MIKE)--itislabeledJamesPerLee.COLLINS:OK.Soit'srightdirectlynexttoit.ARTHUR:That'scorrect.COLLINS:Thankyouforthatclarification.Mr.Arthur,woulditbefairtosaythatduringthisfour-yearperiod,thatyoudevelopedaclosebusinessrelationshipwithMr.Huang?ARTHUR:IdevelopedarelationshipwithMr.Huang.Notaclosebusinessrelationship,no.COLLINS:Ijustwanttodirectyourattentiontoyourdeposition,ifIcould,justonthatpoint,justforclarity.Onpage17ofyourdeposition,youwereasked,didyoucometohaveapersonalrelationshipwithMr.Huang?Andyourresponsewasthat--quote--"IhavehadaclosebusinessrelationshipwithJohnformanyyears."ARTHUR:That'scorrect.COLLINS:OK.BasedonyourconnectionswithMr.Huangduringthisfour-yearperiod,whatwereyourobservationsaboutwhatMr.Huangdidinhisofficedayinanddayout?ARTHUR:Inthe--inhisoffice?COLLINS:Yes.ARTHUR:Ireallyhaveno--Ihaveno--Ireallydon'tknowwhathedidinhisoffice.Hewasnotinthebank.COLLINS:But...ARTHUR:Theofficewasaspacethatwasleased.Andheoccupiedtheoffice
. ,`", COLLINS:Butyoudidsitinthenextofficeforaperiodofyears.Yousharedasecretaryatsomepoint.Isthatcorrect?ARTHUR:Yes.COLLINS:Andyoutravelledwithhimoccasionallyto--isthatcorrect--toJakarta?ARTHUR:No.COLLINS:No.Didyouevertravelwithhim?ARTHUR:Idon'tthinkI'veevertravelledJohn.COLLINS:OK.Yousharedasecretary.Yousatnextdoor.Byyourdeposition,yousaidthatyoudevelopedaclosebusinessrelationship.ARTHUR:That'scorrect.COLLINS:Butyoudon'thaveasenseofwhathedid,daytoday?ARTHUR:Idonot.COLLINS:IsthatbecauseheheldverycloselytohimhisactivitiesforothersubsidiariesoftheLippoGroup?ARTHUR:No,notnecessarily.WeneverdiscussedhisrelationshipwiththeLippoGroup.COLLINS:Andyouneverdiscussedwhathewasdoing?Whathisdutieswere?ARTHUR:No.Ipresumeditwasbusinessrelationsandcustomerdevelopment.COLLINS:Mr.Arthur,areyouawareofthenewsreportsthatsurfacedlastfallstatingthatMr.HuanghadmadenumerousphonecallstoLippoBankfromhisofficeattheU.S.DepartmentofCommerce?ARTHUR:Iamawareofthenewspaperreports.COLLINS:WoulditbefairtosaythatyouandtheCEO,PerLee,andyourfellowboardmembersatthebankwereconcernedwhenyouread ,`", thepressaccountsthatJohnHuanghadmadenumerousphonecallstothebankwhileintheemployoftheU.S.DepartmentofCommerce?ARTHUR:Iwasnotconcerned.Mr.PerLeeIcannotanswerfor.He'snothere.COLLINS:OK.Inresponsetothosepressreports,however,it'smyunderstandingthatMr.PerLeeperformedaninvestigationintothephonecalls.Isthatcorrect?ARTHUR:Iunderstandthathedid.COLLINS:Andhispreliminaryinvestigationrevealed,fromhisperspective,thattherehadbeen60contactsbetweenMr.HuangandthebankafterheleftLippoBank.Isthatcorrect?ARTHUR:I'mnot--Idonotknow.COLLINS:OK.ThatisourunderstandingbasedonMr.PerLee'sdeposition.Now,I'dliketodirectyourattentiontoanotherexhibit.It'sexhibitnumber114.WhatI'mshowingyouhereisaphonebillanditindicatesthatMr.Huang'sLippoBankcallingcardwasinusemakingcallsfromMr.Huang'sCommerceDepartmentphone,aswellashishomephoneinSilverSpringwellafterheleftthebankinJulyof1994.AndI'dlikeyoutotakealookatthisparticularexhibit.Thisparticularexhibitshowsthattherewere41phonecallsin23days--41phonecallsin23days--thatwerechargedtotheLippoBankcallingcardbetweenJuly18thandAugust9th,1994.Thisraisesaquestioninmymind.Afterheleftthebank,wasMr.Huangauthorizedtocontinueto

usehisLippoBankcallingcard?ARTHUR:Iamsorry.Icannotansweryourquestion.IfMr.PerLe ewerehere,hecould.COLLINS:Woulditbetypicalforanemployeewhohaslefttheemployofthe bank,aformeremployee,tocontinuetohaveaccesstoaLippoBankcallingcard?ARTHUR:Ican' tanswerthatquestion. ,`", COLLINS:Well,inyourexperienceofbeingtheCEOofthebank,c anyourecallanycaseswhereanindividualwhowasleavingtheemployofthebankwasgivenperm issiontocontinuetousethebank'scallingcard?ARTHUR:Wewouldnothavegivenpermission. COLLINS:Youwouldnothavegivenpermission.AsImentioned,Mr.PerLee'spreliminaryinves tigationindicatedthattherewassome60callsthat--or60telephonecontactsthathecouldd ocument.Wouldyoube--yousaidyouweren'treallythatconcernedaboutthat.Wouldyoubemor econcernedifyouweretolearnthatthestaffofthecommitteehasdocumentedmorethan230tel ephonecontactsbetweenMr.HuangandLippoBankafterheleftthebank?Wouldthatheightenyo urconcern?Togofrom60to230?ARTHUR:Mr.PerLeetoldmehehadmadethesurvey,thatno--none ofthosecallsweredirectedtoanyoftheseniorofficersofthebank.Iwouldnothavebeenconc erned.COLLINS:Well,letmeaskyouanotherquestion.You'renotconcernedat60calls.You'r enotconcernedat230calls.WouldyoubeconcernedifItoldyouthatthestaffhasdocumentedt hatthereweremorethan400telephonecontactsbetweenMr.Huang,whilehe'sworkingattheUn itedStatesDepartmentofCommerce,andvariousLippoentitiesorpeopleworkingforvarious Lippoentities?Thatjusttoputthatincontext,thatamountstomorethanacallperbusinessd ayduringJohnHuang'sentiretenureattheU.S.DepartmentofCommerce.ARTHUR:Iamnotaware ofanyofthosephonecalls.Ireallyhavenoknowledgeofwhatyou'retalkingabout.COLLINS:W ell,Mr.Arthur...ARTHUR:I'msorry,butthat's...COLLINS:No,Iunderstandwhatyou'resay ing.COLLINS:IguessthatI'llsay,asonememberofthiscommittee,thattohave400telephone contactsbetweenJohnHuangwhileheisan,`", employeeoftheUnitedStatesDepartmentofC ommerceandpeopleworkingforvariousLippoentitiesmakesmewonderwhoMr.Huangwasreally workingforduringhistimeattheDepartmentofCommerce.Thatseemstobeanextraordinaryam ountofcontact.Butletmeturntoadifferentissue.I'dlikeyoutonextlookatwhatislabeled "specialexhibitnumber1"andIdon'tknowwhetheryouhaveacopyofthat.We'llwaitforamome nttomakesurethatcopiesareprovidedtoyou,andtoallmembersofthecommittee.I'msorry-- ithasbeenlabeled.I'mmistakenincallingitspecialexhibitnumber1.Itisexhibit125.ART HUR:Haven'tseenthis,havewe?COLLINS:Doyouhavethatnowinfrontofyou?ARTHUR:Ido.Ido. COLLINS:OK.ThisisaletterwrittenbyJohnHuangwhileheisadirectoroftheLippoBank.It's onLippoGroupstationery.It'sdatedOctober7th,1993.Andit'stoJackQuinnattheWhiteHou se.Inthisletter,Mr.HuangisthankingMr.QuinnforaSeptember24thmeetingwithMr.Huanga ndMr.ShenJueren,whoisthechairmanofChinaResources.We'veheardalotaboutChinaResour cesfromthepreviousexpertwitness.Inaddition,intheletter,Mr.Huangreferstoapreviou smeetingthatoccurredinLosAngelesonSeptember27th,andintheletterhestates,quote,"t hatVicePresidentGorewasjustsuper."Weheardthismorningfromour--thismorningandthen alsoalittlebitthisafternoon--fromourexpertwitness,Mr.Hampson,thatChinaResources is,infact,ownedandoperatedbythegovernmentofChinaandthatnumerouspressreportsstat ethatit'swell-knownthatChinaResourcesisattimesusedasanintelligencegatheringfron tfortheChinesegovernment.WereyouawarethatMr.HuanghadtakenthechairmanofChinaReso urcestotheWhiteHouseforameeting?ARTHUR:No.COLLINS:WereyouatallawarethatMr.Huang washaving ,`", communicationswiththeWhiteHouse?ARTHUR:I'msorry.Wouldyourepeat?C OLLINS:WereyouawarethatMr.HuangwasincontactwiththeWhiteHouseonanyissuesortoarra ngeanymeetings?ARTHUR:No.COLLINS:Letmegotosomeadditionalexhibits.It'sexhibitnum ber115.Thisisaletter,again,fromMr.HuangdatedFebruary18th,1993,againonLippoBanks tationeryandit'ssignedJohnHuang,vicechairmanoftheboardofLippoBank.Andit'stoPres identClintonanditis--itisthankinghimforameetingthathehasattendedattheWhiteHouse .Andhetalksabout--hepraisesthepresident'sspeech,etcetera.It'sfollowedupbyaFebru ary22ndletterreferringtothatsamemeeting,inwhichMr.Huangasksforthephotographstak enbytheWhiteHousephotographersofhimself,Mr.MochtarRiadyandJamesRiady.Wereyouawa reofanyofthesecontactsbetweenMr.HuangandtheWhiteHouseonbehalfoftheRiadyfamily?A RTHUR:No.COLLINS:OK.I'dliketogotoanotherexhibit.It'saJune1stletter,againfromMr. Huang,againonLippoBankstationery,againheidentifieshimselfasvicechairman.It'saJu

ne1st,1993,letterandhe'sthankingaWhiteHouseofficialforhavingthepresidentmeetwit
hJamesRiadyandhimselfinApril.Wereyouawareofthis?ARTHUR:No.COLLINS:OK.Doyouknowa
nyoneelsewhomMr.HuangintroducedthechairmanofChinaResourcestowhilehewashereinWas
hington,whetherattheWhiteHouseorelsewhere?ARTHUR:No.COLLINS:OK.Mr.Arthur,in1996
,wasMr.HuangstilladirectorofLippoBank?Thiswouldbe--hewouldbeemployedbythe ,`",
DemocraticNationalCommitteeatthispoint.ARTHUR:Ican'tremember.COLLINS:Doyouwantt
otakeafewminutes?Wouldyoubeableto...ARTHUR:In1996?COLLINS:Right.In1996.ARTHUR:N
o.Hewasnotadirector.COLLINS:No,hewasnotadirector?DidhehaveanyaffiliationwithLip
pothatyouareawareofin1996?ARTHUR:HehashadnoaffiliationwithLippoBanksinceheresig
nedhisdirectorshipandjoinedtheDepartmentofCommerce.COLLINS:SoMr.HuanghadleftLip
po.HethenwenttoworkattheDepartmentofCommerce,andby1996,hewasworkingfortheDNC.An
dhehadnoaffiliationwithLippoatallatthatpointtoyourknowledge,isthatcorrect?ARTHU
R:Notinanofficialcapacityofanykind.COLLINS:Mr.Arthur,letmeshowyouadocumentthatI
wanttoaskyouabout.ThisisExhibitNumber126.Doyouhavethatdocumentinfrontofyounow,M
r.Arthur?Idon'twanttoproceeduntilyoudo.ARTHUR:Ido.COLLINS:Thisessentiallyisareg
istrationsheetorasign-upsheetthatMr.HuangsubmittedtotheWorldBankandtheInternati
onalFinanceCorporationConferencethatwasheldinAprilof1996.Doyouseewhereitsaysnam
e,andJohnHuanghas,orsomeoneonhisbehalfattheLippoGroup,hasfilledinJohnHuang?ARTH
UR:IseeJohnHuangandLippoGroup.COLLINS:I'msorry?ARTHUR:AndLippoGroup. ,`", COLLI
NS:Andunderthecompany,Mr.Huanghasindicatedthathe'saffiliatedwiththeLippoGroup?A
RTHUR:That'scorrect.COLLINS:Andthenthere'sanaddressthatisindicatedthatis711West
CollegeStreetinLosAngeles.IsthattheaddressoftheLippoBank?ARTHUR:Thatistheaddres
softheLippoBank.COLLINS:OK.DoyoualsoseethatMr.HuanglistshistitleasadvisertotheL
ippoGroup?ARTHUR:Iseethat.That'snottheLippoBank,youunderstand.COLLINS:Idounders
tandthat.Butdoyouhaveanyideawhyin1996Mr.HuangwouldbelistingtheLippoBankashisadd
ress,ashisworkaddress?ARTHUR:TheLippoGroupaddresswasformerlythebankaddress.Idon
otknowwhatthecurrentaddressshouldbe.COLLINS:Doyouhaveanyideaofwhyatthispoint,wh
enMr.Huang,remembernow,hasleft?He'sgonetoworkattheDepartmentofCommerceforalittl
elessthanayearandahalf.He'sthengonetoworkfortheDNC,andhe'sstilllistingtheLippoG
roupasthecompanyforwhichheworks.ARTHUR:I'msorry.Ihavenoknowledge.COLLINS:Doesit
surpriseyoutolearntodaythatMr.Huangwasholdinghimselfoutin1996asanadvisertotheLi
ppoGroupwhilehewasemployedbytheDemocraticNationalCommittee?ARTHUR:Ican'tanswery
ourquestion.Idon'thaveanyknowledge.COLLINS:Iknowyoudon'thavepersonalknowledgeth
atthiswasdone.Butdoesitsurpriseyoutolearnthat?ARTHUR:Alittle.(LAUGHTER) ,`", CO
LLINS:You'reahardmantosurprise,Mr.Arthur.(LAUGHTER)Again,thisincident,likethe40
0phonecallsthatwerebetweenMr.HuangandvariousLippoGroupentitieswhilehewasemploye
dbytheUnitedStatesDepartmentofCommerce,againraisesthequestion,inmymind,forwhomi
sMr.Huangreallyworking.I'dliketoreturntoanotherissue.COLLINS:I'dliketonowtalkab
outMr.Riady.AndI'mtalkingaboutMr.JamesRiady.ARTHUR:Yes.COLLINS:WasMr.Riadyactiv
epoliticallywhenyouknewhim?Well,Iknowyoustillknowhim.Butwhen--inyourtenureatthe
bank?ARTHUR:Hehasalwayssupportedpoliticalactioncommittees,thattypeofthing.COLLI
NS:Washe...ARTHUR:ButIhavenoknowledge--nodirectknowledge.COLLINS:Doyouknowwheth
erhewasabigcontributortopoliticalcampaigns?ARTHUR:Iknownothingaboutithiscontrib
utions.COLLINS:OK.Well,letmeshowyouaseriesofexhibits.We'llstartwithexhibitnumbe
r124thatwe'regoingtoputuponthescreen.Nowrecall--orIdon'tknowwhetheryouheardthis
morning,butwehadawitnesswhotestifiedthatJamesRiadysubsequentlymovedbacktoJakart
ain1990.Isthatyourunderstanding,thathereturnedtoJakartain1990?ARTHUR:Ibelieveit
wasbeforethat.COLLINS:Itmayhavebeenevenbeforethat?ARTHUR:(OFF-MIKE). ,`", COLLI
NS:Butinanyevent,by1990,Mr.JamesRiadyislivinginIndonesia.Isthatcorrect,toyourkn
owledge?ARTHUR:Mr.JamesRiadywaslivingbetweenIndonesiaandtheUnitedStates.COLLINS
:OK.Letmejustdirectyourattentiontothefirstpageofthisexhibit.Andthisisacheckinth
eamountof$15,000drawnonJamesRiady'saccountatLippoBank.Andit'smadeouttotheDNCVic
toryFund.It'sdatedAugust13,1992.HaveIcorrectlyrepresentedthecheckthat'sinfronto
fyou?ARTHUR:Yes.COLLINS:OK.Andlet'sgoontotheaseriesofothercheckssthatareonthenex

tpageoftheexhibit.Thetopcheckisfor$75,000.Again,it'sdrawnonMr.Riady'saccountatL ippoBank.Andit'smadepayabletotheLouisianaStateDemocraticParty.Isthatcorrect?ART HUR:That'scorrect.COLLINS:Andifwelookatthesecondcheckfromthetop,thisone'sdrawno ntheaccountofEileenRiady.Couldyoutelluswhothatis?ARTHUR:ThatisJamesRiady'swife. COLLINS:AnddoesMrs.RiadyalsoliveinJakarta?ARTHUR:ShelliveswithJames,whereverheli ves.(LAUGHTER)COLLINS:Goodanswer.Isit--toyourknowledgein1992,aretheylivinginJak arta?ARTHUR:Tomyknowledge,Icannotrespondtothat.COLLINS:OK.Let'sproceeddownthesh eet.Therearetwomorechecks,bothdrawnonEileenRiady'saccountatLippoBank.(BELL) ,`"
, Oneisfor$50,000,andoneisfor$5,000.ARTHUR:Yes.I'msurprisedtheonefortheArkansas StateDemocraticwasonly$5,000.But(OFF-MIKE).(LAUGHTER)COLLINS:Well,theremayhaveb eenothers.Thisisjust--ifyouturnthenextpage,Ithinkyou'llbereassuredthatArkansash asnotbeenslighted.ThenexttwochecksthatI'mgoingtodirectyourattentiontowillbeinde edreassuringonthatpoint.Atthetopofthepage,thereisanOctober'92checktotheArkansas StateDemocraticPartyfor5,000.Andthenaverylargecheckfor75,000totheArkansasStateD emocraticParty,againdrawnonMr.Riady'saccount.Mr.Chairman,I'lljustaskfortheremai nderofthecheckstobeenteredintotherecord.ItincludesachecktotheMichiganStateDemoc raticPartyfor75,000,drawnonMr.Riady'saccount;onetotheOhioStateDemocraticPartyfo r75,000;andonefortheDNCVictoryfundonMrs.Riady'saccountfor15,000.Therearefurther checksalsototheDemocratic--theCaliforniaDemocraticPartyVictoryFund,theDNCVictor yFund.Again,CaliforniaDemocraticPartyandtheDNCVictoryFund.Allthesechecksaredraw noneitherJamesRiadyorEileenRiady'saccountsattheLippoBank.THOMPSON:Allright,than kyou,SenatorCollins.SenatorGlenn.(UNKNOWN):Mr.Chairman,ifIcanmake...COLLINS:Tha nkyou,sir.(UNKNOWN):...onequickcorrection.They'realldrawnonthesameaccount.Presu mablyit'sajointcheckingaccount.Butthey'realldrawnonthesameaccount,justdifferent names.Thesenatorwasindicatingtheyweretwoseparateaccounts.COLLINS:TheSenatorisco rrect.(UNKNOWN):They'rethesameaccount.,`", THOMPSON:Yes,thankyou.GLENN:Mr.Baro n.BARON:Thankyou,SenatorGlenn.GLENN:Mr.Baron.BARON:Thankyou,SenatorGlenn.Goodaf ternoon,Mr.Arthur.ARTHUR:Goodafternoon.BARON:Mr.Arthur,therewassomecolloquybetw eenyouandSenatorCollinsregardingwhenMr.andMrs.JamesRiadymighthavemovedtoJakarta ,toIndonesia.AndIbelieveyouindicatedinyourtestimonythattheymaintainedhomesinbot hIndonesiaandtheUnitedStatesintheearly1990s,isthatcorrect?ARTHUR:They'vemaintai nedahomeinthisLosAngelesareaofCaliforniaIbelievesince1987.BARON:Right.AndIdon't knowifyoudoknowthis,butI'mgoingtoaskyou.AmIcorrectthattheRiadysdidn'tmovebackto IndonesiafromCaliforniauntilaround1994?Doesthatsquarewithyourrecollection?ARTHU R:I'msorry.Idonotrecallwhentheymovedback.BARON:OK.Thankyou.Now,we'vehadtestimon ythattherecameatimewhenMr.JohnHuangassumedthepositionattheDepartmentofCommerce. ARTHUR:Yes.BARON:DidyouplayanyroleinhelpingMr.Huangreceivethatappointment?ARTHU R:Absolutelynot.BARON:WhendidyoufindoutthatMr.HuangwasgoingtobemovingtoWashingt ontoassumethatposition?ARTHUR:InJanuaryof'94.BARON:Andhowdidyoucometolearnofit?
,`", ARTHUR:IvisitedwithMr.JamesRiadyathishomeinBrentwoodwiththepurposeofinfor minghimthatIthoughtitwastimeIhunguptheglovesandretired.AndItoldhimIthoughtIhadb eentherelongenough,andweneedednewblood.HeaskedifIwouldstayonasadirector,andIsai dIhadn'tthoughtaboutit.HesaidheunderstoodthatperhapsMr.Huangwouldhaveanappointm entwiththegovernment,andifso,hewouldbeleavingthedirectorship.BARON:Andthat'swhe nyoufirstlearnedaboutit?ARTHUR:That'swhenIfirstlearnedaboutit.BARON:And,bythewa y,Mr.Arthur,Ithinkwemayhaveslightedyourverydistinguishedcareerinbanking.You'ves pentabout45yearsinthebankingindustry,haveyounot?ARTHUR:Alittlemorethanthat,buty ou'reclose.BARON:Giveortake.AndamInotcorrectthatwhenyoufirstcameaboard,thebankt hathadbeenacquiredbyMr.Riadywasinalotofdifficultyandthatindeed,asIunderstandit, theonlyreasonthebankwas,thattheyletthebankstayopenwasbecausetheybroughtyou,Mr.R iadybroughtyouintotakecharge,isthatcorrect?ARTHUR:Ibelievethat'swhattheexaminer stoldme.BARON:DoyouknowwhetherMr.RiadyoranyoneelseconnectedwiththeLippoBankorLi ppointerestsplayedanyroleinMr.HuangobtainingapositionatCommerce?Doyouhaveanykno wledgeofthat?ARTHUR:Ihavenoknowledge.BARON:HowoftendidyoutalktoMr.Huangwhenhewa

satCommerce?Werethereoccasionswhenhewouldcallyouoryouwouldcallhim?ARTHUR:Ihaven evertalkedwithMr.Huangsince--well,I'lltakeitback.IwasatafundraiserforPresidentC lintoninAugust,April,whenever.I'veforgotten.AndIsawJohn.Atthattimehewasnotinthe DepartmentofCommerce,however.IbelievehewasatDNC.BARON:Thiswasafterhe'dleftComme rce?ARTHUR:Ithinkso. ,`", BARON:Right.Andwithregardtoanytelephonecontacts,these alleged400telephonecontacts,wereyouprivytoanyofthose?ARTHUR:Ihavenotbeeninvolve dinanyconversationwithMr.Huangexceptcasuallyovercocktailsatthatmeeting.BARON:It akeit--haveyoueveractedasaconduitforinformationfromMr.HuangtoMr.Riadyoranyother memberoftheLippoGroupinAsiainanycapacity?ARTHUR:No,sir.BARON:Now,youknewMr.Huan gforabouthowlongaperiodoftime?ARTHUR:ImetMr.JohnHuangin1984.Thatwasshortlyafter Ihadjoinedthebank.IjoinedthebankonJune15th,1984.ImetMr.HuangonavisittoHongKongi nNovember,andhehadjustjoinedthegroup,Iunderstand.That'smyunderstanding.BARON:OK .Andyouthenknewhimasacolleaguethereafter?ARTHUR:Iknewhimasapersonwhohadbeenintr oducedasanewmemberoftheso-calledgroup.BARON:Now,didyoubecomefamiliarwithMr.Huan g'sactivitiesintheAsian-Americancommunity?ARTHUR:Iwascomfortablewithhisactiviti esintheAsian-Americancommunities.BARON:Indeed,didyouunderstandthatperhapsthatwa spartofhisfunctionwascommunityoutreachintothatcommunityonbehalfofthebankandothe rinterests?ARTHUR:WhenhejoinedLippoBank,hewasoneofseveralcandidates.Wefilledthe positionofpresidentandchiefoperatingofficer,andhejoinedthebank,IbelieveitwasOct oberof'86,andwasinthatcapacityuntilJulyof'88.ARTHUR:Atthatpoint,hisdutieswereco mmunityoutreach,publicrelations,businessdevelopmentintheAsian-Americancommunity ,becausethat'sthejobwewerein. ,`", BARON:Andit'struethattheLippoBank--inparticu lar,itsconstituencyforitsbusiness--wasfocusedontheChinese-Americancommunityinth earea.ARTHUR:Absolutely.BARON:WereyouawarethatMr.Huangwaselectedtoleadershippos itionsinsuchinstitutionsastheCalifornia-TaiwanTrade&InvestmentCouncil?ARTHUR:I' msorry.BARON:I'msorry.AreyouawareorwereyouawarethatMr.Huanghadbeenelectedtolead ershippositionsinsuchorganizationsastheCalifornia-TaiwanTrade&InvestmentCouncil ?Doesthatringabell?ARTHUR:Thatringsabell,andthereweresevera lothers.BARON:Well,l et'strysomeoftheothers.DoyourecallthathewasadirectoroftheChinatownServiceCenter inLosAngeles?ARTHUR:No.BARON:Howaboutco-chairoftheUnitedWayChineseBusinessIniti ative?ARTHUR:No.(LAUGHTER)BARON:Howaboutco-chairofthePacificLeadershipCouncil?A RTHUR:No.BARON:Washe--doyourecallthathewasamemberoftheCaliforniaStateWorldTrade Commission?ARTHUR:No.BARON:I'mstrikingout.Isay,whenyousayyou'renotfamiliarwithi t,you'renotsayingitdidn'toccur,butthatyoujustdon'thavetheknowledge.ARTHUR:Idono thaveknowledge. ,`", BARON:OK.AreyoufamiliarwiththeCommitteeof100,whichisabyinv itationonlygroupofAsian-Pacific-Americanleaders,whichisheadedbyI.M.Pei,thedisti nguishedarchitect,andYo-YoMa,theveryfamouscellist?ARTHUR:Iamnotfamiliarwiththat atall.BARON:OK.WhenMr.HuanglefttheLippoBankin1994,Itakeityouhadknownhimforclose to10years.Isthataboutright?ARTHUR:That'scorrect.BARON:Canyoutellusyourpersonalo pinionofMr.Huangbasedonyourpersonalinteractionwithhimduringthatdecade.ARTHUR:I' vealwaysconsideredhimtobeaveryfine,honest--Ican'teventhinkoftherightword--hewas verypersonable.Hewasvery,verygentle.MywifeusedtodescribeJohnasthemostgentlemanl ymanshehadeverknown.Exceptformywife,that'snotbad.(LAUGHTER)BARON:Didyouhaveanyr easoninthatdecadeofinteractionwithhimtodoubthisveracity?ARTHUR:Nonewhatsoever.B ARON:DidyoueveraccompanyMr.HuangtoWashington,D.C.?ARTHUR:No.BARON:Doyourecallgi vingadepositiontothecommitteeinwhichyoutoldthecommitteethatJohnHuangandotherskn ewbetterthantosolicityouforacontributiontotheDNCbecausetheyknewyouwereagoodRepu blican?ARTHUR:I'magoodRepublican.BARON:Haveyoueverdiscussedpoliticalcontributio nswithMr.JohnHuang?ARTHUR:No,Ihavenot.BARON:WithMr.JamesRiady? ,`", ARTHUR:No,I havenot.I'lltakethatback.IdiddiscussapoliticalcontributionwithMr.JamesRiadyin19 85,Ithinkitwas.MarchFongYu(ph)wasrunningforsecretaryofstate.AndJamessaid,"Would n'tIliketocontributetohercampaign."Isaid,"She'saDemocrat."Hesaid,"Iknow,butyouk nowher."Ididcontribute.That'smycontribution.BARON:Onemorething,Mr.Arthur.Wereyo uawareofwhetherMr.orMrs.JamesRiadyduring1992weregreencardholders?ARTHUR:Asfaras

Iknow,theyweregreencardholders.BARON:AndIknowyou'renoelectionlawexpert.Butdoyou knowwhetherthathadanyeffectonthelegalityofthemmakingpoliticalcontributionsin199 2?ARTHUR:Ireallyhavenoknowledge.BARON:Thankyouverymuch.THOMPSON:OK.COLLINS:Mr.C hairman,ifIcouldjustmakeonequickcommentfortherecord.THOMPSON:SenatorCollins.COL LINS:IjustwanttomakeclearthattheRiadychecksthatIintroducedfortherecordwereprodu cedpursuanttoasubpoenaoutofthecustodyofHipHingHoldings,theLippoentitythatwehear daboutthismorningthatwasmanagedbyMr.Huang.COLLINS:andIalsowantedtojustthankMr.A rthurforrespondingtomyquestions.ARTHUR:Thankyou.GLENN?:Mr.Chairman?THOMPSON:Sen atorLieberman. ,`", LIEBERMAN:SenatorLevinhas...THOMPSON:SenatorLevin.LIEBERMAN :Thankyou.LEVIN:IthinkyouindicatedinresponsetoMr.Baronsquestionsthatyouhadahist oryinbankingandthatwereindeedperhapsbroughtintotheLippoBankbecauseofyourrecordi nbanking.Isthatcorrect?ARTHUR:That'sabsolutelycorrect.LEVIN:Andtheywerehavingso meproblemswhenyoucamethereinthemid-'80s,anumberofproblemloansapparently,particu larlytorecentimmigrants.Isthatcorrect?ARTHUR:No.LEVIN:Pardon?ARTHUR:No,sir.That 'snotcorrect.Theyhadproblemswiththeformerpresidentofthebank.LEVIN:Theformerpres identofthebank.ARTHUR:Whodisappearedoneday.LEVIN:Oh.Surehewasn'tarecentimmigran t,huh?(LAUGHTER)ARTHUR:No,hewasn't.LEVIN:Duringsomeofthetimethatyouwereconnecte dtothebankasanofficerdirector,thebankwasbeingsupervisedbytheFDIC,you'vetestifie d.Isthatcorrect?ARTHUR:ThebankwasandissupervisedbytheCaliforniaStateDepartmento fBanking.It'sinsuredbytheFDIC.LEVIN:Itwas--didthebankmakeanyattemptatanytimetha tyouknowoftotakeadvantageoftheRiady'sfamilywithPresidentClintoninanyofitsregula toryproblems? ,`", ARTHUR:Neveratall.LEVIN:Didyoueverseethebanktrytowinanyfavor sorspecialtreatment?ARTHUR:No,sir.LEVIN:Didyouever,toyourknowledgeseeMr.Huangse eksuchfavoredorspecialtreatment?ARTHUR:No.LEVIN:IthinkyouindicatedthatoneofMr.H uang'sdutieswasoutreach,includingpoliticaloutreach.Isthat...ARTHUR:No,sir.Isaid communityoutreach.LEVIN:Communityoutreach,allright.Youwereaskedquestionsaboutby SenatorCollinsaboutthemeetingsbetween--attheWhiteHouse,whereMr.Huangwassending(OFF-MIKE).ARTHUR:Yes.LEVIN:Wasthatsurprisingtoyou,thosemeetings?Thathewouldgoto theWhiteHouse?ARTHUR:Notparticularly.LEVIN:Youwereaskedaboutanumberofchecksin19 92.AndIwanttoaskyouaboutanotherincidentin1992andseewhat,ifany,recollectionyouha veaboutit.AndthatwasacheckwhichamannamedMichaelKojima...(LAUGHTER)Doesthatnames trikeabell?ARTHUR:Ithoughtitwasfunny.(LAUGHTER)LEVIN:Huh?ARTHUR:Ithoughtitwasra therfunny.Thepronunciationisabsolutelyright. ,`", LEVIN:Doesthenamestrikeabell? ARTHUR:Itdoes.LEVIN:Didyourbank--wasyourbankowedmoneybyMr.Kojima?ARTHUR:Mr.Koji mawasaguarantorontwoorthreeloanswiththebank.LEVIN:Anddidyouendupbeingowedalotof moneybyMr.Kojima?ARTHUR:Wesued,andwegotajudgment.LEVIN:DidyouseeanarticlethatMr .Kojimamadeamajorcontributioninthesameyear,1992,totheBushdinner?ARTHUR:Isthat.. .LEVIN:Didyouseeanarticleaboutthat?ARTHUR:Theanswerisyes.Itwasbroughttomyattent ionbyourattorneyswhoweretheoneswhogotthejudgmentagainstMr.Kojima.LEVIN:Inwhatye ardidtheybringthattoyourattention?ARTHUR:Wheneverthepicturewaspublished.LEVIN:W ouldthathavebeenabout1992?ARTHUR:Ifthatwasabout1992.LEVIN:Anddiditsurpriseyouth athehadanyassetstomakethatkindofacontributiontotheBushdinner?ARTHUR:Yes.Asamatt eroffact,Ithinkyourquestionwas,howdidhegetthemoneyandwhyhaven'twegotit?LEVIN:Th ankyou.That'sallmyquestions.THOMPSON:SenatorLieberman.LIEBERMAN:Thankyou,Mr.Cha irman.Mr.Arthur,thanksverymuchforyourcooperationthisafternoon.DoIunderstandcorr ectly,`", thatyouweretheCEOofthebankthattheLippoGroupboughtandchangedtotheLipp oBank?ARTHUR:No.Iwasthe--JamesRiadyboughtBankofTrade,SanFrancisco.LIEBERMAN:Rig ht.ARTHUR:Heboughtit.HegainedamajorityinterestintheBankofTrade,SanFrancisco,onJ une14th,1984.LIEBERMAN:Andthen...ARTHUR:AndIwasemployedbythebanktotakecareofthe problemstheyhad.LIEBERMAN:Andthat'showyoufirstcametoknowMr.JamesRiady?ARTHUR:Th at'sthedayImethim.LIEBERMAN:Right.Right.Andthen,didthatbecometheLippoBank?ARTHU R:Thenamewaschanged.LIEBERMAN:Right.ARTHUR:In1990,Ibelieveitwas...LIEBERMAN:OK. ARTHUR:...fromBankofTradetoLippoBankofCalifornia.LIEBERMAN:Right.Generallyspeak ing,how--weknowthattheLippoGroupandtheirvariousholdingsinternationallyarequites

ubstantially--buthowwouldyoudescribethesizeoftheLippoBankinCalifornia?ARTHUR:Ve
rysmall.LIEBERMAN:Verysmall.Aretheassetspublicinformation?ARTHUR:Yes.WhenIjoine
dthebank,therewas$30millionin ,`", totalassets.LIEBERMAN:Right.Andnow?ARTHUR:Cu
rrently,itis$90--about$93million.LIEBERMAN:OK.Sobymostaccounts,that'saprettysma
llbankthesedays?ARTHUR:It'saverysmallbank.LIEBERMAN:OK.Isitaprofitablebank?ARTH
UR:IthasbeensincethefirstofJanuary.LIEBERMAN:Ofthisyear?ARTHUR:Thisyear.LIEBERM
AN:Previoustothat?ARTHUR:We'vehadsomefairlyheavylossesrelatingtotheeconomiccond
itionsthatexisted.ThefirstfiveyearsthatIwasinvolvedwiththebank,itwasprofitable.
LIEBERMAN:Understood.Letmeaskyounow--becauseyoutestifiedearlierabouttheroomarra
ngementandyourofficewasrightnexttoMr.JohnHuang's--canyoutellushowoftenMr.Huangw
asathisofficeatthebank?Didhetendtobethereeveryworkingday?Or...ARTHUR:Hewasthere
alot.Ihavenoidea.LIEBERMAN:Really?Eventhoughyouwererightnext--youroffice...ARTH
UR:Ididn'tpayattentiontoMr.Huang.LIEBERMAN:Yes.ARTHUR:Ihadmyownproblems.LIEBERM
AN:Understood.Butgenerallyspeaking,wouldyousaythathewastheremostoftheaveragewor
kingweek? ,`", ARTHUR:Generallyspeaking,yes.LIEBERMAN:Anddidheworkanormaldayont
hosedayswhenhewouldjust--youknow,whatI'msaying--ninetofiveoreighttowhatever...A
RTHUR:Hishourswerelikemine.LIEBERMAN:Yes.Whichwereatypicalworkingday.Whatwereyo
urhours?ARTHUR:DependinguponthesituationthatexistingthatIknewI'dwalkinto,itwase
ither6o'clockinthemorning...LIEBERMAN:Right.ARTHUR:...or9o'clockinthemorning...
LIEBERMAN:Right.ARTHUR:...andIwouldleavewhentheworkdaywasover.LIEBERMAN:Sure.It
akethatweallunderstandthatmostofthetimethatMr.Huangwasthere,hewasnotworkingonba
nkbusinessbutworkingfortheHipHingHoldingCompany.ARTHUR:That'smypresumption.LIEB
ERMAN:Right.Andyou'vetestifiedearlierthatyoudon'tknowexactlywhathewasdoingforHi
pHing.ARTHUR:Idonot.LIEBERMAN:OK.LetmegonowtotheRiadys.JamesRiadywehavetalkedab
out.AmIcorrectthatStephenRiadyishisbrother?ARTHUR:StephenRiadyishisbrother.LIEB
ERMAN:AndMochtarRiadyisthefather.,`", ARTHUR:That'scorrect.LIEBERMAN:OK.Doyouk
nowallthreeoftheRiadys?ARTHUR:Ihavemetallthree.LIEBERMAN:Right.Butthecloserrela
tionshipyouhad,Ipresume,waswithJamesbecause...ARTHUR:WithJames.He'stheownerofth
ebank.LIEBERMAN:Hewastheownerofthebank.Doyouhaveabasisforknowingaboutanyoftheir
relationships,ofthethreeRiadyswithJohnHuang?ARTHUR:Idonot.LIEBERMAN:Letmeaskyou
this.DidyouseeMr.JamesRiadyandJohnHuangtogetheratanypoint?ARTHUR:Ihave.LIEBERMA
N:Andhowwouldyoudescribethatrelationship?ARTHUR:Ihadn'tthoughtaboutit.Idon'tkno
whowIwoulddescribeit.LIEBERMAN:Yes.Didtheyappeartobeveryclose?Trustingrelation?
Idon'twant...ARTHUR:Ithinkitwasatrustingrelationship,butIdonotknowwhattheyweret
alkingabout.Idon'tknowwhattherelationshipconsistedof.LIEBERMAN:Right.Right.OK.L
etmegoontothepoliticalactivitieswhichyou'veansweredsomequestionson.Justtoclarif
y--didyoueverdiscussthemakingofpoliticalcontributionsbeyondwhatyou'vetestifiedw
itheitherJohnHuangorJamesRiady?ARTHUR:No.,`", LIEBERMAN:Didyouknowatthetimetha
ttheLippocompaniesweremakingpoliticalcontributions?Thatistheholdingcompanies?AR
THUR:No.LIEBERMAN:OK.Letmeaskthisgeneralquestion,last,secondtolast.LIEBERMAN:It
isamatterofrecordthatthethreeLippoholdingcompaniesand,ashasbeenindicatedhereear
lier,theRiadysthemselves,madesubstantialcontributionstoAmericanpoliticalentitie
sinthe'91,'92,'93period.I'vetalliedup--anditlookstomethatbetweenallofthem,theto
talcomestomorethan$800,000inthatthree-yearperiod.Andwehaveheardallsortsoftheori
esfloatedaboutaboutwhytheymighthavemadesuchlargecontributionsinacountryinwhicht
heirbusinessinterestswererelativelysmallcomparedtotheoverallsizeoftheLippoGroup
activities.Thebankwassmall.Itlostmoneyinallyearsexpecttheoneyou'vejustdescribed
thisyear.Thethreeholdingcompanieswerelosingpropositions.Mr.Arthur,youwerepartof
theorganization,attendedsomemeetingsinJakartainwhichtheLippoGroup'splans,Ipresu
me,andideaswerediscussed.Idon'tmeannecessarilypolitical.Bottomline--youknowalot
moreabouttheLippoGroupandMr.RiadyandMr.Huangthanwedo,certainlythanIdo.Whatisyou
rviewaboutwhytheymayhavemadethesesubstantialcontributionstoAmericanpoliticalent
itiesduringthatperiodoftime?ARTHUR:Friendship.LIEBERMAN:Friendship.Withwhom?ART
HUR:IknowthatJamesRiadybecausecloselyacquaintedwiththethen-GovernorClinton,andt

heydevelopeda--Ibelievetheydevelopedapersonalfriendship.LIEBERMAN:Butasfarasyou know,againbasedonyourassociationswiththeLippoGroup,thecontributionswerenottheba sis--orweretheythebasis?--foraskingforanyspecialfavorsfromthegovernment? ,`", A RTHUR:Idonotbelieveso.LIEBERMAN:Tothebestofyourknowledge.ARTHUR:Tothebestofmykn owledge,no.LIEBERMAN:Finalquestion.Andthisis--well,I'lljustaskit.Somehavecharge d,asyouknow,thatJohnHuangwasaspyforeithertheLippoGrouportheChinesegovernment.An dyouknewhim.You'vetoldus whatyouthoughtabouthim.Youworkedrightnextdoortohim.I'mi nterestedinhearingyourreactiontothosecharges.AndIsupposemorespecifically,inyour experiencewithMr.Huang,didyouseeanythingthatwouldsupportthoseclaims?ARTHUR:Ithi nktheanswer,ifImay...LIEBERMAN:Please.ARTHUR:...totheclaimsishogwash.Andtheansw ertoyourotherspecificquestionis--no,Ineversawanythingthatwouldindicatethat.LIEB ERMAN:Thankyou,Mr.Arthur.THOMPSON:Thankyouverymuch.Senator,Ithinkyoupointoutsom ethingthatisveryrelevantandveryinterestingandthatisthefactthatwewouldconsiderit oddthattheheavypoliticalcontributionswasnotnecessarilyproportionatewiththebusin essinterestinvolved.Weassumenowadaysthatthemoneyflowingintocampaignsisproportio natewiththeinterestinvolved,andthequestionraisedtowhatextentthosewhoarereceivin gthemoneycanhelpthosewhoaregivingthemoney.Andthat'spartofwhatwe'reverymuchabout here,thefactthatthatquestionissoreadilyraisedandisso--issorelevanttoourcurrentp rocess.ButIwillcallthenextsenatorwhowantstoquestion.AndSenatorTorricelli?Senato r,excuseme.SenatorSmith,didyou...TORRICELLI:Goahead.I'llfollow.,`", THOMPSON:W e'lltakeitinorder.SenatorSmith,ifyou'reready.SMITH:Thankyou,Mr.Chairman.Justaco upleoffollow-ups.Iwasnotherewhenyourespondedoriginally,early,toSenatorCollins'q uestionsregardingyourrelationshipwithMr.Huang.ButIknowyoudidsaythat,althoughyou rofficeswereclosetoeachother,youreallydidn'thavealotofknowledgeaboutwhathewasdo ing.Howwelldidyouknowhim?Wouldyouconsiderhimasocialfriend?ARTHUR:No.SMITH:Youin dicated,though,thatyouhadnoreasontodoubthisveracity.SMITH:Ithinkthat'sthetermyo uusedamomentago.Howcouldyoudrawthatconclusionifyoudon'tknowhimverywell?ARTHUR:A sabusinessassociate,IthinkIknewhimverywell.Iknewhimfor13years.Ihaveknownhimfor1 3years.SMITH:Allright.AndIwouldagreewithyouifyouknewapersonasabusinessassociate for13yearsandyousaidtothiscommitteeoranyone,Iworkedwithhimfor13years.Iknowhimpr ettywell.Iknowwhathewasdoing.Butyou'resayingyouworkedwithhimalltheseyearsandyou didn'tknowwhathewasdoing.Imean,that'sstillyourtestimony,isn'tit?Youdidn'treally havedirectknowledgeaboutwhatMr.Huangwasdoinginthatofficewithyou.ARTHUR:That'sco rrect.Iknewhewastherepresentative--IthinkhisofficialcapacitywastheU.S.represent ativeoftheLippoGroup,nowwhatthatrepresentative,whatit'soccupationis,Ipresumed,a ndIstillpresume,thatithadalottodowithimagebuilding,with--Ithinkthatismypresumpt ion.SMITH:Butoutsideoftheoffice,andyoudidmentionone,apoliticaleventwhereyousawh im,butoutsidetheoffice,areyousayingthatyoudidnotsocializewithMr.Huang?ARTHUR:On lyatbankfunctionslikeChristmaspartiesandsoon(OFF-MIKE)meetings,butnotasasociale vent.,`", SMITH:Youdidsay,however,inyourdepositionthatyou,andIguessyoudidquali fythatsomewhat,butyoudidsaythatyoufeltthatyouhadaclosebusinessrelationshipwithh im.ARTHUR:Ido.SMITH:Butyetyoudidn't,again,didn'tknowwhathewasdoinginthatofficen exttoyou,correct?ARTHUR:Ihadnodesiretoknow.Myclosebusinessrelationshipwithhimre latedtohisactivitieswith,asamemberofthebank'sboardofdirectorsinconnectionwithth ebank.IknewhimwhenhewasthepresidentandCOOandIwastheCEO,andIhadverydirectrelatio nshipswithhimatthattime.SMITH:InaresponsetoaquestionIbelievefromSenatorLieberma n,Imaybeincorrectonthat,youindicatedthat,quote,youwerenotparticularlysurprisedt hatMr.HuanghadvisitedtheWhiteHouseandmetwithMr.Riadyandthepresident.Whywereyoun otsurprised?ARTHUR:Iunderstoodthattheywerefriends.SMITH:Pardonme?ARTHUR:Iunders toodthattheywerefriends.FromArkansasdays.SMITH:ThatMr.Huangandthepresidentweref riends?ARTHUR:Andthepresident.Yes.SMITH:Whatkindofaperson,howdidMr.Huangconduct himselfwhenhecameintotheofficeinthemorning?Washeoutgoing?Washewithdrawn?Didhesp eakaboutwhathedidthedaybefore,thenightbefore,ordidhesay...?ARTHUR:No.SMITH:Just walkedintohisofficeandsaidnothing?ARTHUR:Hesaidhello,goodmorning.AndsodidI.SMIT

H:IfyouandIwerebusinessassociatesandwehadanofficenexttoeachother,andyouhadavisi
twiththepresidentof ,`", theUnitedStates,andyoucamebackintotheofficethenextmorn
ing,wouldyouthinkIwouldbesomewhatsurprisedifyoudidn'ttellmeyouvisitedwiththepre
sidentoftheUnitedStates?ARTHUR:Thatisatoughquestionforme.Andthereasonis,thatIwo
uld,IwasnotsurprisedtolearnthathehadvisitedthepresidentS.SMITH:Woulditsurpriseyo
utoknowthatduringthecourseofthetimethatMr.HuangwasworkingwithyouattheLippoBankt
hathevisitedtheWhiteHouse52timesinaperiodfrom1993throughJuneof1994?ARTHUR:WhenI
readthatinthenewspapers,Iwassurprised.SMITH:Whywouldyoubesurprised?ARTHUR:Ididn
'tknowitwasthatoften.SMITH:Andduringthetimethathemadethose52visitstotheWhiteHou
se,andthatwehave,andIwouldjustenterintotherecordExhibit70,andyoushouldhaveacopy
ofitthere,putitonthemonitor,whichisaSecretServicelogfromtheexecutiveofficeofthe
presidentwhichwegotbysubpoena,whichhasalistofthenumberofvisitsthatMr.Huanghadwi
ththepresidentoftheUnitedStatesortheWhiteHouse.AndIwouldjustpointoutfortherecor
dandaskforyourresponsehere,I'veknownsomepresidentsinmytime.I'vebeeninvitedoncet
otheWhiteHouseresidencebyPresidentBush.SMITH:I'msuremanyofus,asUnitedStatessena
tors,havehadanopportunitytovisit.Mr.Huang,ifyoulookhere,whonowhasnogovernmentre
lationship--henowworksforaprivatecompany--ifyoulookonhere,you'llseeontheMarch15
th,at8o'clock,almost9o'clockinthemorning,hehadavisitwiththepresidentoftheUnited
StatesintheWhiteHouse,intheresidenceoftheWhiteHouse.OnMay5,1993,avisitwiththepr
esidentoftheUnitedStatesintheresidenceoftheWhiteHouse.Onthe21stof1993,president
oftheUnitedStatesintheresidenceoftheWhiteHouse.OnAugust2,1993,withthepresidento
ftheUnitedStatesintheresidenceoftheWhiteHouse.Andthenifyougoonto--Ibelievethere
arefourorfive ,`", referencestheretomeetingwiththepresidentoftheUnitedStatesint
heresidence.Doesthatsurpriseyouatall?ARTHUR:I'msorry,thisisthefirstI'veseenthis
.SMITH:Well,Imeantheissue--assumingthisdocumentiscorrectandtheSecretServiceisac
curatehere,whichIdon'tthinkanybodywouldchallenge,woulditsurpriseyoutoknowthatac
olleaguethatyouworkedwitheverydayhadfivevisitsintheresidence,notintheOvalOffice
,intheresidenceoftheWhiteHousewiththepresidentoftheUnitedStatesandhedidn'ttelly
ouaboutit?Doesthatseemstrange.ARTHUR:Therewouldbenoreasonforhimtotellmeaboutit.
SMITH:Why?ARTHUR:BecauseIaminthebank,acompletelyseparateentity.Wedidnotdiscussb
usinessbetweenus,otherthanrelatestothebankwherehewasadirector.SMITH:Well,Mr.Art
hur,Imean,Idon'tknowyou,andIdon'tmeantochallengeyourveracity,andI'mnottryingtoc
hallengeyourveracity.ButIamtryingtochallengeyourrecollectionsabit.(LAUGHTER)You
mentionedthatyourwifehadsaidthatshefoundMr.Huangtobeoneofthekindestandgentlestp
eoplethatshe'devermet.ARTHUR:That'scorrect.SMITH:Well,youdon'tformthatkindofcon
clusionsaboutpeoplethatyoudon'tknow,thatyoudon'tsocializewithandyoudon'thavesom
einteractionwith.Isn'tthatfair?ARTHUR:Theinteractionthatwehadwasatbankmeetings-
-I'mtalkingaboutbankparties,Christmasparties--perhapstwiceayear.SMITH:Again,let
mejustrecaponefinalpoint,Mr.Chairman.YourtestimonyisthatyouworkedwithJohnHuangi
nthesameofficefortwoyears,sharedasecretary,andthathevisitedthe ,`", residenceof
theWhiteHouse,metwiththepresidentoftheUnitedStates--weassume--fivetimesinthecou
rseofayear-and-a-half,andhenevertoldyouaboutit?ARTHUR:That'scorrect.SMITH:Never
.Neversaidawordaboutittoyou?ARTHUR:No.SMITH:Howabouttoyourwife?ARTHUR:No.Hewoul
dnothavetalkedtomywife.SMITH:Sohenevereversaid:Hey,Isawit.Itwasreallygreat.Iwen
tup.AndI,youknow,wewentintotheresidenceandlookedoutthewindowofftheTrumanbalcony
?Never,never,notawordaboutitever,nothing?ARTHUR:No.SMITH:Doyouhaveanyideawhyhew
ouldmeetwiththepresidentoftheUnitedStates?ARTHUR:No.SMITH:Doyouhaveanyideawhyhe
wouldgototheWhiteHouse52timesinthecourseofayearandahalf?ARTHUR:No.SMITH:Thankyo
u,Mr.Chairman.THOMPSON:Thankyouverymuch.Imightpointoutto--Exhibit70,Isay,wasnot
subpoenaed.Thatwasturnedoverpursuanttoourrequest,wasgiventousbytheWhiteHouse.Bu
titwasnotsubpoenaed.(UNKNOWN):Iapologizeforthat.THOMPSON:Notsubpoenaed.SenatorT
orricelli.TORRICELLI:Thankyou,Mr.Chairman,verymuch.Mr.Arthur, ,`", goodafternoo
n.ARTHUR:Goodafternoon.TORRICELLI:Iwasgoingtobegin,Mr.Arthur,bythankingyouforbe
inghere.But,infact,yourattendance,Itakeit,wasinvoluntary.Youweresubpoenaed.Buti

t'sverykindofyoutobewithusnevertheless.ARTHUR:Thankyou.TORRICELLI:Evenkinder,Mr.Arthur,becauseIunderstand,inrecentyears,actuallyyouhaven'tbeenwell,andattimes,havebeenill.ARTHUR:I'vehadoneortwoproblems.TORRICELLI:Howmanyyearshasitbeensinceyouwerethechiefexecutiveofthebankatissue,Mr.Arthur?ARTHUR:IretiredfromthebankastheCEO.IbelieveitwasFebruary28,1994.TORRICELLI:Isee.Soit'sbeenmorethanthreeyearssinceyouwerethechiefexecutiveofthisbank,andintheinterim,unfortunately,youhavebeenill.ButItakeit,youneededtobecalledheretodaybecauseyouarefarandawaythemostknowledgeablepersononthecurrentoperationsofthebank.ARTHUR:I'msorry.IfMr.PerLeewerehere,hewouldarguewithyou.TORRICELLI:So,Mr.Arthur,you'reheretodaytestifyingbeforethecommittee,althoughyouhaven'tworkedinthebankforthreeyears.Youhaven'tbeenwell.AndyoudonotbelieveyouarethemostknowledgeablepersonontheoperationsoftheLippoBank?ARTHUR:Notsince1994.TORRICELLI:AndwhoisMr.PerLee?ARTHUR:Mr.PerLeeisthenowpresidentandchiefexecutiveofficerofthebank.TORRICELLI:Wouldhebethemostknowledgeablepersonaboutthe ,`", operationsofthebankinrecentyears?ARTHUR:Yes.TORRICELLI:Wasn'tMr.PerLeequestionedbythecommitteeandscheduledtobeheretoday,too?ARTHUR:Iunderstoodhewas.IreceivedacallSaturdayafternoonwhich--wheretheyindicatedthathistestimonywasnotrequiredandhedidnotneedtobehere.TORRICELLI:Wasnolongerrequired?ARTHUR:That'scorrect.TORRICELLI:Didn'tthatstrikeyouasunusualthatyouwouldbeaskedtocomebeforethecommitteeasanexpertontheoperationsoftheLippoBank,butMr.PerLee,despitethefactthatyou'vebeenretiredtheseyears,andMr.PerLee,whonotonlyisthechiefexecutive,butinfactconductedaninternalreviewoftheveryissuesbeingquestionedbythiscommittee,wasdisinvitedtoattend?ARTHUR:Iwassurprised.TORRICELLI:SoamI,Mr.Arthur.Itis,however,afactthatMr.PerLeedidconductaninternalreviewofthecommunicationsbetweenMr.Huangandthebank.Doyouhaveknowledgethatthat,indeed,occurred?ARTHUR:IthinkthatIhavealreadytestifiedthat--yes,Ihadknowledgebecausehetoldmehehadmadethesurveyasaresultofthenewspaperarticles.TORRICELLI:Iapologizeforreferringtoitagain.YouunderstandintheworkingsofboththiscommitteeandthisCongress,referringtosomethingonceortestifyingononeorevenanumberofoccasionsissometimesnotsufficient.SoexcusemeifIreturntoit.ARTHUR:Iunderstand.No,Iunderstand. ,`", TORRICELLI:Mr.PerLeeactually,whenhewasquestioned,inhisdeposition,ifIcouldrefertoit--onpage97,startingatline22--letmewalkthroughthisbriefly.Andthequestion:"AsIrecallfromourpreviousconversationandalsofromacursoryreviewofthesedocuments,itisapparentthatthebulkofthesephonecallsfromthebanktoMr.Huang'sofficeattheDepartmentofCommercewerecomingfromJudithStera's(ph)line.Didyoureachthesameconclusion?"Answer,Mr.PerLee:Yes."Question:Didyoumakesomeefforttoascertainwhyshewasmakingsomanyphonecalls?"Answer:Yes."Howdidyougoaboutthat?"Answer:Icalledherline."Question:Whatdidshesay?"Icalledhertwicewithamatterofmonthsinbetweenthecalls,andeachtimeshetoldmeessentiallythesamething.ItwasthatwhenJohnleft--thatisleftasthedirectorofthebankandwenttotheCommerceDepartment--hehadalotofassociationswithpeopleinLosAngelesandpeoplewerecallingandlookingforhim."Imean,theyknewhewasintheCommerceDepartmentbecausethepressandallthat,butdidn'tnecessarilyknowhowtogetaholdofhim.Andtheywouldcallthebank."Juwadi(ph)wouldtalktothesepeopleandrelaymessagestohimattheCommerceDepartment--thatso-and-sowascallingandlookingforyou."Again,onpage99,line9:"Question:DidyoudiscusswithMr.Segeda(ph)thecircumstanceswhichledhimtoplaceahalfadozenphonecallstoMr.Huang? ,`", "Answer:Yes."Question:WhatdoesMr.Segeda(ph)say?"Answer:ThecallswerebasicallyrelatedtothatperiodoftimewhenMr.Ning(ph)washereinD.C.Hewasill.Hehadaseriousheartproblem.TherewasaflurryofcallsduringthatperiodwhilehewasconvalescinghereinWashington."Iwouldassume,Mr.Arthur,ifMr.PerLeehadnotbeendisinvitedtoday,itwasprobablyhisintentiontorefertohisdepositionandgiveanexplanationandendthemysteryofwhatthesecallswereabout.Wouldyoumakethatsameassumption?ARTHUR:Iwouldpresumeso.TORRICELLI:Indeed,it'smyinformationfromthecommitteestaffthattherewereprobablyaboutapproximately70callsmadebyMr.HuangtotheLippoBankandprobably100ofthosewerereturned.Ananalysisofthosecalls,asdonebyMr.PerLee,isthatin24ofthemwerefromhissecretaryoftheapproximately70.Andofthose24ofthe70callsthatweremade,theyaveraged3.5min

utes.Onthequestionsofcommunicationsdirectlywiththemanagementofthebank,toMr.PerL
ee,therewasonlyonephonecallanditlastedfor21minutes.You'veworkedforavarietyofban
ksthroughtheyears,Mr.Arthur,duringyourlonganddistinguishedbankingcareer.TORRICE
LLI:Afteryouhaveleftemploymentinoneinstitutionandgonetoanother,didyoufindoccasi
ontocallyourpreviousemployerorhavephonecallsreferredfromyourpreviousemployertoy
ourcurrentemployer?ARTHUR:Manytimes.TORRICELLI:Woulditbeunusualduringthecourseo
ftheyearsthatyourformersecretarywouldcallonceeveryseveraldaysandconveyamessaget
hatsomeonehadcalledlookingforyouandyouwouldanswerthatphonecall?ARTHUR:Quiteposs
ible.TORRICELLI:Indeed,ifyouwereinfactintheCommerce ,`", Departmentandstillrepr
esentingtheinterestsoftheLippoBankanddealinseriousbusinessmatters,wouldn'tbeunu
sualiftheaveragephonecallwastwoorthreeminutes?Couldyouconductseriousbusinessonb
ehalfoftheLippoBankattheCommerceDepartmentinphonecallsthataveragedtwoorthreemin
utes?ARTHUR:Iwouldn'tthinkso.TORRICELLI:Iwouldn't,either.Mr.Arthur,beforeyourve
ryablemanagementwasabletodealwiththeproblemsoftheLippoBankandre-establishitonas
oundfinancialfooting,SenatorLevinreferredtothefactandaskedthequestionaboutwheth
ertherehadbeenanyinvolvementbyMr.HuangorotherofficialsoftheDemocratic,Republica
nparties,thestateofCaliforniaortheUnitedStatesgovernment.Therewerethreecease-an
d-desistordersissuedbytheFDIC.Didyoureceiveanyassistancepoliticallyfromanyonein
dealingwiththoseceaseanddesistorders?ARTHUR:Absolutelynot.TORRICELLI:Thereweres
omecommunicationsandissues,asinanybankinginstitutionwithafederalreservebank.Any
onecallormakeinquiriesforyouoverattheFederalReservesystem?ARTHUR:We'renotamembe
roftheFederalReservesystem,buttheanswerisno.TORRICELLI:AndhowaboutwiththeCalifo
rniastatebankregulators?InoticedtherewereconsiderablecontributionstoCaliforniap
oliticalfigures.DidanyonehelpyouwiththeCaliforniastatebankingregulators?ARTHUR:
No,sir.TORRICELLI:Mr.Arthur,therewasaquote--SpeakerGingrichmadeaconsiderableacc
usationagainsttheinstitutionwhenhesaidthebankengagedinmoneylaundering,therewere
violationsofmoneylaunderingstatutes.YouwerequotedassayingSpeakerGingrich'scomme
ntswereinaccurate,irresponsibleandwithoutfoundation.AsagoodRepublican,isthatana
ccuratequoteonyourbehalftotheseaccusations? ,`", ARTHUR:Itisindeed.TORRICELLI:Y
ouregretmakingthatcommentaboutSpeakerGingrich,callinghim"irresponsible,inaccura
teandwithoutfoundation"?ARTHUR:No,asamatteroffact,Ithinkitwasalittlegentle.(LAU
GHTER)TORRICELLI:Couldyouforus,Mr.Arthur--younowserveasthechairmanoftheboardoft
hebank?ARTHUR:Yes,sir.TORRICELLI:Couldyoulistforthiscommittee--duringthedifficu
lttimesofthebank,youcertainlywereinneedofreferencesofconsiderablynewdepositors.
Itisneverwithoutneedtogetnewloanbusiness.Mr.Huang,obviously,wassomeonewhoknewpe
oplewithconsiderablefinancialresourcesinthecountryandpeoplewithconsiderablecomm
ercialinterests.SenatorGlenn,couldyoujust...GLENN:Youcanhavepartofmytime.TORRIC
ELLI:Thankyouverymuch.CouldyoulistforthecommitteeofthereferencesthatMr.Huangmad
ethatwereofconsiderableassistanceintheseyearstotheLippoBankofcustomersorloanbus
inessthatyouthinkmadeanappreciabledifferenceintheeconomicrecoveryofthebank?ARTH
UR:No,Idonothavethoserecords.TORRICELLI:Well,you'rechairmanoftheboard.Doesanyth
ingcometomindofamajorreferenceofadepositororloanbusinessthatwassoconsiderableth
atyou,aschairmanoftheboard,noticedthis?ARTHUR:Iftheyweresoconsiderable,thechief
executiveofficerwouldhavereportedtotheboard.Hehasreportednothingtotheboardtomyk
nowledge.TORRICELLI:So,infact,aschairmanoftheboardofthebank,inspiteofthefacttha
tMr.Huangobviouslyhadsomeconsiderableaccesstobothloananddeposits,youaschairmano
ftheboardhaveno ,`", knowledgeofanyconsiderablereferencesthatwerefinanciallyhel
pfultotheinstitution?ARTHUR:That'scorrect.TORRICELLI:Finally,Mr.Arthur,yourecog
nizethattheworkofthiscommitteeinensuringthataforeigngovernmentdidnotinterferein
thepoliticalprocessofthiscountry...ARTHUR:Ofcourse.TORRICELLI:...compromiseours
ecurityorgainaccesstoclassifiedinformationisofextraordinaryimportanceastheprima
ryfocusofthiscommittee.ARTHUR:Iunderstand.TORRICELLI:Iknow,Mr.Arthur,you'vegive
nyourlifetothebankingindustryandhaveloyaltytotheinstitutionsthatyouhaveserved.S
houldweallrestassuredthatyourecognizetherelativeimportanceoftheworkofthiscommit

tee?TORRICELLI:Andifyoubelieveforonemomentthataforeigngovernmentwasgettingacces
stopoliticalinstitutionsofthiscountry,gettingaccesstoproperinformation,youwould
notforamoment,becauseofyourloyaltytotheseindividualsortoanyoftheseinstitutions,
foronemomenthesitatetobringbeforethiscommitteethatinformationandensurethatthein
terestofthecountrywereprotected?ARTHUR:Iwouldnothesitateforoneminute.TORRICELLI
:Mr.Arthur,asa--youhavebeenveryhelpfultothiscommittee.Yourecognizetheminorityis
unabletocallwitnessesofourownatthisstageoftheproceedings.Fortunately,themajorit
yhasbeengoodenoughtocallwitnessesthatseemalmostroutinelytobehelpfultothepointsw
ewanttomake.(LAUGHTER)Andyouhavebeennoexception,andIthankyouverymuch.THOMPSON:M
r.Madigan.MADIGAN:Thankyou,Mr.Chairman.Justacoupleofquestions, ,`", Mr.Arthur.D
idyoubecomeawarethatMr.PerLee'sstudythatfoundonly60callswas,infact,wrong?ARTHUR
:IhavedonotknowanythingaboutthedetailsofMr.PerLee'sstudy.MADIGAN:Didyouknowthat
itdidn'tcheckanycallsfromthebanktoMr.Huang'shomeinCalifornia?ARTHUR:I'msorry.Ir
epeat,Ididnot--Iknowofnoneofthedetails.MADIGAN:Thenyoudidn'tknowthenthatitdidn'
tcheckanycallsfromthebanktothehomeintheWashington,D.C.,areaortotheofficeheuseda
tStevens,isthatright?ARTHUR:No.MADIGAN:That'salllhave,Mr.Chairman.THOMPSON:Allr
ight.SoMr.Arthur,thankyouverymuch.ThiswillconcludeourLippowitnesses.Iknowthatso
mewouldliketostayaroundhereanotherhourortwoandhearotherLippowitnesses,butrestas
suredthatSenatorsTorricelliandtheminoritywillhaveanopportunityfromtimetotimebet
weennowandNovembertocallanyLippowitnessesthattheywanttocall.Butweappreciateyour
beingherewithustoday.AndSenatorGlennunlessyouhaveobjection,I'mgoingtorecessfort
heevening.GLENN:Noobjection.THOMPSON:Wereconveneat10:00inthemorning.FDCHTranscr
iptServiceJuly15,19979?99?9Therearenomoreitemstoread.9;9#XLXXX*##
mXXL#9;9985U.
S.SENATECOMMITTEEONGOVERNMENTALAFFAIRSHOLDSHEARING (
ONCAMPAIGNFINANCEJULY8,1997SPEAKERS:U.S.SENATORFREDTHOMPSON(R-TN),CHAIRMANU.S.
SENATORWILLIAMV.ROTH,JR.(R-DE)U.S.SENATORTEDSTEVENS(R-AK)U.S.SENATORSUSANM.COLL
INS(R-ME)U.S.SENATORSAMBROWNBACK(R-KS)U.S.SENATORPETEV.DOMENICI(R-NM)U.S.SENATO
RTHADCOCHRAN(R-MS)U.S.SENATORDONNICKLES(R-OK)U.S.SENATORARLENSPECTER(R-PA)U.S.S
ENATORJOHNGLENN(D-OH),RANKINGU.S.SENATORCARLLEVIN(D-MI)U.S.SENATORJOSEPHI.LIEBE
RMAN(D-CT)U.S.SENATORDANIELK.AKAKA(D-HI)U.S.SENATORRICHARDJ.DURBIN(D-IL)U.S.SEN
ATORROBERTG.TORRICELLI(D-NJ)U.S.SENATORMAXCLELAND(D-GA)[*]THOMPSON:Cometoorder,
please.SenatorGlennandIbotheachhave--weeachhavematterstobringupthismorningthata
renew.I'dliketoleadoffevenbeforeopeningstatementsandreadaseparatestatement.Oura
bilitytorelatethisinformationinapublicforumjustcameabout.Andit'simportantthatit
beplacedonthepublicrecord,Ibelieve,assoonaspossibleandinacarefulandaccuratemann
er.SoIwouldliketoturnourattentiontooneofthemosttroublesomeareasofthisinvestigat
ion.IspeakofallegationsconcerningaplanhatchedduringthelastelectioncyclebytheChi
nesegovernmentanddesignedtopourillegalmoneyintoAmericanpoliticalcampaigns.Thepl
anhadagoal--tobuyaccessandinfluenceinfurtheranceofChinesegovernmentinterests.By
theverynatureofthetopic,Imustkeepmyremarksbrief.However,IwillrelatewhatIcan.The
committeeisinvestigatingtheexistenceofanalleged ,`", Chineseplan,tothefullestex
tentpossible.Althoughwehaveencounteredlimitationontheinformationavailable,inclu
dingthoseattendanttoapendingcriminalinvestigation,thecommitteehasuncoveredasign
ificantamountofdocumentaryandotherrelevantinformation.Ourworkinthisareawillcont
inue.Fornow,thecommitteeisabletoreportsomeofitsbasicfindings,whichareasfollows:
AstoryabouttheexistenceofaChineseplantosubvertourelectionprocessisintertwinedwi
ththestateofAmerica'srelationwithChinaandTaiwaninrecentyears.Letmeprovidesomeco
ntextupfrontaboutthoserelations.AlthoughtheUnitedStatesmaintainsnoofficialtiesw
iththegovernmentofTaiwanordiplomaticrelationswiththegovernmentofChina,theyhavel
ongbeeninfluencedbyourtiestoTaiwan.ThisislargelybecausethegovernmentofChinacons
idersTaiwanarogueprovinceandsuspectsitofseekingindependencefromthemainland.In19
94,Beijinglodgedanofficialprotestoveranadministrationproposaltomodestlyincrease
contactswithTaiwan.ThisprecedesdifficultiesofU.S.-Chinarelationsthatwouldariset

hefollowingyear.InMayof1995,TaiwanesePresidentLiTung-huiwasgrantedavisitto--avi
satovisittheUnitedStates.PresidentLi'strip,whichincludedstopsinAlaska,Californi
aandNewYork,washighlightedbyavisittohisalmamater,CornellUniversity.Thevisa,gran
tedafterapoliticalstrugglebetweenCongressandtheWhiteHouse,representedashiftinad
ministrationpolicy.PresidentClintoninitiallyopposedthevisa,buteventuallyagreedt
othevisit.ThemovecaughtthegovernmentofChinaoffguard.Ithadapparentlyunderestimat
edCongress'influenceovertheprocess.Thoughcaughtoffguard,Beijingwasquicktovoicei
tsoutrageandtoengageinaseriesofovertretaliatorymeasures.Chinasuspectedarms--sus
pendedarmscontroltalkswithWashington;postponedcross-straittalkswithTaiwan;cance
ledofficialvisitstoandfromtheUnitedStates;amassedtroopsalongthecoastfacingTaiwa
n;andrecalleditsambassadortotheUnitedStates. ,`", THOMPSON:ButnotallofChina'sre
actionswereovert.Secretly,Beijingworkedtopreventsimilardiplomaticsurprisesfromo
ccurringinthefuture.Thecommitteebelievesthathigh-levelChinesegovernmentofficial
scraftedaplantoincreaseChina'sinfluenceovertheU.S.politicalprocess.Thecommittee
hasidentifiedspecificstepstakeninfurtheranceoftheplan.Implementationoftheplanha
sbeenhandledbyChinesegovernmentofficialsandindividualsenlistedtoassistintheeffo
rt.ActivitiesinfurtheranceoftheplanhaveoccurredbothinsideandoutsideoftheUnitedS
tates.Ourinvestigationsuggeststhattheplancontinuestoday.Ingeneralterms,theplanu
ndertakesaserietivatedastheofficialsrisethroughtherankstohigherofomeoftheseeffo
rtsaretypicalappropriatestepsforeigngovernmentstaketocommunicatetheirviewsonUni
tedStates'policy.Theyincluderetaininglobbyingfirms,invitingmorecongresspersonst
ovisitChina,andattemptingtocommunicateBeijing'sviewsthroughmediachannelsintheUn
itedStates.However,otherpartsoftheplandirectactionsthatareillegalunderU.S.law.A
lthoughmostdiscussionsoftheplanfocusesonCongress,ourinvestigationsuggestsitaffe
ctedthe1996presidentialraceandstateelectionsaswell.ThegovernmentofChinaisbeliev
edtohaveallocatedsubstantialsumsofmoneytoachieveitsobjectives.Anotheraspectofth
eplanisremarkable,becauseitshowsthatthePRCisinterestedindevelopinglong-termrela
tionshipswithpersonsithasidentifiedasup-and-comingofficialsatstateandlocallevel
s.Theintentistoestablishrelationsthatcanbecultivatedastheofficialsrisethroughth
erankstohigheroffice.WhentheFBIlearnedofthesematters,itopenedaforeigncounterint
elligenceinvestigationandhasdevelopedandgatheredalargevolumeofdetailedinformati
onontheplan'simplementation.InMayandJuneof1996,havingdeterminedthatthegravityof
thesituationwarrantedspecificaction,theFBIbriefedtheIntelligenceOversightCommit
teesintheHouseandSenate,aswellassixmembersofCongresstheFBIdeterminedmightbetarg
etsoftheChineseeffort.TheBureaulaterbriefedaseventhmemberinOctoberof1996.TheFBI
continuestoinvestigatepossibleillegalactivities ,`", connectedtotheplan.Importa
ntly,theFBIalsotoldtheWhiteHouseabouttheChineseplaninJuneof1996,whenFBIagentsbr
iefedtworepresentativesoftheNationalSecurityCouncil.TheFBIplacednolimitationson
sharingtheinformation,muchofwhichtheWhiteHousehadindependentaccesstothroughothe
rmeans.ThisraisesquestionsaboutwhointheWhiteHouseshouldhaveknownoractuallyknewo
ftheChineseplan,andhowitcametobeimplemented.Mycommentsprovideonlyabroadoutlineo
ftheChineseplan.Thegreatmajorityofinformationaboutthismattercannotbediscussedfu
rtherinopensession.Thecommitteeexpectstoholdclosedexecutivesessionssometimesoon
toconsiderthismattermoreclosely.Thatconcludesmyinitialstatement.NowIwouldliketo
proceedwithmyopeningstatementforthesehearings.OnMarch11oflastyear,theUnitedStat
esSenatevotedunanimously,99tonothing,toauthorizeaninvestigationintoimproperoril
legalcampaignactivitiesinvolvingthe'96federalelectioncycles.NowArticleIoftheCon
stitutiongrantsCongressitslegislativepowers.Impliedinthoselegislativepowersisth
epowertoinvestigate.Sofromtimetotimethroughoutourhistory,whenmattersofgraveconc
erntothiscountryandthisbodyhavearisen,Congresshasexerciseditslegislativepowerst
hroughhearings,congressionalhearingssuchastheonesthatwebegintoday.Nowtheseheari
ngsservetwopurposes.THOMPSON:Oneisalegislativefunction--inotherwords,takingaloo
katourlaws,seeingwhetherornottheyneedtobechanged,amended,deleted,addedto;anexam
inationthatalsoinvolvesthequestionofwhetherornotourproblemiswithourlaws,oursyst

em,orthosewhoareimplementingourlaws.Asecondfunction--andsomeconsiderthistobeane
venmoreimportantfunction--istheoneofdisclosuretothepublic.It'sanopportunityfort
heCongressandthiscommitteeinthissettingtodisclosetotheAmericanpeople,toseehowth
eirgovernmentisoperating,topullbackthecurtainandgivetheAmericanpeopleanunfilter
edviewastoexactlyhowtheirsystemisworking.Nowwithinthisbroadoutline,Ithinkit'sim
portantforusto ,`", rememberwhatthesehearingsareandwhattheyarenot.Theyarenottri
alswherepeopleareprosecuted.Theyarenotsoapoperasthataredesignedtotitillate.Andt
heyarenotathleticeventswherewekeeparunningscore.Rather,thesehearingsareseriousl
ooksathowourgovernmentisworking,howourgovernmentisoperating,andit'sdesignedatth
eendtowardseeingifwecan'tmakeoursystem,makeourgovernmentworkevenbetter.Nowaloto
ffactsarealreadyoutonthepublicrecord.Infact,there'sbeenanoutpouringofinformatio
nandallegationsandstoriesoverthelastseveralmonthsinthemedia.AndI'msurethatthere
'sbeensomuchtroublinginformationouttherethattheaveragecitizenhasgreatdifficulty
inkeepingfromgettinglostinallofitandputtingitalltogether.AndIthinkthatsometimes
thetemptationunderthosecircumstancesistojustthrowyourhandsupandmaybelookforonek
eywitnessoronepieceofevidence,onedocument,ormaybeevenatapethatwouldexplainitall
.Butthetruthseldomemergesinthatway.Butthetruthoftenemergesinvariousotherways.Th
at'stheobligationofthiscommittee,tofindthetruth.Ourobligationistotakethisvirtua
lblizzardofinformation,addtoitfactswhichwehavediscoveredinourinvestigation,addd
epth,addperspectiveandcontext,andpullitalltogetherandtrytopresentittotheAmerica
npeopleinawaythat'sunderstandable.AndIbelievethatwecandothat.Andifwedothat,atth
eendoftheday,Iamconfidentthatthetruepicturewillemerge.Nowtheallegationsbeforeus
areextremelyserious.Theyincludeillegalforeigncontributionsandotherillegalforeig
ninvolvementinourpoliticalprocess.Moneylaundering.Influencepeddling.Violationso
ftheHatchAct,whichpreventsfundraisingongovernmenttimeandgovernmentproperty.Viol
ationsoftheEthicsinGovernmentAct.Violationsoftheconflictofinterestlaws.Improper
useoftheWhiteHouseinfundraisingactivities,andquestionsofwhetherourdomesticandfo
reignpolicywasaffectedbypoliticalcontributions.Nowthesemattersgotothebasicinteg
rityofourgovernmentandourelectoralprocess,andthesematterswillconstitutethefirst
,`", phaseofourhearings.Thereapparentlywasasystematicofinfluxofillegalmoneyino
urpresidentialracelastyear.Wewillbewantingtoknowwhoknewaboutit,whoshouldhavekno
wnaboutit,andwhetherornottherewasanattempttocoveritup.Nowithasbeenpointedouttha
tcertainwitnesseshavefledthecountryorthatcertainwitnesseswilltaketheFifthAmendm
entandrefusetotestify,asisthereright.It'salsobeennotedthatthiscommitteehasacut-
offdate.Somepeoplehaveexpressedconcernthatallthiswillallowpeopletosomehowthwart
thepurposesofthisinvestigationtofindthefactsandtoestablishthetruth.THOMPSON:How
ever,itshouldberememberedthatmuchevidenceisavailabletous.Manywitnessesareavaila
bletouswhowillgivetruthfulstatementsaboutwhattheyknow.Andifanyoneshouldunlawful
lyimpedeormisinformthiscommittee,therearecriminalsanctionsavailable.Nowvaluable
informationcanbeobtainedinvariousways.Itseemsthatduetothefactsthatthesehearings
wereabouttostart,thattheWhiteHousehasdecidedtoreleasecertaininformationbeforeth
ecommitteehadachanceto,inotherwordstopre-emptus.SincethisisinformationthattheAm
ericanpeople,Ibelieve,havebeenentitledtoforalong,longtime,Iwelcomethispreemptio
n.AndIcanonlyassumethatthisinvestigationgoesforward,theywillhavetheopportunityt
opre-emptusmanytimesinthefuture.Nowwhenthefirstphaseofthesehearingsarecomplete,
wewillbeginthesecondphase,whichwilladdressthebroaderissuesconcerningourelectora
lprocess,includingtheroleofsoftmoneyandtheroleofindependentgroups.Nowwhilemosto
ftheactivitiesinthesecondphasearepresumablylegal,Ibelievethat,frankly,thattheco
mmonpracticesintheseareasbybothpartiesareafarcryfromtheoriginalintentoftheframe
rsofourcurrentcampaignfinancelawsthatwerepassedrightafterWatergate.Ipersonallyb
elievethatwecandomuchbetterthanthecampaignsystem--thecampaignfinancesystemthatw
ehavetoday.However,wecannotmoveforwardunlesswehaveaccountabilityforthepast.Andw
ecannotallowcallsforcampaignfinancereformtoactasashieldtokeepfromthoroughlyexam
iningthosewhomayhavebrokenourexistinglaws.Otherwise,callsforreformwillbevieweds

implyaspartisan,andthecauseofcampaignfinancereformwillbehurtand ,`", notenhance
d.Nowthesehearingscomeatatimeinthisnationofeconomicprosperity.Buttheyalsocomeat
atimewhentheAmericanpeopleareincreasinglycynicalabouttheirgovernment.Wehaveless
thanhalfofourpeoplevotingnow.Ibelievethatpartofthisisduetowhathashappenedtoourp
oliticalprocess,asevidencedbythemattersthatthiscommitteewillbeconsidering.TheAm
ericanpeopleseetheirleadersgotogreaterandgreaterextremetoraiseunprecedentedamou
ntsofmoneytofundtheirpoliticalcampaigns.Powerisatstake,andtheendsjustifythemean
s.AndIbelievethatthisthirstforincreasingamountsofpoliticalmoneyandwhatpeopleare
willingtodotogetitlieattheheartofthisinvestigation.Nowwhilethesehearingsareclea
rlynecessary,wemustrealizethatthisprocessdoesnotcomewithoutaprice.Somesaythatth
erevealingofunpleasantinformationaboutourgovernmentandaboutoursystemitselffurth
erfuelsthecynicismthatIreferredto.However,wedecidedover200yearsagothatwecouldst
andthetruth,thatwecouldbetrustedwithit,andthatwecouldconductfromtimetotimethisk
indofself-examinationandcomeoutthestrongerforit.It'salsopointedoutasadownsideof
thesekindsofhearingsthatcongressionalinvestigationsoffertheopportunityforrankpa
rtisanship,whichfurtherdebasesoursystem.ItseemstobetruethattheAmericanpeopleoft
enexpecttheworstoutofusinCongress,andweseldomdisappointthem.Butitdoesn'thavetob
ethatway.WeasDemocratsandRepublicanshavemuchmoreincommonthanthethingsthatdivide
us.Weallhaveourprimaryallegiancetothisnation.Weallbelieveintheruleoflaw.THOMPSO
N:Andanythingthatattacksthefundamentalthingsthatweholdpreciousasacountryarethin
gsthataregoingtobeofgraveconcerntoallofus.Sothiscommitteeispresentedwithaunique
opportunity.Wecanconductagood,thoroughinvestigation,assessresponsibilitieswhere
appropriate,andmakerecommendationsastohowwecanimproveoursysteminthefuture. ,`",
Wecanconductthesehearingswithoutalotofpartisanbickering.Alotofpeoplesaylettheс
hipsfallwheretheymay.Wecansayitandactuallymeanit.Thiscommitteedemonstratedearly
onitscommitmenttofairness,somethingI'mveryproudof.Thiscommitteeunanimouslyvoted
tohaveascopethatwouldallowustolookatDemocratandRepublicanactivitiesalike,wherea
ppropriate.NowiftheAmericanpeopleseeushonestlytryingtogetthefactsinaprofessiona
lmanner,treatingeachotherandtreatingourwitnesseswithdignityandcourtesy,Ibelieve
thatitwillenhancethestatusofthisinstitution.Moreimportantly,Ithinkitwillenhance
ourgovernmentintheeyesoftheAmericanpeopleatatimewhenourgovernmentsorelyneedsit.
That'souropportunity,andthat'sourobligation.SenatorGlenn.GLENN:Thankyou,Mr.Chai
rman.Ourdemocracy--thisrepresentativeformofgovernmentofthepeople,bythepeopleand
forthepeople--isbasedonthatgreatestofallpoliticaldocuments,theConstitution.Andi
tpromisesforourpeoplethegreatestfreedom,thegreatestprotectionsandthegreatestfra
meworktopursueindividualopportunities,alongwiththegreatesthopeforthefutureofany
nationonearth.Butawrittenconstitutiondoesnotformthegovernment.Peopleformagovern
mentandleadourcountrytoitsfutureundertheConstitution.ThroughoutmostofAmericanhi
story,thatrolehasbeenfilledbyourpoliticalparties.Theyhaveputforwardtheirconcept
sandideasaboutwherethecountryshouldgoandwhatourstatureshouldbeintheworldcommuni
ty.Andafterthepushandpullofpublicdebateandpoliticalcampaigns,theAmericanpeoplem
aketheirchoice,andwemoveon.Forthemostpart,ourpoliticalsystemhasserveduswell.Ith
asworkedtoimplementourconstitutionalgovernment.Butwithintheongoingconstitutiona
lpoliticalexperimentindemocraticself-government,thisuniqueworkinprogress,therei
sonelinchpin,withoutwhichsuchanintricate,complexsystemcannotcontinueto ,`", fun
ctionasintended.Ourdemocraticframeworksystemoffreedoms,protectionsandopportunit
ies,andourwholepoliticalsystemfunctiononlytothedegreethattheyhavethefaith,thetr
ustandtheconfidenceoftheAmericanpeople.Pollafterpollandelectionafterelectionhav
eshownanincreasinglydangerousandgrowingskepticismofoursystem.Intheeyesofmostpeo
ple,thetimbersofourpoliticalstructurehavedevelopedarotthatmustbedealtwith.Oritc
anspreadtodangerousproportions,addingtodistrustandcynicismanddoubtsofthosewhowo
n'tparticipate,whodropoutortheyjoinprotestgroupswithvaryingmotivations.Andthatr
otistheperniciouseffectofhugeamountsofmoneyintoday'spoliticalspectrum,bothRepub
licanandDemocratic.Theabuseshavebeenbipartisan,andourinvestigationsmustbebipart

isaniftheresultsoftheselongandexpensiveeffortsaretohavesufficientcredibilitytob
eusedasabaseformeaningfulcampaignfinancereform.GLENN:Withthecommittee'sexpertis
eandlonginvestigativehistory,we'venotonlybeenassignedamajorresponsibility,butal
soagreatopportunitytostartrestoringfaiththatourgovernmentandpoliticalsystemsrep
resentsallthepeople,allthetime,notspecialinterests,andallthepeopleparttime.Butt
hatwillbeaccomplishedonlyiftheinvestigationisdoneright.AndwhatdoImeanbythat?Wel
l,ImeanthatwemustshowtheAmericanpeoplethetruthaboutourcampaignfinancesystem--th
atyourchancesofwinningaredependentonhowmuchmoneyyouraise,thatfundraisinghasbeco
mesoallconsumingithaspushedbothpartiestoseektogetasclosetotheedgeofthefederalel
ectionlawsaspossible,andthatintheirzealousnessinseekingtheedgeofthelaw,bothpart
ieshave,attimes,steppedovertheedge.Inexposingthissystemitisnotsomuchthatweexpec
ttosurprisetheAmericanpeople.Unfortunatelysleazyfundraisingpracticesarejustwhat
theAmericanpeoplehavecometoexpect,andthisexpectationprecededthe1996federalelect
ions.IfwewishtosurprisetheAmericanpeople,wewilldosobyshowingthemthatweintheCong
ressrecognizethatthesystemisbroken,needstobefixed,infactmustbefixed,andthatwe ,
`", recognizethatthelackoftrusttheAmericanpeoplehaveintheirgovernmentstems,atle
astinpart,fromtheperceptionthattheCongresshasbeenboughtbybig-moneycontributions
,bycorporations,otherspecialinterestsgivingcontributionsinreturnforlegislativeo
rotherpoliticalfavors.I'minfavorofrootingoutandexposingalltheinformationonfundr
aisingabuseswithoutfearorfavor,whetherontheDemocraticorRepublicanside,wherevert
hattrailleadsus.Weshouldexamineanyillegalitiesinvolvingforeignordomesticmoney.W
eshouldexaminewhetherfederalelectionlawshavebeenbrokenorhavebeenabusedbyindivid
ualsandorganizations,andwillfulviolatorsshouldbeseverelypunished.Butifthatisall
wedo,wewillhavefailedinthisinvestigationandfailedmiserably,becauseevenifitisnot
explicitlystatedintheSenateresolutionthatlaunchedthisinvestigation,themeasureof
successforthisinvestigationwillbewhetheritproducescongressionalactionforcampaig
nfinancereform,substantialreform,notthelittlebitofreformsomeintheCongressmighta
dvocatetoreducepublicpressure.Whatwillweneedtoproducethissuccess?Well,firstthei
nvestigationandthesehearingsmustbeseenasfair,bipartisan,focusedontheactivitieso
fbothparties.Unfortunatethatforthepastsixmonthswe'vehadproblemsinthisrespect,an
dIhopethatthisisbehindus.Anotherfactorinthesuccessofthisinvestigationiswhetherw
ewillexaminethoroughly,withrespecttofundraisingbybothparties,thefollowingissues
:one,foreignmoney.Whatevidenceistherethatforeignmoneywasactivelysolicitedinthe1
996federalelections?WedoknowthatsomeforeignmoneycametotheRepublicanParty,andI'l
lexplainthatinmoredetaillater.DidithappeninDemocraticfundraisingcirclesaswell?L
et'sfindout.GLENN:I'mallforfindingout.Also,isthereanyrealevidencethattheChinese
governmentoranyotherforeigngovernmentactuallyinfiltratedtheAmericangovernmentvi
acampaigncontributions?IftherewasChinesegovernmentmoneyillegallyenteringtheAmer
icanpoliticalsystem,isthereanyevidencethatsuchmoneywenttocandidatesofonlyonepol
iticalparty? ,`", NowbeginninginFebruaryofthisyear,therehavebeenstoriesinTheWas
hingtonPost,TheNewYorkTimesandTheL.A.TimesaboutChinesegovernmentplanstoinfluenc
etheAmericanpoliticalsystem.ThispastApril,TheLosAngelesTimesreportedthatin1995,
theChinesegovernmentformulatedaplantouseabout$2milliontoinfluencelegislativebra
nchelections,bothRepublicanandDemocratic,in1996.Thearticlereportedthattheplanwa
sformulatedbecausetheChinesegovernmentwasupsetattherecentvisitofTaiwanPrimeMini
sterLien.Asaresult,theChinesegovernmentapparentlyrecognizedthatitneededtoconduc
tmorelobbyingonitsbehalf.Partoftheplan,therefore,apparentlycalledforChineseoffi
cialstomeettoinfluencepeoplewithafocusonlegislators.Asthearticlenoted,thetypeof
lobbyingactivityislegitimate,isdonebymanyforeigncountriesanddomesticinterests.W
ell,that'smainlywhatweknowforsureabouttheChineseplanatthemoment.Accordingtothep
ress,theChinesegovernmentintendedtousearelativelymodestamountofmoneytogaininflu
enceintheWashingtonlobbyinggame,anditintendedtodothisbyfocusingonthelegislative
branchofgovernment.Now,IbmentionthesereportsherebecauseIamgreatlyconcernedabouth
owthereportsaresometimesdiscussedbyindividualsinthisbodyandinthepress.I'veheard

languagelikeinfiltration,foreignspies,foreigners,aswe'rejeopardizingournational
security.Well,onthisissue,thecommitteeshouldgojustasfarasthefactstakeus,recogni
zingthatit'stheFBIthat'sinamuchbetterpositionto--thanacongressionalcommitteetod
oanespionageinvestigation.Wemustbecareful,however,nottojumptoconclusionsthattre
asonhasbeencommittedbasedonapartialstorywithambiguousinformation.Butwhereverthe
trailleads,let'slookatit.Andwewanttodoitfairly.Thiscommittee,ifwegobackinourrec
ords,wehaveaveryunhappyhistoryinthatrespect,asfarasambiguousinformationgoes.Dur
ingthe1950s,wecanallrecallwhathappenedonthiscommittee,andIdoubtanyoneherewantst
oreturntothosedarkdays.Now,thesecondissuethatwe--otherissueswemustexamineduring
thesehearings,thesecondoneisthemisuseoftax-exemptandnon-profitorganizations.The
rearenumerousandcredibleallegations ,`", thatsuchorganizationswereillegallyempl
oyed,perhapsonbothsides,butweknowofsomeontheRepublicansidein1996.Wehavethosedoc
umented.DidtheDemocratsreceivesimilarillegalhelp?Let'sfindout.Numberthree,contr
ibutionsgiveninthenameofanotherperson--didbothpartiesviolatethat?--becausethati
sanillegalpracticeunderourcampaignfinancelaws.Well,thevicechairmanofBobDole'sca
mpaignwasfined$1.6millionandputunderhousearrestforthispractice.GLENN:Thiscommit
teewillalsoinvestigatesimilarallegationsregardingaDemocraticfundraisingeventata
BuddhisttempleinCalifornia.Aretherothercasesweshouldlookat?Weshouldfindthemift
hey'rethere.Numberfour,theuseofsoft-moneycontributions.Thisisamostimportantissu
ethatthechairmanhasindicatedwillbeexaminedinphaseIIofthehearings.Ifthere'soneel
ementofthecampaignfundraisingsystemcryingforreform,it'ssoftmoney.Unlimitedfunds
--unlimitedfunds--beinggiventothepoliticalparties,whichhaveresultedinnotonlycon
tinuallyraisingtheanteinpoliticalcampaigns,buthaveresultedindistortingthepoliti
calagendaofbothparties.NowalltheseissueshavefueledthecynicismIspokeofearliertha
tcurrentlyinfectstheAmericanbodypolitic.Whocanblamethemwhentheyseewhatcampaignc
ontributionsgivenbyspecialinterestshaveproducedintermsoffavorstothoseinterests?
We'veheardagreatdeal--agreatdealthesepastmonths--aboutDemocratsandperksandacces
s.AndAmericanshaveeveryrighttobeconcernedaboutspecialfavorsforcampaigncontribut
ions.Mr.Chairman,inmyfullstatement,IgiveanumberofexamplesofRepublicanfavorsalso
backandforth,aswellassomeDemocratic.AndasIseeit,itsortofcomesoutasamatchonbothh
ere,asfarastransgressionsofthepast.AndIwouldaskmy--Idon'twanttoreadallofthose--
I'daskmyentirebeincludedintherecord.THOMPSON:Madepartoftherecord. ,`", GLENN:Ye
s,thankyou.Mr.Chairman,letmenowturntoonespecificcase,however,thatthecommitteeha
sbeeninvestigating.AnditisaveryclearcaseofforeignmoneychanneledthroughaFloridac
orporationtotheNationalPolicyForum,andultimately,totheRepublicanNationalCommitt
ee.Ononelevel,thisisanextremelycomplexstory.It'sastoryofamultimillionaireandhis
HongKongcorporation,adesperate,cash-strappedRepublicanParty,andhowtheycombinedt
ofinancetheContractWithAmericain1994,andthentwoyearslater,toinfusetheRepublican
Partywiththree-quartersofamilliondollarsinforeignmoney.Atitscore,thisisalsoasim
plestory.It'sastoryofgreedandtrustbetrayed,asIseeit,ofanationalchairmanwhobetra
yedthetrustofawealthyforeigndonor,hisownpartyandtheAmericanpeoplewhenhetriedtoc
ircumventthecampaignfinancelawsofthiscountry.Thissummer,youwillhearmanyexamples
offoreignmoneybeingfunneledtotheDemocratsandtotheRepublicans.Butthisstory,asfar
asIknowrightnow,istheonlyonesofarwheretheheadofanationalpoliticalpartyknowingly
andsuccessfullysolicitedforeignmoney,infuseditintotheelectionprocessandintentio
nallytriedtocoveritup.We'llbeholdinghearingsontheNationalPolicyForumandYoungBro
therslaterinthissummer,perhapslaterthismonth.AndIwanttogiveyoujustashortpreview
ofwhatwehavelearned.TheNationalPolicyForumwasestablishedin1993asathinktanktodev
elopRepublicanideasandpolicies.Republicanofficialsclaimedthatitwasindependentof
theparty,andthuswouldnotbesubjecttothelawsandregulationsthatapplytotheRepublica
nNationalCommitteeandotherpoliticalorganizations.Infact,theNationalPolicyForumw
asanarmoftheRepublicanNationalCommittee.Itwasasubsidiary,inthewordsofatopRepubl
icanofficial.OnewaytheRepublicansusedtheirsubsidiarywasforwhatcanonlybedescribe
dasthelaunderingofillegalforeignmoney.GLENN:NowIhaveafewslidesthattellthisstory

here,andIthink--Ihopetheaudiencecanseethese.They'reonthemonitors,ourmonitorsuph ere,andIthinkthelargermonitorsbackthere. ,`", Thefirstdocument'samemorandumenti tledNPFAction.It'sfromScottReed,theexecutivedirectoroftheRNC,toofficialsattheNP F,includingthechairman,HaleyBarbour.Thisdocumentwascreatedinanticipationofthefo rmationoftheNPF.Andundertheheadingoffundraising,thesixthitem,asyoucanread,isfor eign,whichstronglysuggeststhatMr.ReedcontemplatedtappingforeignsourcesforfundIn gtheNPF.Thedocument'salsointerestingbecauseitrevealsthatatitsinception,theNPFwa slittlemorethanafrontfortheRNC.Here'sahigh-rankingRNCOfficialrecommendingthestr ucture,thepersonnelandthemissionfortheNPF.Afewweekslater,theNationalPolicyForum isofficiallylaunched,andHaleyBarbour,theRNCchairman,aswellasthechairmanoftheNPF aswell,declaresthatthisorganizationwillbeseparatefromtheRepublicanNationalCommi ttee.BarbouralsoannouncestheselectionofMichaelE.BaroodyasNPF'spresident.Thenext documentisamemorandumfromMr.BaroodyprovidingMr.Barbourwithsomereasonsforresigna tion.Bythistime,Mr.BaroodyhasbeenattheNPFforalittleoverayear,hashadachancetosee howtheorganizationworks.Heisdissatisfiedtothepointofresigning,andhewritestoMr.B arbour,quote:"Wealsodiscussedyourbeliefthatconsiderablemoneycouldberaisedforthi seffortfromforeignsources.Itoldyouagain,evenbeforestartingatNPF,Ithoughtyouwere rightaboutthepossibilityforeignmoneycouldberaised,butthoughtitwouldbewrongtodos o."Theidea,nonetheless,seemedtoholdsomefascinationandcontinuedtobediscussedunti lwellafterDenningcameonthescene."Endofquote.ThisseemstojibewithwhatRNCExecutive DirectorScottReedwrotetoBarbourintheearliermemo.TheBaroodyletterisanextraordina rydocument.Here'sthepresidentoftheNPFstatingquiteclearlythattheorganizationisno thingmorethanaRepublicanfrontgroup,describingtheso-calledseparationbetweentheRN CandtheNPF,inhiswords,"asafiction."InanefforttolearnmorefromMr.Baroody(ph),this committeeservedhimwithasubpoena,andafewweeksago,weaskedhimaseriesofquestionsund eroath.Mr.Baroodyrefusedtosayanythingabouttheletter.Infact,onmorethan100occasio ns,hisattorneyinstructedhimnottoanswerthequestionsposedtohimbythiscommittee,eve nquestionsdirectlyaskinghimaboutforeignmoneyatNPF. ,`", Ishouldnote,Mr.Chairman ,thatwedoappreciateverymuchtheorderyourecentlyissuedinstructingMr.Baroodytoansw erthequestionswebelievetobewithinthescopeofthisinvestigation.Itwasatoughstateme nt.Weappreciateit.Youwererighttoputitout.OtherformerofficialsoftheNPFandtheRepu blicanPartyhavealsowithheldinformationfromthiscommittee,seriouslyunderminingour effortstouncoverthecompletestory.Andwehopethey'llbemoreforthcomingintheweeksahe ad.However,evenwithoutthecooperationofthoseRepublicanwitnesses,wehavethisletter andotherdocumentsthatspeakforthemselves.Thereferencestoforeignmoneyand"thefícti on,"astheysayit,inquotes,thefictionofseparationbetweentheNPFandRNC,arerighthere inblackandwhite.Mr.Baroody'sworstfearsarerealizedshortlyafterheresignswhen,atth erequestofChairmanBarbouroftheRNC,foreignmoneyisusedtoguaranteealoantoNPFtotheu ltimatebenefitoftheRNC.GLENN:YoungBrothersDevelopmentCorporation,aforeignownedc ompanybasedinHongKong,directsa$2.1millionloanthroughitsFlorida-basedshellcorpor ation,YoungBrothers,USA.TheFloridacompany'sonlyassetscomestraightfromHongKong.T heshellorganizationprovidestheloanguaranteetotheNationalPolicyForum,anorganizat ionwhichisanarmoftheRepublicanNationalCommittee.TheNationalPolicyForumanditscha irman,HaleyBarbour,immediatelyfunnels$1.6milliontotheRepublicanNationalCommitte eanditschairman,HaleyBarbour.Asyoucanseehere,corporatemoneythatstartedinHongKon gisspreadoutalloverthecountrybytheRNCtohelppayforelectionsin1994.Thisslideshows thatforeignmoneyhelpsmakeamajordifferenceinNovemberwhentheRepublicansdocapturet heCongressforthefirsttimein40years.Instateswherethemoneyflowedrightbeforetheele ction,Republicanswoncongressionalraces.Nowthat,ofcourse,couldbeahappyending,atl eastforHaleyBarbourandtheRNC,butthestorydoesn'tendthere.Infact,somewaysit'sjust beginning.AfterusingtheYoungBrothersmoneytofundtheRepublicanvictory,Mr.Barbourd ecidesthattheNPFshouldjustkeepthemoney.HeaskedYoungforforgiveness(ph).Youngsays ,`", no.NPFfailstomakethenextpaymentontheloanguaranteedbyYoungBrothers,perhaps totestMr.Young'sresolve.Youngsays,payup.In'95,BarbourtravelstoHongKongtovisitAm

broseYoungonhisyachtandagainpleadforforgiveness,andYoungsaysno.Afewmoremonthspa
ss.HaleyBarbourandAmbroseYoungtraveltoChinatogetherandmeetwiththeChineseforeign
minister--Barbourstillpressingforforgiveness;Youngisholdingfirm.Springof'96when
theDolecampaignisstrappedforcash,theRNCdesperatelyneedsmoney,andtheRepublicansl
ookliketheymightloseCongressifthey--thattheyhaveheldforonlytwoyears,andtheNPFde
faults.Theyjustwon'tpay.Needlesstosay,theRNCwon'tpayeither,despiteHaleyBarbour'
searlyassurancestoAmbroseYoung.Angrylettersareexchangedbetweenlawyers.RichardRi
chards,theformerchairmanoftheRNC,tries10timestocallthecurrentchairman,HaleyBarb
our.Mr.Barbourwon'ttalktohim.OnSeptember17th,DickRichardswritestoChairmanBarbou
raletterwhichrecountsthehistoryoftheloan.Hesays,quote,"IhaverecentlyheardfromMr
.YounginHongKong,andneedlesstosay,he'ssomewhatdistressedaboutthenon-paymentbyth
eforum."Justpriortotheelectionof1994,IwasaskedbyFredVolcanzik(ph)tohelpfacilita
tealoaninexcessof$2milliontoassisttohelppickup60targetedHouseseats.Fundsweretra
nsferredfromHongKongtoYoungBrothers,USA,aFloridacorporationofwhichIamthepreside
nt.Shortlyaftertheloanwasmade,youjourneyedtoHongKongandapproachedMr.Youngforthe
firsttimeaboutthequestionofforgivenessoftheloan."Therecannotbeanydisputethatthi
swasaloan.Mr.Youngmadeitingoodfaithtoassistyouincapturingsometargetedcongressio
nalseats."That'sintheletter.Indeed,theRNChad$1.6milliontofundtheContractWithAme
ricain'94.GLENN:Twoyearslater,itsaved$750,000tofundtheelectionin'96,allthanksto
theeffortsofawealthymanfromHongKongandtheconcertedeffortbyHaleyBarbourandtheNPF
toprivatelyexploithisgenerositywhilepubliclyhidingit. ,`", Nowthat'sanencapsula
tionofthestory.Asalways,thedevil'sinthedetails.Therearemoredetailstofleshout.We
willbeableto,asIindicatedearlier,we'lltellthecompletestorylaterthismonth,wehope
thismonth,andtheAmericanpeoplewilllearnexactlywhathappened.Ibeganmyremarksbyref
erringtothecynicismthattheAmericanpeoplefeelforsomuchofwhatwedo.Highamongtherea
sonstheygivefortheircynicismisthewaythatmoneyinfluencescampaigns.Indeed,accordi
ngtoarecentWallStreetJournalpoll,almosttwo-thirdsofallAmericansfavorbanningsoft
-moneycontributionsfromourelectionsystembecausetheyrealizethatitpredictably,inv
ariably,inevitablycheapensourdemocracy.Anotherreasonfortheircynicismisapartisan
shipthatincreasinglyseemstodistortourworkintheCongress.Justassurelyascashcheape
nstheworkthatwedo,partisanshipdoessoaswell,andtheAmericanpeopleknowit.Indeed,so
me70percentofallAmericansbelievethatbothpartiesbelievethatbothpartiesareequally
guiltyofcampaignfundraisingabuses.So,Mr.Chairman,let'shonorthisbody--andtheAmer
icanpeoplewhohavegivenusthegreatprivilegeofservinginit--withaninvestigationthat
isserious,it'sbalancedandit'sfair.Andletusthenacttorectifythecampaignfinancepro
blemafflictingbothpartiesinawaythatrestoresameasureoffaithinoursystemtotheAmeri
canpeoplewhosedailylivesareaffectedbythatsystem.Mr.Chairman,Ihaveoneotherissue.
Andthisisaveryimportantonetodiscussbeforeconcluding.Oneofthemostdisturbing,andm
ostfocused-onbythepress,allegationsinthisinvestigationhasbeenthesuggestionthata
nindividualplacedinapositionoftrustinourgovernmentmayhavebeenengagedinespionage
,oratleast,economicespionage,passingclassifiedinformationtopersonsunauthorizedt
oreceivethisinformation.Iftrue,chargesofspyingorofbeinganunregisteredforeignage
ntcouldfollow.I'mreferringofcoursetoMr.JohnHuang,whowashiredattheDepartmentofCo
mmerceandgivenasecurityclearance.It'sbeensuggestedthatMr.Huangleakedclassifiedi
nformationwhileatCommercetohisformeremployerandpossiblytoaforeigngovernment.Few
chargescouldbemoreserious. ,`", Sometimeago,minoritycounselAlanBaronapproachedM
r.Huang'sattorneytoexplorethepossibilityofMr.Huangappearingtotestifybeforethisc
ommittee.Thosediscussionshavecontinuedandcometofruitioninnotonlythelastfewdays,
butthelastfewhours,overtheweekendandindeedinsomerespectsjustthismorning.AndIwis
htoreportthatcounselforMr.HuanghasstatedthatMr.Huangiswillingtocomebeforethecom
mitteeandnotexercisehisFifthAmendmentrights.Hewillrespondtoanyquestionsthecommi
tteemayaskonanyaspectofourinvestigation.Hewillaskforlimitedimmunityonly.GLENN:L
imitedimmunity,becauseofcertainFECandHatchActallegationsagainsthim.Now,letmeexp
lain.OnethingthathasbeenclearfromthebeginningofanydiscussionwithMr.Huang'sattor

ney,undernocircumstanceswouldMr.Huangbeimmunizedfromprosecutionforanyactofespionageorforanyoffenseprosecutablefor thedisclosureofclassifiedinformationorforactingasanagentforanyforeigngovernment.Moreover,Mr.Huangwouldbesubjecttoprosecutionforperjuryorforgivingafalsestatementtoinvestigatorsifhedidnottellthetruth.IcannowreportthatMr.Huanghasagreedthroughhiscounseltotestifywithalimitedimmunityrelatingtoanycriminalchargesthatcouldresult.Now,limitedimmunitywouldnotapplytothecriminalcharges.Totestifywithoutimmunityrelatingtocriminalchargesthatcouldresultifhecommittedespionage,oreveneconomicespionage,ifhedisclosedclassifiedinformationtoanyonenotauthorizedtoreceiveit;ifheactedasanagentforanyforeigngovernment;ifhecommitsperjury;ifhemakesanyfalsestatementunderoath.WhileMr.Huangwillanswerquestionsonanysubject,histestimonycanbeusedagainsthiminaprosecutionforanyofthesecharges.It'smyviewthatuponcompletionoftheopeningstatementstoday,thecommitteeshouldgointoexecutivesessiontoconsidersuchaproffer.IfurtherbelievethatthecommitteeshouldsolicitandreceivetheviewsoftheDepartmentofJusticebeforeitmakesafinaldeterminationastowhetheritbelievesthelimitedgrantofimmunitysoughtbyMr.Huangshouldbeafforded.Well,asyouyourselfstated,wearenotboundbytheviewsof,`", theDepartmentofJustice,itisappropriateforustoobtainthedepartment'sinput.I'vebeenadvisedthatMr.Huang'sattorney,Mr.Cobb,whoisahighlyrespecteddefenseattorney,ispreparedtoproceedimmediatelytomakeapresentationandproffertotheDepartmentofJusticeonbehalfofhisclient.Mr.Chairman,Imakethisclear:I'mnotentirelypreparedtodaytotakeapositionontheissueofimmunity,limitedimmunity,forMr.Huangatthispoint,becauseIwishtoknowwhattheDepartmentofJusticehastosayalso,eventhoughitisnotthecontrollingfactor,asyoupointedout.Giventhefact,however,thatMr.Huangwouldnotbeimmunefromprosecutionforespionageortheunauthorizedtransferofclassifiedinformation,andwouldalsobesubjecttoprosecutionforperjury,IbelievethismaybeaveryuniqueandinexpensiveopportunitytoinformourselvesandtheAmericanpeopleaboutanissuethathasbeenofseriousconcerntoallofus.Ofcourse,itisalsotruethatMr.Huangwouldstillbewideopentoquestionsinthoseareasforwhichhehasreceivedimmunity.Hecouldstillbequestionedinthoseareas.Andthiswouldincludeallaspectsofhisfundraising,whichhasbeenthesubjectofsuchintensescrutiny.Now,oneissuewhichconcernedme,andI'msuremanyothersheretoday,iswhyMr.HuangwouldbemotivatedtocomeforwardonthebasisthatIhavedescribed.Now,IdonotknowMr.Huang.GLENN:Idon'tknowthatIhaveevermethim.Buthe'sbeendescribedtomeasamanproudofhisheritage,proudtobeanAmericancitizen.I'vebeenadvisedthataguidingprincipleinhislifehasbeentopromotetheinterestsoftheAsian-Americancommunity.Hebelievestheinterestsofthatcommunityhavebeenharmedbytheallegationssurroundinghim.AndIamtoldthatiswhyhewantstocomeforwardandaddresstheallegationsandspeculationsbeforethiscommittee.Mr.Chairman,Ihavealetterfromcounsel,Mr.Cobb,thatIgaveyoualittleearliertoday.Iwouldaskthatthatbeincludedintherecord.Ibelieveacopyhasbeendistributedtoallthemembersatthedais. ,`", THOMPSON:Withoutobjection,itwillbemadeapartoftherecord.GLENN:AsIsaid,asfarasIknow,neitherInoranyofmystaffhaveevermetMr.Huang,andIaminnopositiontoassesshisreputationormotivesbeyondwhatIhavebeentold.Ihope,Mr.Chairman,thatmyeffortstobringMr.HuangbeforethiscommitteeservetounderscoremyfullcommitmentthatallthefactsbepresentedtotheAmericanpeopleonabipartisanbasis.Theissuessurroundingournationalsecurityandtheissuessurroundingcampaignfinancereformoverridepartisanconcerns.Wehavearrivedatapointwherewecanreshapethepoliticallandscape,andwecanredefinethepoliticalprocess.Ihopethatallofuswillhavethestrengthtorisetothatoccasionanddowhatisbestforourcountry.Thankyou.THOMPSON:Thankyou,SenatorGlenn.Iproposethatwegoonwithopeningstatements.Wecertainlydowanttodiscussthisnewinformation.Ithinkit'sveryimportant.AndIthinkit'sencouraging.Therearesomeseriousquestionsthathavetobeaskedaboutit,however,andIknowthatothermembersofthecommitteewillwanttodiscussthatastoexactlyhowwemoveforward.ButIwelcomeverymuchthesedevelopments.SenatorCollins.COLLINS:Thankyou,Mr.Chairman.Todayweembarkonadifficulttask.Wehavebeenaskedtojudgeconductinwhichallofuswhoareinvolvedinpartisanpoliticalactivitywillbeseentohaveaninterest,anundeniableself-interest.Indischargingthisresponsibility,weonthe committee,RepublicansandDemocratsalike,mustdemonstratethatweareguidedbyonegoalandonegoalonly:thepursuitoftruthonbehalfoftheAmericanpeople.Wecandonoless,asthematterswewillbescrutinizingaffecttheprocessbywhichwechooseourleaders,aprocessthatdefinestheveryessenceofafreesociety. ,`", IthasalreadybeenwidelyreportedthatwewillbeexaminingverytroublingallegationsabouttheinvolvementoftheDemocraticNationalCommitteeandtheWhiteHousewithforeignmoney.Aswedoso,thechallengefortheRepublicansonthiscommitteewillbetoremainobjectiveandfair-mindedinthefaceofmountingevidenceofpotentiallyveryseriouswrongdoing.Fortheirpart,myDemocraticcolleaguesmustshowawillingnesstogowheretheevidenceleadsandtonotrestrictthecommittee'sabilitytogatherinformation.Theymustalsoresistthetemptationtomakedissimilarconductlooksimilarinanefforttodismissseriouslegalandethicalbreacheswiththetimewornexcusethateverybodydoesit.TheWhiteHouseandothersunderscrutinymustbemuchmoreforthcoming.Thepresidentcannotcrediblypreachthegospelofcampaignfinancereformunlesshisaidesandsupportersarepreparedtoletthelightofdayshineontheiractivitiesduringthe1996campaign.Thepublic,too,hasaroletoplayinmakingthesehearingssuccessful.TheAmericanpeople,understandablywearyofscandalsandskepticalabouttheprospectsforchange,mustultimatelybecomeengagedinthismatter.Idisagreewiththosewhoviewthejadedattitudeofthepublictowardcampaignfinanceabusesasgoodnews.Forme,itsendsastrongermessagethantheloudestshoutsofprotest.Silencedoesnotmeanapproval.Tothecontrary,itmeansnotonlydisapproval,butacompletelackoffaiththatwearecapableofimprovingthesystem.Wemustattempttousethesehearingstopersuadethepublicthatthisisnotahopelessquagmire.Duringthenextseveralmonths,wecanbecertainthatwewillwitnesssomeconflictingversionsofevents,someofwhichmayneverberesolved.COLLINS:Butwhatalreadyseemsclear,basedontheallegationsthathaveappearedinthepress,isthatweareheretodaylargelybecauseofanethicalindifferencewhichsomeattheDemocraticNationalCommitteeandtheWhiteHousedisplayedtowardfundraisinginthe1996presidentialcampaign.Indeed,asimportantasitistouncoverabuses,itisprobablymoreimportanttounderstandcauses.Towardthatend,letmesuggest,`", threecomponentsoftheethicallylaxatmospherewhichgaverisetotheeventsthatbringushere today.Thefirstwasamaniaformoney.Thisiscertainlynotnewinthepoliticallifeofourcountry.Butdrivenbythehighcostoftelevisionads,ithasreachedepicproportions.Indeed,thetelevisionadracehasbecomethepoliticalcounterpartofthenucleararmsrace,characterizedbythesameinsecurefeelingthatonecanneverhaveenough.Eventhelimitsplacedonspendinginpresidentialcampaignsdidnotstoptheescalation,ascandidateadswerereplacedbypartyads,fundedinpartbysoftmoneyraisedfromquestionablesources.Thesecondcomponentwasafailuretodistinguishbetweentheethicallyrightandthetechnicallylegal.Instead,therewasawillingnesstocuteverycorner,bendeveryrule,andinvokeeverytechnicality.WhentheargumentisthatmovingfromoneroomintheWhiteHousetoanothermakesthesolicitationoffundslegal,wehaveatbestcompliancewiththeletterandnotthespiritofthelaw.Untilitbecomespartofourpoliticalethostohonorthepurposesunderlyingourcampaignfinancelawsratherthantryingtosubvertthemthroughlegalisticloopholes,theremaybemerittothecontentionthatourlawswillneverbetightenoughtowithstandthemaniaformoney.Thethirdcomponentwasanutterlackofconcernforthesourceofcontributions.AcceptingmoneyfromaBuddhisttemplefliesinthefaceofaprohibitionagainstpoliticalcontributionsfromreligiousgroups.AcceptingmoneyfromanimpoverishedIndiantribeexploitsthosewhoaredependentonthefederalgovernment.Andacceptingmoneyfromsuspectedcriminalssuggeststhatmoneytalksregardlessofwhatithastosay.Forsome,itseemsthatthecontributorstentcanneverbetoobig,withtheonlyrequirementimposedonthoseseekingentrybeing,"Showmethemoney."Itisthisthirdcomponentwhichraisedoneofthemajorconcernstoemergefromthe1996presidentialcampaignandwhichmustbemostcloselyexaminedinthesehearings.Specifically,itisimperativethatwegettothebottomoftheallegationsinvolvingforeignmoney.COLLINS:Letmetakejustamomenttoexplainwhytheseallegationsaresoserious.Muchofthesolicitationofforeignmoney ,`", wasallegedlydonebyanindividualwhorecentlyhadbeenreceivingclassifiedinformationofpotentialinteresttothewould-becontributors.Thiscombinationofpossessinggovernmentsecretsandsolicitingpoliticalcontributionsf

romoverseasdonors,possiblyevenforeigngovernments,shouldmakeeventhemosthard-boil
edpoliticalveterannervous.Thisisparticularlytruewhentheindividualinquestionhasb
eenunwillingtodisclosehisactivitieswithoutagrantofimmunityforfearofincriminatin
ghimself.Moreover,theworldmusthaveconfidencethatourforeignpolicydecisionsarebas
edonAmericaninterests.Eventheappearancethattheyaretaintedbycontributionsfromper
sonsconnectedwithforeigngovernmentsunderminesournationalcredibility.Itisironic,
Mr.Chairman,thatafterChinaregainedcontrolofHongKong,oneofthefirstactsofthenewly
createdHongKonglegislativebodywastobanforeigncontributions.Weproudlyholdourcoun
tryoutasthenation's--astheworld's--greatestdemocracy,themodelforcountriesemergi
ngfromtotalitarianrule.Thespectacleofhugeamountsofmoneyfromwealthyforeigncontri
butorspouringintoourpresidentialracesendsamessagetoemergingnationsthatdemocracy
inAmericaisnotaboutcarryingoutthewillofthemany,butaboutcateringtotheinterestsof
thefew.Mr.Chairman,campaignfinancepracticeshavebecomethesourceofgreatconfusioni
nthiscountry.Thiscommitteehastheperhapsunenviabletaskofcreatingclarityoutofchao
sbyexposingillegalandunethicalpracticesandbyleadingthenationaldebateontherulest
hatgoverntheelectoralprocess.Icommendyouforassumingthisresponsibility,foryourle
adershipinthisregard,andIlookforwardtoworkingwithyouandtheothermembersofthecomm
itteeinthecomingmonths.THOMPSON:Thankyouverymuch,SenatorCollins.SenatorLevin.LE
VIN:Thankyou,Mr.Chairman.WhatthiscommitteeandtheAmericanpeoplearegoingtohearabo
utinthenextfewweeksandmonthsarethesymptomsofadiseaseoftheAmericanbodypolitic,ad
iseasewecancallthemoneychase,andfromwhichnopartyandfewcandidatesareimmune. ,`",
Toinoculateourdemocraticsystemagainstthisdisease,wepassedaseriesoflawsinthe197
0stolimittheroleofmoneyinfederalelections.Itwasourintent,atthattime,toprotectou
rdemocraticformofgovernment,whichreliessoheavilyontheinterchangeofideasandactio
nsbetweenthegovernmentandtheprivatesector.LEVIN:Toprotectourformofgovernmentfro
mthecorrosiveinfluenceoftheunlimitedandundisclosedcontributions,wewantedtoensur
ethatourelectedofficialswereneitherinrealitynorinperceptionbeholdentospecialint
erestsorabletocontributelargesumsofmoneytocandidatesandtheircampaigns.Theselaws
weredesignedtoprotectthepublic'sconfidenceinourdemocraticallyelectedofficials.A
ndformanyyears,thoselawsworkedfairlywell.Thelimitsthattheysetareimpressive,andt
hoselimitsarestillonthebookstoday.Individualsarenotsupposedtogivemorethan$1,000
toacandidateperelectionor$5,000toapoliticalactioncommitteeormorethan$20,000ayea
rtoanationalpartycommitteeor$25,000totalinanyoneyear.Corporationsandunionsarepr
ohibitedfromcontributingtoanycampaign.Contributionsfromforeigncountries,foreign
citizensandforeigncorporationsareprohibited.Andpresidentialcampaignsaresupposed
tobefinancedwithpublicfunds.That'sthelawthat'sonthebookstoday.Yetinthisseriesof
hearings,we'regoingtohearaboutcontributionsofhundredsofthousandsofdollarsfromin
dividuals,corporationsandunions.We'regoingtohearaboutcontributionsfromforeignso
urces,andwe'regoinghearaboutpresidentsandpresidentialcandidatesspendinglonghour
sonfundraisingtasks.Nowhowisthatpossible,weask?Well,whathashappenedisthataprett
ygoodlawsettinglimitsonsizeandsourceofcontributionshadsomesoftspots,whichoverth
eyearsbothpartiestookadvantageof.Bothpartiespushedupagainstthosesoftspotsandcre
atedholesinthelaw--bigloopholes--thatallowedthebigmoneytopourin,sothatnowtherea
renoeffectivelimitsatall.Nowwefacethedauntingtaskoftryingthoseloopholes,tomake
,`", thelawwholeagain,andinmakingitwhole,tomakeiteffective.Someofwhatwe'regoing
tohearaboutinthenextfewweeksandmonthsinvolvespossibleillegalconduct.Butthevastm
ajorityofwhatwe'regoingtohearabout,andthebulkoftheactivitythatcreatesconcernand
hasthelargesteffectonthecampaignprocessrightnowiswhat'slegal.It'swhat'sallowedb
ythoseloopholes.Andmostofitinvolvestheso-calledsoftmoneyorunregulatedmoney.Look
atthedataonthisfirstchart--onjustwhattheDemocraticNationalCommitteedid.Only172o
fover21/2milliontotalcontributionsreceivedbytheDNCinthe1994-96electioncyclehadt
obereturned.That'ssixthousandthsof1percent.Andonlyalimitednumberofthosewereretu
rnedbecausetheymaynotsatisfyapplicablelegalandregulatoryrequirements.Andtheothe
rpartofthatchartshowsthatjustatinypercentageofthecontributionswhichwerereceived

,thedollarsthatwerereceived,werereturned.Therealproblem,therealbigproblemwithth
ewaywefinancecampaignstoday,iswhat'slegal.LEVIN:BecausethewaybothpartiesintheFe
deralElectionCommissionhavegottenaroundthelawofthe1970sisbyestablishingawholese
parateworldofcampaignfinance.Andthat'stheworldofso-called"softmoney"--contribut
ionsnottechnicallycoveredbythelimitsundercurrentlaw.Inthe1996election,asyoucans
eefromthischart,theRepublicanPartyraisedmorethan$140millioninsoftmoney;theDemoc
ratsraisedover$120million.That'stherealproblem,andthat'showwegettotheseenormous
sumsofmoneyinthelastcampaign,likethe$1.3millionthattheRNCreceivedfromonecompany
in1996andthe$450,000thatjustonecouplegavetotheDemocraticNationalCommitteeinthes
ameyear.Oncethatsoftmoneyloopholewasopened,oncetheloopholewasviewedaslegitimate
,themoneychasewasonbybothparties.Couplethatwiththehighcostoftelevisionadvertisi
ngandyouhavethemoneychaseinvolvingjustaboutallcandidates.Thechaseformoneyhasled
mostofusinpublicofficeorseekingpublicofficetopushtheenvelope,totakethelawtothel
imitstogetthenecessarycontributions.ThemoneychaseledPresidentClintontoinvitecon
tributorstostayintheLincolnBedroomovernight.ItledPresidentBushin1992 ,`", touse
WhiteHousestationerytoannounceabriefingbyCabinetmembersandthepresidenthimselffo
rthreeRepublicancontributorgroupsattheOldExecutiveOfficeBuilding,withareception
tofollowintheIndianRoom.That'swhatthisinvitationisallabout--WhiteHousestationer
y,whenPresidentBushwasintheWhiteHouseannouncingthebriefingforthemajorcontributo
rsandfundraiserstotheRepublicanParty.Andatthebottom,itsays,"ThepresidentandMrs.
BushthankyouforcomingtotheWhiteHouse."ThemoneychaseledtheDemocraticNationalComm
itteetousecoffeesandotherperksinvolvingtheWhiteHouseandPresidentClintonfortopco
ntributorsin1996.Andthat'swhatthismemoisallabout,fromMarthaPhipps,whoworkedwith
theDemocraticNationalCommitteechairmanandsuggestedvariousperks,likeseatsonAirFo
rceOneandovernightstaysattheWhiteHouseinordertohelpraisemoney.Anditled--themone
ychasedid--theRepublicanNationalCommitteetoholdaprivatereceptionattheWhiteHouse
andaprivatelunchatthevicepresident'shousefortopfundraisersforPresidentBushwhenh
ewasinofficein1992.Theoffergavethebenefitsitlisted,includingaprivatereceptionho
stedbyPresidentandMrs.BushattheWhiteHouse,includingaluncheonatthevicepresident'
sresidence.Andthenitsaidthatthebenefitstobereceivedbythetablebuyersandthefundra
isers--andhereIquotethis1992invitation--"thebenefitswerebasedonreceipts."Themon
eychaseledtheRepublicanNationalCommitteetooverlookthedebtorstatusofaman,Michael
Kojima,whowasidentifiedbytheLosAngelesDistrictAttorney'sOfficeasAmerica'sworst"
deadbeatdad,"butwhocontributedahalfmilliondollarstositnexttoPresidentBushatthe1
992President'sDinner.ItwasreportedjustonthenewslastnightthatJapanesecitizenspro
videdsomeorallofthemoneytoMichaelKojimaforthatcontribution.Butthemoneychasealso
ledtheDemocraticNationalCommitteetoacceptathirdofamilliondollarsfromYogeshGandh
i,whoalsoturnedouttobeheavilyindebt.ThemoneychaseledtheheadoftheRepublicanNatio
nalCommittee,HaleyBarbour,touseasubsidiaryoftheRepublican ,`", NationalCommitte
e--theNationalPolicyForum--toobtainsome$750,000inaforeigncontributionfromtheYou
ngbrothersofHongKong.LEVIN:Thisdocument,whichhasbeenreferredtoalsobySenatorGlen
n,amemooutliningtheNPFfundraising,isamemofromScottReed,executivedirectoroftheRe
publicanNationalCommittee,toHaleyBarbourandMikeBaroody,RepublicanchairmanandNPF
president,respectively.Andit'sthemostdramaticdocumentthatI'veseen.Indeed,it'sth
eonlydocumentthatI'veseenwherethereisevidencethatpartyleadersintentionallywenta
fterforeigndollars.Themoneychasealsopressurespoliticalsupporterstocrosslinestha
ttheyshouldn'tinordertohelptheircandidatesgetneededfunds.Itledanationalfinancec
hairofSenatorDole'scampaigntoengageinafive-yearlaunderingscheme,whichfunneled$1
20,000throughasecretHongKongtrusttohisemployeeswhocontributedtothecandidateshes
upported.Itledmembersofafamily--father,motheranddaughter--tofunnel$50,000throug
hcompanyemployeesandstockholderstoDemocraticcandidatesthattheysupported.Bothoft
hoseincidentsthatI'vejustdescribedhaveledtoconvictions.Themoneychaseisalsoleadi
ngforeigngovernmentstothinkthatU.S.politicsisanarenainwhichtheyhavetocompete.We
sawjustlastweekthatonepaperfeaturedastorythatforeigngovernmentsspent$86milliont

olobbytheU.S.governmentinthefirstsixmonthsof1996.Japanalonespent$17millioninsix months.TheChineseexpenditure,whichhasbeenreferredtothismorning,wasasmallfractio nofthe$86million.ItwasaimedatlobbyingandinfluencingtheCongress.China'stargetin1 995and'96wasnottheWhiteHouse.ItwastheCongress.It'sthemoneychase,themoneychasewh ichisdrivingtheillegalandimproperconductthatisthesubjectofthesehearings.Themone ychaseinpoliticalcampaignsisaseriousdiseasewhichhasbecomechronic.Mostofushavebe enaffectedbyit.Mostofushavespenttoomuchtimefundraising,andintheprocess,pushingt hefundraisingrulestothelimits.Weknowinourheartsthatthemoneychaseisabipartisanpr oblem,andthatabipartisaninvestigationintoanumberofaspectsofitistherightwaytogo. Experiencesurelytellsusthattheonlyreformthatwewillachieveisabipartisanreform.If thesehearingsgettoillegalpracticesthatwouldotherwisegounpunished,thatwouldbeuse fulindeed.Ifthesehearingsgettoactivitiesthat ,`", arecurrentlyallowedbutwhichsh ouldnotbe,andifthatarousespublicopinionsothatCongresswillendthemoneyhunt,thatwo uldbeamajorcontributiontorestoringhealthtothebodypolitic.Butifwejustblowintotow n,roughupafewlow-levelrustlersandhustlers,pointfingersattheotherguybutneveratou rselves,produceasummerspectacleforthecountryandtheworldbutleavenosolidrecordofl egislativereformbehind,wewillbedoingsomethingfarworsethanmissinganopportunity.W ewillbedeepeningpublicpessimismandthickeningthepublicgloomaboutthisdemocracy'sa bilitytorestorepublicconfidenceinthefinancingofourcampaignsandourelections.Than kyou,Mr.Chairman.THOMPSON:Thankyou,SenatorLevin.SenatorBrownback.BROWNBACK:Than kyouverymuch,Mr.Chairman.AndIcertainlywanttostartmycommentsbycommendingyouforyo urtremendousleadershipinbringinghearingsonthisveryseriousmattertothepointwherew earetoday.Ithinkyou'vedemonstratedextraordinaryresolveandskillinyourdeterminati ontomakethesehearingsbipartisan,andtomakethemfairandthoughtful,asallofthesehasm ademuchpossiblycan.Mr.Chairman,todayourcommitteeundertakesasolemnconstitutional responsibilityoftheCongress.BROWNBACK:ThiscommitteehasbeenchargedbytheCongressa ndbytheSenatewithinvestigatingillegalandimproperactivitiesinthe1996electioncycl e,themosttroublingofthesebeingallegationsagainstthecurrentadministrationasrelat ingtotheconductofforeignpolicy,thesafeguardingofstatesecrets,andpossiblebreeche sofnationalsecurity.Congresshasalegitimateandappropriateroleprotectingtheintegr ityofelectionsandinassuringaforeignpolicyconductedinthenationalinterest.Themost importantquestionsbeforeusdealwithaconvergenceoftheseconcerns.Thereforethefunda mentalquestionofthesehearingsiswhetherthisadministrationfaithfullyexecuteditsre sponsibilitytoprotecttheAmericannationalinterest,orifthatfunctionwasinfiltrated andcompromised.Thisissueoverwhelmsallothers. ,`", Mr.Chairman,oversightisacriti calpartofanycongressionalwork,butonlyrarelydoesitfocusonissuesofthismagnitude.D uringthisCongress,wewilldowhattheAmericanpeoplesentusheretodo.We'llworktogether toprovidepro-job,pro-familytaxrelief,preserveandprotectMedicare,andtakecommonse nsestepstomakeourstreetssafer,ourschoolsbetterandourfamiliesstronger,and,yesasw ell,wewillbalancethebudget.Thecurrentdisputeregardingthemattersunderthiscommitt ee'sjurisdictioncannotbeallowedtoimpedethatagendaforAmericanrenewal.Similarly,M r.Chairman,everysenatorhasconstructiveideasforhowwecanimprovethepoliticalproces sthroughlegislation.Hopefully,thesehearingswillprovidethenecessaryimpetusforena ctingsomeofthoseimprovements.Theyarecertainlyneeded.However,ourcentralfocusmust bethetransgressionswhichmayhavecompromisedtheinterestoftheUnitedStates,andevene ndangeredAmericanlives.TheissueisAmericanintegrity.Politicsisjustthewrappingpap er.Morepointedly,wasJohnHuang,orothers,highlyplacedindustrialspies?I'mdelighted tohearthepossibilityofhistestifying,andIlookforwardtoreviewingthat.I'mmostconce rnedaboutallegationsthatcertaincampaignactivitieswerenotmerelyillegalorimproper ,butmayhaveputpoliticalorpersonalgainaheadoftheeconomicinterest,foreignpolicyor nationalsecurityoftheUnitedStates.Tome,thesearewithoutquestionthemostseriousall egationsbeforeus,andtheydeserveourintensefocus.Itismyhopethatinthesehearingswew illfindanswerstothefollowingquestions:WereexistingU.S.lawsbroken?Didforeigngove rnmentsorforeignconglomeratesinfiltrateourpoliticalprocesswithaschemetoinfluenc eourelectionfortheirownends?Whatwasthenatureofthisscheme?Whatweretheforeignenti tiesafter?Weretheireffortssuccessfulinwholeorinpart?Didhigh-rankingofficialsoft heexecutivebranchofourgovernmentgiveclassifiedinformationtoforeigngovernmentsor foreigncorporationsdirectlyorindirectly?WastheforeignpolicyoftheUnitedStatesalt ereddueto influencebyillegalforeigncampaigncontributions?Werethelivesofnationals ecurityofficersputinjeopardybytheleakingofclassifiedgovernmentinformation?Wasth eintegrityoftheUnitedStatesgovernmentcompromisedbytheinfluenceofillegalforeignc ampaigncontributions? ,`", TheconfidenceoftheAmericanpeopleinourfederalgovernme nthasbeenshakenbytheseallegations.Onlythroughafullandfairinvestigationofthesech argescanwerestoretheAmericanpeople'sconfidenceinourconstitutionalsystem.Mr.Chai rman,theAmericanpeoplearewatching.Andweoweittothemtoconductourselvesinanon-part isanmannerwiththehighestdegreeofcivility,objectivityandintensity.BROWNBACK:That Ihopewillbethelegacyofthesehearings,Mr.Chairman.TheAmericanpeoplearewatching.Th ankyouverymuch,andIyieldbacktheremainingportionofmytime.THOMPSON:Thankyouverymu ch,SenatorBrownback.SenatorLieberman.LIEBERMAN:Thankyou,Mr.Chairman.Mr.Chairman ,ourcommitteehastraveledalongroadfullofbumpsanddistractionstoreachthishearingro omtoday,andnowwefaceanextraordinarychallenge,opportunityandresponsibility.Thewa yherewasnotsmoothbecausethesubjectofourinvestigationisnotordinary.Wearehere toin vestigatethepoliticalsysteminwhichweallliveandtoinvestigateaswellmanypeoplewhol ivetherewithus.Therewillbepoliticalconsequences,someserious,fromwhatwedoandsaya ndfindhere,andthatnaturallyhascausedanxiety,pressure,defensivenessandpartisanbi ckering.Thetimeforallthatisovernow.Thechairman'sgavelhasfallen,andthenationiswa tching.Moretothepoint,historyiswatching.Mr.Chairman,SenatorGlenn,fellowmemberso fthecommittee,thechallengewefacehereiscriticallyimportanttoourcountry,andwemust risetoit,becausethewayinwhichmoneyisgivenandspentforpoliticalcampaignsinAmerica hasgonesofaroutofcontrolthatitthreatenstheintegrityandlegitimacyofourgovernment .We,membersofthiscommittee,mayneverinourliveshaveabetteropportunitytostrengthen ourdemocracythanwehaveinthisinvestigationanditsconcludingreport.Ouropportunity' stoexpose,`", whatmoneyhasdonetoAmerica'sdemocracy.Ourresponsibilityistodosowi thoutregardtopartisanloyaltiesorpoliticalconsequences.Mr.Chairman,aswelistentot hetestimonyofthewitnessesthatwillcomebeforeusandaswequestionthem,itisimportantt orememberthatweareneitherprosecutorsnordefenseattorneys.Itwouldbegrosslyinappro priateforustoactatthesehearingsasifwewere.Thereareplentyofprosecutorsatworkandp lentyofdefenseattorneyswhohavebeenhired.Wemustbewhatweare,senatorselectedbythep eopleofourrespectivestates,sworntosupportanddefendtheConstitutionoftheUnitedSta tesandtoprotectitfromallenemiesforeignanddomestic.Inthesehearings,Iamafraid,wew illfindevidencethatyoudon'thavetocarryamilitaryweapontobeaforeignordomesticenem yoftheUnitedStatesanditsConstitution.Allyouneedisacheckbook.Wemustbefindersoffa ctandsearchersfortruth.Andwhenwelearnthetruth,wemusttellittoallwhowilllistensot hattheprosecutorswillbebetterenabledtopursuepastwrongdoersandthepeoplewillbeemb oldenedtodemandbetterprotectionincampaignlawsfromfuturewrongs.Atthesametime,Mr. Chairman,wemustcarefulnottobeoverzealous,lestweriskallowingthesetodegenerateint oapartisanwitchhuntorabipartisanheadlinehunt.Witheachwitnesswequestion,wemustse ekonlythetruth,nomoreandnoless,andwemustacceptthattruthandnottrytoforceitimprop erlyintoanypreconceivedconstructthatanyofusmaybringtothetable.Factisthatserious chargeshavebeenmadeagainstindividuals,groupsandevenforeigngovernments.Wemustmak esurethatattheendday,wejudgethetruthofthosechargesonthecontentofthehardevidence offeredduringthesehearings,notonmereinferencesandinnuendoes.LIEBERMAN:Timeandte stimonywilltellwhatcrimeshavebeencommitted,butthereisonethingI'mconvincedwillbe clearfromtheevidencethatwillbepresentedinthetwophasesofourinvestigations.Ourcur rentcampaignfinancesystem,borneofmisdeeds,exposedinsimilarhearingsalmost25years ago,asystemprogressivelyinneedofrepairandreformintheyearssincethen,finallybroke downin1996.Theevidencewillrevealthatpeopleinbothofourmajor ,`", politicalpartie sweredrivenbyanapparentlyunquenchablethirstforcashinafranticracetoexploitandeva deinfactorinspiritthe verycampaignlawsthathadbeenpassedafterWatergatetoputalimit onpoliticalcontributionsandtoclearlyrevealthesourceofallthosecontribution.Inthe irsearchforsoftmoney,forexample,politicaloperativesofbothpartiespushedupthelimi tsofwhatwasacceptableforindividualsorgroupstogivetocampaigns--fromthousandsofdo llarstotensofthousandsofdollarstohundredsofthousandsofdollars,asiftheywerebidde rsatChristie'sauctionofPrincessDiana'sclothing,exceptthatwhatwasforsaleherewasn othinglessthanthefabricofAmericandemocracy.Whatwascompromisedherewasthefundamen talpromiseofequalitythatourdemocracymakes--inthiscase,theequalityofopportunityt oinfluenceourgovernmentthateachoneofusasAmericansispromisedbytheConstitution.On eperson,onevote.Surely,thosewhogivehundredsofthousandshavegreateraccessandinflu encethanthegreatmajorityofaverageAmericans,whodonot.AndthatmajorityofaverageAme ricansseesthis.Theyunderstandit.They'renotfooled.Itmakesmillionsofthemangryatth eirgovernment,andmillionsmoreturnedoffbyandtotheirgovernment.Eitherresponseisas eriousthreattothelegitimacyandcredibilityofourdemocracy.Mr.Chairman,theharderan dfasterthepartiesandcandidatesranaftermoneyin1996,thelessvigilanttheybecameinpr otectingtheprocessfromthosewhosoughttousepoliticalcontributionsforillegalorunet hicalends.Asfewerwereaskedofcontributors,naturallytheinfluencepeddlersandthecon artistssawtheiropportunity,andtheyworkedthesystemfortheirowngain.Toomaypeople,d omesticandforeign,soughtandgainedaccesstocandidatesandelectedofficialsbythevice oftheirimpropercontributionsratherthanthevirtueoftheirideas.Whenstandardsslidea ndlawsarenotenforced,people'sworstnatureisalwaysencouraged.Ofcourse,noteveryone involvedinthe1996federalelectionswentdownthewrongroad.Infact,mostdidnot.Butenou ghdidtocreatethecrisiswefaceandresultinthehearingswebegintoday. ,`", Inthefirst phaseofthesehearings,wewillfocusquiteappropriatelyontheextenttowhichso-calledfo reignmoneyfromeithergovernmentsorprivatehustlersorbothmayhaveenteredthe1996Amer icanfederalelections.Theseareseriousandconsequentialchargesthatmaysendpeopletoj ailandalterthecourseofAmerica'srelationswithothercountries.Thosewhohavedonewron goughttobeexposedandoughttobepunished.LIEBERMAN:ButMr.Chairman,Ihopewewillnotov erlookthelargerfactthattheseforeigncorrupters,whothoughttheycouldpurchaseinflue nceinAmericangovernment,wouldnothavebeenemboldenedtotrytobuyiftheydidnotbelieve therewerethosewhowerereadyandwillingtosell,iftheydidnotthinktherewaseffectively a"ForSale"signhungoutonAmerica'sgovernment.Forthat,itisAmericans,notforeigners, whoareprofoundlyguilty.Mr.Chairman,Iknowthatthiscommitteehasgonetothefourcorner softheglobetofindevidenceofforeigninfiltrationofAmericanpolitics.Thatisright,an ditisproper.Butinanothersense,wealreadyknowwhereandwhotheenemyis.Itisdomestic.A nditisus.Itisacampaignfinancelawthatwehaveallowedtoatrophyandtobeevaded,alawtha tnolongerworks,thatnolongerprotectsourgovernment,itsleadersoritspeople,itspeopl ewhoseapathy,angerandmistrusthavebeendangerouslydeepenedbythemisdeedsthatwillbe describedinthesehearings.Mr.Chairman,SenatorGlenn,fellowmembers,ifwecarryoutour responsibilitiesherehonorablyandwell,thesehearingswillnotonlyshedlightonthetrut hofwhathappenedinthe1996federalelections,theywilllightafireinthebellyoftheAmeri canpeopleandinus,theirelectedrepresentativesonCapitolHill,andgiveusthecouragean dthecapacitytosetrightwhatweknowiswrong.Thankyou,Mr.Chairman.THOMPSON:Thankyou, SenatorLieberman.SenatorDomenici.DOMENICI:Thankyouverymuch,Mr.Chairman,andSenat orGlennandfellowsenators.AsIseeit,historyseldommarksitsmomentswithprecision. ,` ", Yetthesehearingsareoneofthosemoments.Theissueswewilladdresstouchuponournatio n'sbasicsovereignty.Ourdemocraticsystemis,bythedivisionofpowersintrinsictoitsst ructure,apublicspectacle.Thatisbydesign.WalterLippmannoncesaid,"Thegreatvirtueo fdemocracy,infact,itssupremevirtue,isthatitsuppliesamethodfordraggingrealitiesi ntothelight,ofsummoningourrulerstodeclarethemselvesandsubmittojudgment."Supreme CourtJusticeBrandeisputitanotherway."Sunlightisthebestdisinfectant,"hesaid.Ifle adersaretoinstillpublicconfidenceintheirdecisions,theymusthavethetrustofthepeop le.Andwhenquestionsemergeregardingtheconductofpublicofficialsawardedapublictrus t,theAmericanpeoplehavearighttoanswers.Thatiswhy,asdifficultasitmaybe,inthelegi

slativebranch,wehaveaconstitutionaldutytoconductthisinvestigation.Weareheretoperformthatdutyandtoengageinthatresponsibility.AndIbelievewemustexaminetheeventswhichtookplaceduringthelastelectionandattempttogivetheAmericanpeoplesomeanswerstosomeveryunsettlingquestions.Somewouldsuggesttheanswersaresimple,andwedon'treallyneedthesehearings.Weonlyneedtoreformthecampaignlawsofourland.Andsome,whohavealreadytalkedwiththeAmericanpeopleheretodayontheothersideoftheaisle,wouldtalkasifreformiswhatthesehearingsareallabout.Well,reformmaybeneeded.Butreformingthelawswillnotsolvetheproblemifofficialsarealreadyignoringorviolatingthosealreadyonthebooks.AndI'dliketotakeamomenttoreferencejustafewexistinglawsonthebooks,becauseasthisdramaunfolds,Ithinkwewillcontinuetohearkenback,atleastinthefirstphase,whataretheexistinglawsandwhohasviolatedthem.DOMENICI:Letmeciteone:TwoU.S.Code,Section441--andIquote--"It'sunlawfulforaforeignnationaldirectlyorthroughanyotherpersontomakeapoliticalcontributioninafederalelection."Also,itmakesitillegalforapersontosolicit,acceptorreceiveacontributionfromaforeignnational.Oneothersection,441(f),thesamepartofthecode,prohibitsmakingacontributioninthenameofanother.Thatis,itprohibitsmoneylaunderingandmakesitillegaltoknowinglyacceptsucha ,`", launderingcontribution.Aspartoftheenquiry,wemustseektofindoutwhethertheselawswereviolatedandifthereattemptsmadetopurposelyskirttheselaws.DidtheDemocraticNationalCommitteeortheWhiteHouseviolatetheprohibitionagainsttakingcampaignmoneyfromforeignnationalsandtheprohibitionagainstlaunderingforeigncontributionsthroughU.S.citizensandcompanies.TheAmericanpeoplehavearighttoknowanddeserveanswersregardingthemysteriousactivitiesofJohnHuang,CharlieTrie,PaulineKanchanalakandJohnnyChung.Also,onefurthersection,Section18USC,Section607,makesitacrimeforanypersontosolicitorreceiveacampaigncontribution--andIquote--"inanyroomorbuildingoccupiedinthedischargeofofficialdutiesbyanofficeroranemployeeoftheUnitedStates."Seemstomeaveryclearandforthrightstatute.Tome,weneedexplanations.Arewetoexcusetheexecutivebranchfundraisingactivitiesthatseemtofallinthesecategories?IamtroubledthatbywhathappenstohavebeenaconsciousefforttoevadethesestatutesAsalwaysIkeepanopenmindandlistenwithinteresttothefactspresentedduringthisenquiry.ButIwillbelookingforanswerstosomequestionsaboutournation'ssecurity,theroleofforeigncorporations,foreignagentsandforeignmoneyinourelectoralprocessandintheexecutivebranchanditsminions.Mr.Chairman,asyouknow,I'mthelongestservingsenatorparticipatinginthesehearings.IcametoWashington25yearsago,andassoonasIarrived,theWatergateinvestigationsoftheexecutivebranchweretheissuebeforethisbrandnewsenatorwhohadneverbeenalegislatorinhislife.IwasawedbytheenormityandtheimportanceoftheissueraisedbythosehearingsButIalsowasimpressed,Mr.Chairmanandfellowsenators,bythesenseofconstitutionaldutyandbipartisanshipdisplayedbymembersofbothsidesoftheaisleinthosehearings.Iraisethisissuenottodrawfactualparallelsbetweenthehearings.Eachcongressionalinvestigationisdifferent.WhetherthisparticularinvestigationwillbeofsignificancewilldependuponthefactsandhowthosefactsarepresentedtotheAmericanpeople.ButIhopeweconductthisenquirywiththesamesenseofbipartisanshipandconstitutionaldutythatwaspresentinthe ,`
", hearingsIjustreferredto.TheAmericanpeoplehavearighttoknow,andCongresshasaconstitutionalresponsibilitytoinvestigatewhethertheexecutivebranchandthenationalpartiesandtheircommitteeswerewillingtoplacethepursuitofcampaignmoneyaheadofotherconcerns,includingsovereigntyandnationalsecurity.ThepeopleofourcountryhavetherighttoknowandCongresshasaconstitutionalresponsibilitytoinvestigatewhethertheexecutivebranchappointees,otherwiseunqualified,butwell-connectedwithrichandpowerfulinterests,wereplacedinpositionsingovernmentwithaccesstoclassifiedinformationbasedsolelyontheamountofcashtheycouldaccumulateforthe1996presidentialelectioncampaign.Thepeoplehavearighttoknowandwehaveanobligationtoinvestigatewhethervitalclassifiedinformationwasimproperlyobtainedandleakedtoforeigncorporationsandgovernmentsbytheseindividuals.DOMENICI:TheAmericanpeoplehavearighttoknowandwehavearesponsibilitytoexaminewhetherforeignnationals,someofthemknowncriminals,weregivenaccesstothepresidentoftheUnitedStatesattheWhiteHouseandatfundraisingeventsinexchang

eforquestionablecampaigncontributions.AndtheAmericanpeoplehavearighttoknowandwe havethehighestdutytodeterminewhethertherewasaconcertedplanbyforeigngovernmentst oinfiltrateourelectoralprocess.Theseareimportantissues,Mr.Chairman,andweneedtom akethemclear.Somemaywanttochangethefocusofthesehearings,butweareheretofollowthe factswherevertheylead,nottoengageinanexerciseinpartisanship.TheWatergatehearing sshowedusthataseriousissuecanbehandledinadignifiedimpartialway.Collectivelywesh ouldfollowthatexample.Mr.Chairman,youhavebeensteadfastinyourwillingnesstolookin totheactivitiesofbothparties.Youandyourstaffhavedoneatremendousamountofworkinas hortperiodoftimetogetustothepointwherewecanbeginthesehearings.Yourjobhasnotbeen aneasyone,Mr.Chairman,andIcommendyouforthewayyou'veconductedthebusinessofthecom mitteesofarandlookforwardtothemonthstocomewhenI'msureyouwillcontinuetodothesame .Wehaveaconstitutionaldutytocarryoutduringthenext ,`", severalmonths.Weshouldge tonwithourworkinafairandeven-handedway,andletthefactsspeakforthemselves.Istartw iththepremisethatsenatorsonbothsidesoftheaislesharethiscommitment.Ifwedo,wewill getourjobdone.Thankyouverymuch,Mr.Chairman.THOMPSON:Thankyou,SenatorDomenici.Se natorAkaka.AKAKA:ChairmanThompson,SenatorGlenn,membersofthiscommittee,wehaveove rcometremendousoddstoarriveatthismoment.Therearemanyissuesforthiscommitteetoinv estigate:allegationsofforeignmoneyinfluencingfederalcampaigns,theuseoffederalfa cilitiestoraisemoney,dramaticincreasesinsoft-moneydonations,unregulatedindepend entexpendituresandissueadvocacy,andimproperuseoftax-exemptorganizations.Initial ly,Ifearedthattheaisleseparatingourtwopartieshadengulfedourgoodjudgmentandcloud edourvision.Recently,Iwasdiscouragedbythelackofcooperation,whichwasblockingmyho peofabipartisaninvestigation.IfeltthecynicismheldbytheAmericanpeoplefortheirele ctedofficialswouldonlydeepenwithoutafullandopenhearing.Thiscommitteewasonitsway tounderminingtheinvestigationandconfirmingthebeliefthatCongressdoesn'tgetitwhen itcomestoreformingourcampaignfinancialsystem.Isincerelyhopethattheexpressionsof goodwillanddesiretoconductopenandbipartisanhearingsarenot20-secondsoundbites.Th eallegationsofillegalandimproperactivitiesrelatingtothe1996electioncycleareseri ous.TheytouchDemocratsandRepublicansalike.Andtheythreatentounderminetheintegrit yofourelectionsystem.Mr.Chairman,Iam,however,confidentthatwewillconductourinqui ryinabipartisanandfairmannerwhichhasbeenahallmarkoftheGovernmentalAffairsCommit tee.LastFriday,ournationcelebrateditsIndependenceDay,markingAmerica'sbreakwithE nglandanditsbeginningastheworld'sgreatestdemocracy.AKAKA:Ourforefathersbuiltthi scountryonthepremiseoffreeandopenelections.Wedonotneedtoberemindedthat,although our ,`", citizensarefreetovoteforwhomevertheywish,runningforpublicofficeintheUn itedStatesdemandsgreatfinancialresources.Iamastonishedthatgiventhetremendousexp losionincampaignexpenditures,thatanyonewouldopposereformingournation'scampaignf inancelaws.Andyetthroughouttheinitialprocessofputtingtogetherthisinvestigation, wehadtocontendwithcolleaguesopposedtorevisingcampaignfinancelaws.Althoughwearet oldthattheonlywrongdoingwasonthepartoftheWhiteHouse,letusnotforgettheRepublican s,whoraisedfarmoneyduringthe1995-96electioncyclethantheDemocrats.Therewillbeiss uesdiscussed,testimoniesreceivedanddocumentsreviewedthatwillmakethemembersofthi scommitteeuncomfortable,becauseweareinvestigatingthesystemunderwhichwereelected .Wehavearesponsibilitytocloselyreviewallallegationsbroughtbeforethiscommitteeno matterhowunimportanttheymayseem.Itisourresponsibilitytoscrutinizeallallegations broughtbeforethiscommittee.However,withoutalsoreviewingthewayweruna ournationalel ectionsandrevampingourcampaignfinancelaws,wewillfailtheAmericanpeople.Thisinves tigationmustmakeagoodcaseforlayingafoundationtoimproveourcampaignfinancelaws.Wi thlessthan50percentofvotingageAmericansgoingtothepollsinthelastelection,somuchi satstake.Thepubliciscynical.Andwhocameblamethem?Thedeepdistrustofthisnation'sel ectedofficialsbythevoterswillcontinueiftheonlythingthatcomesfromthesehearingsis politicalrhetoric.Wemustsetourgoal,theenactmentofsubstantivecampaignfinancerefo rmlegislation.Andconversely,onlywhentheAmericanvotersdemandachangeinthewaywerun elections,willthosewhoopposereformdroptheirobjections.Thestrengthofcampaignfina ncereformrestswiththeAmericanpeople.AndIamhopefulthatthesehearingswillgeneratea quickenedmovementtoenactlegislationtostopsomeofthepracticesweareabouttoinvestig ate.Myexpectationsarehigh.AndmybeliefintheAmericanpeoplestrong.Wehaveanextraord inaryopportunitytoredoourcampaign ,`", financelawsonabipartisanbasis.Ialsowisht oaffirmmybeliefthatifthiscommitteeisseriouslycommitteetoinvestigatingthebreadth ofallegationsintoabusesoffederalelectionlaws,wecannotbecaughtupinpartisanpostur ingandnamecalling.Letusnottolerateassumptionsmadeonthebasisofanindividual'srace orethnicbackground.IaskmycolleaguestorememberthattheUnitedStatesisanationofimmi grants.LetustaketoheartthelessonsofhistorywhenwavesofIrish,Italian,German,Jewis handotherimmigrantswerenegativelystereotyped.Wearenotheretoconductawitchhunt.We mustignorethetemptationstoassignguiltbyassociation,especiallyethnicassociation. Otherthanindigenouspeoples,AmericanIndians,Alaskannatives,nativeHawaiians,Ameri canSamoansandChamorrosfromGuamandNorthernMarianaIslands,theproudpeoplewhomakeup thiscountrycamefromsomewhereelse.AKAKA:WhileIamthree-quartersnativeHawaiian,myg reatgrandfatheremigratedtothekingdomofHawaiifromChina,whichclassifiesmeasanativ eHawaiian-Chinese-American.Butforemost,IamanAmerican,likesomeoftheindividualsof non-Europeanheritagewhohavecomebeforeusaswitnesses.Mr.Chairman,Iamseriouslyconc ernedwiththenegativeimpactoftheallegationsoffundraisingabuseshavehadontheAsian-PacificAmericancommunity.IdonothavetoremindmycolleaguesofthecontributionsAsian-PacificAmericanshavemadetooursociety.Andyet,despitewell-knowncontributions,Asia n-PacificAmericanshavebeentargetedandmisrepresentedfromthemomentthepresssawagoo dstoryintheallegationsofforeigncontributionstothe1996elections.Whenthenewsofpos siblefundraisingabusesfirstbrokelastfall,themediawasquicktotossaroundreferences --Asianconnections,Asianfundsnetwork,peoplewithtenuousconnectionstothiscountry- -phrasesappliedequallytopeoplewhoareAmericancitizensandnon-citizensalike.Fortun ately,thepresshasbecomemoreattunedtothedistinctionsbetweenaU.S.citizen,alegalpe rmanentresidentandan ,`", Asianfromanothercountry,althoughonenewsmagazinethiswe ekusedtheexpressionAsian-Americannetworkinastoryontheseinvestigations.Itisthisl ackofdistinctionbyboththemedia,membersofCongressandthepublicthatthreatenstocast doubtontheintegrityofAsia-PacificAmericans.Ourcountryhasadeephistoryofracialdis criminationagainstU.S.citizensofAsiandescent,naturalizedcitizensandtheirforeign -bornrelatives.Anditwouldbeadisservicetoourdemocracytofallpreytotheevilsofpreju diceagain.Asian-PacificAmericanshavebeensingledoutforjoiningtogethertosupportca ndidatesoftheirchoiceduringthelastelectioncycle.ContributionsmadebypersonswithA sianorethnicsurnameshavebeenscrutinized,anddonorsaskedforbankrecordsandverifica tionofcitizenship.Weshouldbegravelyconcernediforeigncompaniesorcountrieshavein fluencedourelectoralprocess.Istronglycondemnillegalfundraisingactivities.ButIdo notholdallAsian-PacificAmericansresponsiblefortheallegedactionsofafew.Asian-Pac ificAmericansshouldnotbeheldtoahigherstandardthanothercitizens,norshouldwebelie vethatallAsian-PacificAmericanpoliticalcontributionsaresuspect.Wemustnotbeguilt yofselectiveharassmentofthosewithAsiansurnames.SuchactionsonlyunderscoretheAsia n-PacificAmericancommunity'sfearthattheyarebeingheldresponsiblefortheallegedtra nsgressionsofsomeindividualswhohappentobeofAsianheritage.WiththemajorityofAmeri canschoosingnottovote,letusnotdiscourageAsian-Americansfromparticipatinginthede velopmentofpublicpolicybecausetheybelievethesystemisagainstthem.Asweinvestigate theallegationsoffundraisingabuses,letusrememberthatbigotry,prejudiceanddiscrimi nationareunacceptabletothiscommittee.LetusalsorememberthattheAsian-PacificAmeri cancommunitysupportsRepublicans,Democratsandindependents.Thereareallegationstha ttheonlyreasonwhyAsian-PacificAmericansparticipatedinthelastelectionwastoinflue nceU.S.immigrationpolicies.Letmeremindeveryonethatanunlikelyallianceofhigh-tech companies,theChristianCoalition,AmericansforTaxReform,businessgroups,religiouso rganizationsandimmigrationrightsgroupsjoinedforcestofightcutsinlegalimmigration . ,`", AKAKA:Duringlastyear'sdebateovertheimmigrationbill,theeliminationofmostp rovisionsdealingwithlegalimmigrationwasnottheresultofaconcertedeffortbytheAsian

-PacificAmericancommunity.Itwastheeffortofadiversecoalitionthatincludedthemostc onservativeandmostliberalgroupsinthiscountry.Inclosing,Mr.Chairman,Ithinkthatit isappropriatethatIhighlightthemottoofourstate,whichwasfirstpronouncedinKawaiaha oChurch,theCoralChurchofHawaii,byKamehamehatheThird.Andhesaid,"Uamauke'ea,oka'a inaikapono,"whichmeans,thelifeofthelandisperpetuatedinrighteousness.Asweconduct thesehearings,Ithinkitbehoovesustokeepthisinmind,particularlytheconceptofponoor righteousness.Ifwedothis,Ibelievethattheendoftheday--attheendoftheday,weshallha vedonewhatisrightforournation.Mr.Chairman,Ithankyouforgivingmethistime,andIlook forwardtothesehearingsandanticipateaspirited,informativetime.Thankyou.THOMPSON: Thankyouverymuch,SenatorAkaka.Allveryvalidcomments.Wewillbeinrecessfor10minutes .(RECESS)THOMPSON:SenatorCochran.COCHRAN:Mr.Chairman,Iappreciatethetoneyouhaves etforthesehearingsinyouropeningstatement.Itwasacommitmenttofairness,thoroughnes s,commoncourtesyandrespectforothers.Ihopewewillallrespondinapositivewaytothisch allengeyouhavegivenourcommittee.Wedohavetoacknowledgefirstthatthisinvestigation isaworkinprogress.Oureffortstolearnthetruthareongoing.Therearestilldocumentstob ereviewed,witnessestobeinterviewed,depositionstobetaken.Sowhatthepublicwillseea ndhearatthisbeginningpointofthehearingsisjustasamplingofwhatwehavelearnedsofar. Wealsoshouldacknowledgethatwe'vehadsomedisappointments.Somewitnesseshavedisappe ared;somedocumentshaveprobablydisappeared.Somewitnesseshaveindicatedthatthey'll taketheFifthAmendment.PresidentClintonhasnotcalledonhisWhiteHouse ,`", staffort heDemocraticNationalCommitteetocooperateinthesearchforthefacts.Thisisalsodisapp ointing.ItmaycontributetoanatmospherethatsuggestsitisOKtoavoiddiscussingwhatrea llyhappened.Onethingthatweknowhappenedinadvanceofthecampaignlastyearwasthedevel opmentofauniquerelationshipbetweenepurposesofthesehearingsistohelptheSenatedeci deifthelawsshouldbechangedtomakeitcrystalcleartoallwhatislegalandwhatisnot.Ther ealsowillbeevidenceproducedatthesehearingsofadeliberatepatternoffuonswiththeDem ocraticNationalCommitteeaboutbudgets,fundraisingtargets,personnelandmethodstoac hievepoliticalandcampaigngoalsbyusingfederalgovernmentresources.Thelinethatusua llyisdrawnbetweengoverningandpartybuildingwasnotonlyblurredbythisadministration ,itwaserased.AnotherfindingthatIbelievethesehearingswilldiscloseisthattheredeve lopedattheClintonWhiteHouseanaggressiveplantousetheofficeofthepresidenttoraiseu nprecedentedamountsofmoney,rewardinglargedonorswithtravelaboardAirForceOne,over nightstaysattheWhiteHouse,andspecialbriefingsonadministrationpolicyplans.Someha vesuggestedthattheseactivitieswerenotillegal.Oneofthepurposesofthesehearingsist ohelptheSenatedecideifthelawsshouldbechangedtomakeitcrystalcleartoallwhatislega landwhatisnot.Therealsowillbeevidenceproducedatthesehearingsofadeliberatepatter noffundraisingbyavicechairmanoftheDemocraticNationalCommittee,JohnHuang,thatinv olvedcontributionsfrompersonsandcorporationsthatareprohibitedbycurrentlawfromma kingsuchcontributions.OurfirstwitnesswillbeRichardSullivan,whowasthefinancedire ctorattheDemocraticNationalCommittee.Iexpecthewillhelpusunderstandhowthefundrai singoperationwasorganizedandhowWhiteHouseofficialswereinvolvedintheseactivities .Hewillbeabletoconfirm,forexample,thatHaroldIckespresidedovertheso-calledweekly moneymeetings,mostofwhichwereheldattheWhiteHouse.HewillalsohelpusunderstandhowJ ohnHuangcametobevicechairmanoftheDemocraticNationalCommittee.Afteralltheevidenc eisin,Ihopethefinalresultwillbemoresensitivitytoandrespectforthelawswehavethatg overnourelectionsandaclearerunderstandingbytheSenateoftheneedtoimproveandstreng thentheselawstoprotecttheelectoralprocess ,`", fromabuseinthefuture.THOMPSON:Th ankyouverymuch,SenatorCochran.SenatorDurbin.DURBIN:Thankyouverymuch,Mr.Chairman ,SenatorGlenn.ThespecteroftheWatergatehearingroamsthehallsofCapitolHilllikeBanq uo'sghost,remindingusofthathistoricmomentintheSenate'shistory,attimesinflamingp oliticalmemories,challengingustoequalitswork.AndIthinkitisafactthateveryinvesti gationsinceWatergatehasbeenheldtoitsstandard.Wehavegatheredanhistoricarrayofres ourcesforthisinvestigation.Moretaxpayerdollarswillbespentonthis1997committeeinv estigationthananyinvestigationinthehistoryoftheSenate.DURBIN:Four-point-threemi

llionthisyear,andclearly,asmuchormorenextyearorbeyond.Thiscommitteehashired70st
aff,50attorneys.Toputthatinperspective,thereare30attorneysworkingfulltimeinthep
ublicintegritysectionoftheU.S.DepartmentofJustice.Wehaveninefull-timeFBIagentsd
etailedtothiscommittee.Wehaveissuedalmost200subpoenas,andwehaveauthorizedextens
ivetraveloverseasinpursuitofourinvestigation.Themenandwomenservingonthiscommitt
eebringawealthofpersonalandpoliticalexperiencetotheassignment.Whetherourranksin
cludeanotherSamErvinorHowardBaker,wedon'tknow.Butthere'severyreasontobelievetha
tthewisdomofourpoliticalprocesswillbevindicatedagainduringthecourseofthisinvest
igation.Butunfortunately,alloftheresourcesnotwithstanding,thiscommitteeinvestig
ationwaslaunchedunderadarkcloud.Sinceourfirstorganizationalmeeting(OFF-MIKE)fai
rnessandimpartiality.Inpreparationfortoday'shearing,Itookalookattheopeningtesti
monyofthefirstdayoftheWatergatehearings,May17,1973,andaquotefromSenatorHowardBa
kerthatperhapsthechairmanmaybefamiliarwith.Hesaidhewasskepticalaboutwhetherorno
titcouldbeafairhearing.Andthenhesaid:"ButanydoubtsthatImighthavehad ,`", aboutt
hefairnessandimpartialityofthisinvestigationhavebeensweptawayduringthelastfewwe
eks.Virtuallyeveryactiontakenbythiscommitteesinceitsinceptionhasbeentakenwithco
mpleteunanimityofpurposeandprocedure."Theintegrityandfairnessofeachmemberofthis
committeeanditsfineprofessionalstaffhadbeenmademanifesttome.AndIknowthatitwillb
emademanifesttotheAmericanpeopleduringthecourseofthisproceeding."Thisisnotinany
wayapartisanundertaking,"SenatorBakersaid."Butrather,itisabipartisansearchforth
eunvarnishedtruth."Iregretthatneitherthissenatornormanyonthissideoftheaislecanm
akethesamestatementtoday.ButIhopeful,eventhoughwehavebeendeniedtheopportunityto
issuesubpoenasthatwethinkwillbringaboutafairpresentationoftheevidence,thereisst
illhope.EventhoughsubpoenaswhichwehaveissuedagainstRepublicansourceshavenotbeen
enforced,thereisstillhope.Eventhoughtheprocedureofthiscommitteestillseemstobeso
mewhatsecretiveastowhereweareheadedandwhowillbecalledaswitnesses,thereisstillho
pe.AndwhatwasprobablyresolvedbetweenthechairmanandSamDashoveracupofcoffee24year
sagohasnowbeenrelegatedtoanavalancheofcontentiouse-mailbetweenourstaffattorneys
.Butthereisstillhope.Itremainstobeseenwhetherthissadstateofaffairscanorwillbech
angedtodayorinthenearfuture.We'vemissedanopportunitytodate,butwecanstillrectify
it.Mr.Chairman,Ithinkitiscurious,asweembarkonthisinvestigation,thatweconsiderfo
ramomentthesubjectoftheinvestigation.IfweaskedAmericanfamiliesnationwidethemost
importantissuesfacingCongress,itisnotlikelythattheywouldincludeinanylist,fiveor
10,thisissueofcampaignfinancereformandtheintegrityofcampaignfundraising.Andyeti
fweaskthesameAmericanpeopletheiropinionofus,membersoftheSenate,membersoftheHous
eandCongress,weknowthatoverthepast30yearsithasdisintegrated.Itisverylow,and ,`"
, unfortunately,goinglower.Thereareseveralfactsthatarebeforeusthatshouldgiveusp
ause.Aswedreamupmoreingeniouswaystoraisemoneyforourpoliticalcampaigns,andmorein
geniouswaysandscientificwaystospendit--throughourpollingandfocusgroupsandourtel
evision,radioanddirectmail,e-mail,younameit--there'sacuriousfact.Themoremoneywe
spendoneachelectioncycle,thefewerAmericansvote.Theyaretellingus--theyarevotingw
iththefeet,andtheyareleavingthepollingplaces.Theyaretellingustheyhavenoconfiden
ceinthisprocess.AtthatsameopeningstatementintheWatergatehearing24yearsago,Senat
orSamErvinsaidatthathearing:"Ourcitizensdonotknowwhomtobelieve.Andmanyofthemhav
econcludedthatalltheprocessesofgovernmenthavebecomesocompromisedthathonestgover
nancehasbeenrenderedimpossible."Ithinkwehaveanopportunityatthishearingtonotonly
investigatewrongdoing--whetherit'sbyDemocrats,Republicans,foreignersorAmericans
--butalsotoinitiateareal,trueandhonestreformofourcampaignfinancesystem.DURBIN:S
omeontheothersidehavecalledthisissue,quote,"adiversion,"closequote.Idon'tthinki
t'sadiversion.Idon'tthinkit'sinconsistentorimpossibletoconsiderbothwrongdoingan
dreform.AndWatergatetaughtusthelessonthatoutofthewrongdoingofthatepisode,wedidi
nitiatecampaignfinancereform.Ihopethatwecanbeinspiredtodothesamehere.Letmespeak
foramomentabouttheChinacardthathasbeenplayedtodayandinpreparationforthishearing
.It'sbeendescribedinavarietyofwaysinopeningstatements.I'veheardthetermsindustri

alspies.Iheardfromacolleagueovertheweekendthetermforeignespionage,foreigninfilt rationofourpoliticalprocess.Ifthishasoccurred,itshouldbedealtwithseriously.ButI amtroubledasmuchbywhatwearenotinvestigatingaswhatweare.Everypressaccountofforei gneffortstoinvolveitselfinourpoliticalprocesspointstothatinvolvementprimarilyat thecongressionallevel.Andyetthiscommitteewillnottouchthatissue.Wewillnotevenadd ressthisinfiltrationorallegedinfiltrationofforeignsourcesandforeignmoneyintoour ownelections. ,`", Therehavealsobeenallegationsofforeignmoneyinstateandlocalrac es.Thatisbeyondourjurisdiction,notthesortofthingthatwewanttogetinto.Andwhenyoug otothematterofforeigninvolvementatthepresidentiallevel,itissadtoreportthatmosto ftheactivity,thediscoveryactivityandinvestigationofthiscommittee,hasbeendirecte dprimarilyattheDemocraticPartyandPresidentClinton.Icanassureyouthatalloftheacco untsthatIhaveread,classifiedandunclassified,indicatethatthisforeigninvolvementw astrulybipartisan.Ascriticallyimportantastheinfluenceofforeignmoneyisinourelect oralprocess,Ifearwewillfindpoliticiansandmoniedinterestsplayingthis Chinacardtoa voidrealreform.IfChinaplayednoroleinthelastcampaign,wewouldstillhaveaseriousnat ionalscandalinourcampaignfinancesystem.Theproblemisnotjustforeignmoney;it'sgood oldAmericanmoney.It'shardmoney,softmoneyandmysterymoney.Whenfundraisingfeverisr aging,partiesandcandidatesrationalizewaystoraisemoneywhichthey'reembarrassedtoa dmitaftertheelection.Andaswegingerlystepthroughthispoliticalminefield,tryingtop ickandchooseappropriateoutrages,weignorethebigpicture,whichunfortunatelyinclude stheaccusersaswellastheaccused.Realreform,comprehensivereform,istheonlyanswer.A ndImustsayquitehonestly,despiteallthelipservicepaidtothisissue,thereisnoevidenc einthissessionofCongressofanywillbythemajoritytomovetheissueofcampaignfinancere form.ThepresidentchallengedCongressinhisStateoftheUnionaddresstopresentabilltoh imbythe4thofJuly,anditdidnotoccur.Tomyknowledge,nobillhasbeensetforhere.Sowhile weinvestgreatamountsoftimeandmoneyintheinvestigationofwrongdoingincampaigns,wep utpreciouslittle,ifanything,intothequestionofhowtochangethesystemandrestorepubl icconfidence.I'mproudtobeamemberoftheSenate.IamproudtorepresentthestateofIllino is.Likeeverymemberofthispanel,though,IwilltellyouthatIamnotproudofthepoliticalp rocessthatweallhadtoenduretocomehere.Ifitisnotcorrupt,itiscorrupting.,`", Andi tmustbechanged.Andifthiscommitteelosessightofthatasitsultimategoal,Ibelievethat wewillonlyaddtothecynicismoftheAmericanpeople.Ihope,inthefinalanalysis,thesehea ringswillbeconstructive,notdestructive.Ihopetheywillhelprestorepublicconfidence andreassuretheAmericanpeoplethatoursystemhasintegrity,andthatanybreachesoflaw,r ulesornationalsecurityinterests,iftheyinfactoccurred,aredealtwithjustly.Further ,Ihopewe'llseekcomprehensivecampaignfinancereformtoreducethisendlesschaseforcam paignfunds.Onlythencanwehonestlysaythattheawesomeresponsibilitywehaveacceptedas membersofthisimportantcommitteeatthistimeinhistoryhasbeenfulfilled.DURBIN:Thank you,Mr.Chairman.THOMPSON:Thankyou,SenatorDurbin.SenatorNickles.NICKLES:Mr.Chair man,thankyouverymuch.I'lltryandbefairlybrief.Letmejustmakeacoupleofcomments.One ,Ireallyhopethatthishearingwillbebipartisan.Wearefulfillingoneofourconstitution alresponsibilitiesbyhavingoversighttofindoutwhetherornotthelawshavebeenadheredt obyCongress,bytheadministration.Wehavechecksandbalancesinthisgovernmentwhereact uallywedohaveoversightoverthelaw,andwearesupposedtofindoutwhetherornotthelawsha vebeenbroken.Mycolleagueshavesaid--severalcolleagueshavesaid,well,weneedtoreall ymovethisforwardsowecanchangethelawsandreformcampaignlaws.Thatmaywellbe,butweha velawsonthebooks,andweneedtodeterminewhetherornotthoselawshavebeencompliedwith. Andsomething'sreallywrong,Mr.Chairman,whenwefindoutexistinglawsasinterpretednot justbyRepublicansbutalsobyDemocrats.IlookedatamemothatwasgivenbyAbMikva,counsel tothepresident,talkingaboutwhat'slegalandwhat'snotlegalintheWhiteHouse.It'sanex cellentmemo.ItwasverycloselytailoredtoonethatBoydenGrayhadgivenduringtheBushadm inistration.I'mlookingatthecomments,whathesaysasfaraswhatislegal,hesaysgovernme ntbuildingsincludingtheWhiteHouseofficesandmeetingroomsshouldnotbeusedformeetin gsoreventsorganized ,`", bycampaignorpoliticalcommittee.Italsosaysnofundraising phonecallsormailmayemanatefromtheWhiteHouseoranyotherfederalbuilding.That'sfrom theDemocraticgeneralcounsel.NowImightmentionthisadministration'shadfivegeneralc ounsels,andmaybethat'spartoftheproblem.ButthismemowaswritteninAprilof'95.Anditw asn'tadheredto.Andsomecolleagueshavesaid,orkindofimplied,well,bothpartieshaveki ndofpushedtheenvelope.Maybethat'strue,butIthinkinthiscasethisadministrationinma ny,manycases,andsomeindividualsleadingtothehighestindividualsintheWhiteHouse,ha vemovedbeyondpushingtheenvelope.Justgiveyouanexample.Ithinksomething'sreallywro ngwhenyouhaveanofficial,JohnHuang,whoreceivesatopsecurityclearancewithoutabackg roundinvestigationfivemonthsbeforehebeginsworkatCommerceDepartment.Ialsofinditr eallywrongwhenhekeepsthatsecurityclearanceforayearafterhegoestotheDNC.That'smor ethanunusual.It'smorethanunusualtofindthatthislevelofanemployeewouldhave,report edlybyoneaccount,146classifiedbriefings.Atleastover100.That'salot.It'smorethanu nusualtofindoutthatthisindividualhadmeetingsintheWhiteHouseatleast94times,frequ entaccesstothepresidentoftheUnitedStates.That'sveryunusual.That'smorethanpushin gtheenvelope.It'smorethanpushingtheenvelopewhenyouhavethevicepresidentattending afundraiseratatax-exemptBuddhisttemple,andthennotcallingitafundraiser,butclearl yitwasafundraiser,andthenwhenBuddhistmonksandnunswho'vetakenvowsofpovertyaregiv enthousandsofdollarstodonatetotheDNCfollowingthefundraiser.Incasesomeonedoesn't realizeit,thelawcoversthis.Thelawprohibitsanypersonfrommakingapoliticalcontribu tioninthenameofanotherperson,section441.f,oraforeignnationalmakeapoliticalcontr ibutions,section441.e.WhenPresidentClintonofferstheWhiteHouseLincolnBedroomforo vernighterstoto938peoplewhocollectivelycontributedover$10 ,`", million,manyofwhic h$50or$100thousandforthosesleepovers,that'smorethanpushingtheenvelope.Whenhe'sa skedhowtoenergizemajorfundraisers,PresidentClintonwroteonamemo--thisisPresident Clinton'swriting--"Readytostarttheovernightersrightaway.Givemethetop-10listback alongwiththe$100thousandandthe$50thousandlist."Again,readthestatute.ReadAbMikva 'smemo.Itisunlawful,quote,"foranypersontosolicitorreceiveanycontributioninanyro omorbuildingoccupiedbydischargeofofficialduties."That'sthestatute.Ithinkthestat uteisveryclear.Someofourcolleaguesaretalkingaboutlet'schangethelaw.NICKLES:Thel aw,asinterpretedbyWhiteHousegeneralcounselandaclearinterpretationofthestatute,l ookslikemorethantheenvelopehasbeenpushed.Itlookslikethelawhasbeenviolated.AndIc ouldgoonandon.WhenDNCdonors,formerWhiteHousestaff,coffeeattendeesandtopfundrais ersfleethecountryortheytaketheFifthAmendmentagainstself-incriminationwhenaskeda boutthesourceofdonationorfundraisingactivity--alotofthemajorplayersarefleeing.T hat'snotcooperation.That'samassexodus,inhopesthatmaybethishearingwillblowoverat theendoftheyear.Mr.Chairman,whenyousaidoriginallythatyoudidn'twanttohaveatimeli mit,Iseewhy.Now,IwilltellmycolleaguesIwasonethatwantedatimelimit.Iwantedustodiv eintothisthing,doourworkandbedonewithit.Getthefactsout.Letthefactsfallwherethey maybe,DemocratorRepublican.Let'sfindoutwhoviolatedthelaw.Let'slayitout.Let'shav etheexposureandfindoutwhathappened.Letthechipsfallwheretheymight.Butifseveralof themajorplayersareeithergoingtotaketheFifthorthey'regoingtofleethecountry,thent hatreallybringsintoquestionthecooperationormaybetheinterestofsomepeoplejusttopr olongitandhopethatthey'llbesuccessfulinstallingthisthingout.Onthecoffees--wheny ouhave1,510peopleattend103coffeesattheWhiteHouse,raisingmorethan$27million,that 'smorethanpushingtheenvelope,andagain,seemstobedirectlycontradictorytothememoan dalsotothestatute. ,`", Whenthecoffeeattendeescomeasrepresentativesofgroupsthat receiveapproximately$30billioninfederalgovernmentcontractsandover$825millioning rantsandloansfromgovernmententities,thatlookstomelikeitmaywellbeaviolationofthe law.Quote--"It'sunlawfulforanypersontosolicitanycontributionfromanentitywithcon tractswithanyfederalgovernmentagency."That'sSection441.c.AndMr.Chairman,Icouldg oon.WhenPaulineKanchanalakvisitstheWhiteHouseover26timeswith10meetingswithPresi dentClintonandisallowedtobringinthreeforeignbusinessclientswhoinvestheavilyinto ChinaintotheWhiteHouseforcoffeewiththepresidentinexchangefor$85,000thatwasnotev enherownmoney--Ms.Kanchanalakapparentlyleftthecountryaftercongressionalsubpoena swereissued.Federallawprohibitsanypersonfrommakingpoliticalcontributioninthenam eofanotherperson.That'slaunderingmoney.Andagain,havewehadanycooperationconcerni ngherwhereaboutsorparticipationinsubmittinginformationortestifyingbeforethiscom mittee?AndIcouldgoon.Whenaconvicteddrugdealer,Mr.Cabrera,contributes$20,000toth eDNCandgetsinvitedtotheWhiteHouseChristmaspartywiththeClintonsandattendsadinner inMiamiwithVicePresidentGore--andIcouldgoonandon.Mr.Chairman,wetalkaboutsecurit ybriefings;andyoutalkaboutthelackofsecurity;oryoutalkaboutdrugdealers;oryoutalk aboutMr.Tamraz,whohadanoutstandinginternationalarrestwarrantforallegedlyembezzl ing$200millionfromaLebanesebank--andhe'sadvisedbytheNationalSecurityCouncilnott omeetwithPresidentClinton,butyethehasthatmeeting--hehasaccesstotheWhiteHouse,an dhedonates$50,000andthen$100,000totheDNC,yousaidwhatwentwrong.Howcouldthathappe n?Andthenyoufindoutthatthere'sanex-barbouncer,CraigLivingstone,whoisplacedincha rgeofWhiteHousesecurity.Andthenyoufindoutthathehasaccesstoover900confidentialFB Ifiles,almostallonRepublicans,yousaywhatwentwrong.That'sagainstthelaw.Howcouldt hatbe?Howcouldthathappen?WhenyouhavetheFBIagentswhoareworkingwiththeWhiteHouse, Mr.AldrichandMr.Sculimbrene,whowerebasicallyforcedout,forcedoutofservicewiththe FBI,theSecretServiceiscurtailed.Itleavestheadministrationwithoutanysecurityproc eduretoprevent,`", felonsandinternationalarmsdealersfromattendingWhiteHouseeve nts.Itshowsyouthere'sarealbreakdown.Arealbreakdown.Whenyouhavetheassociateattor neygeneral,WebbHubbell,who'sconvictedofbilkinghisclientsoutofthousandsofdollars ,andthenyoufindoutthathereceived$100,000fromLippoGroup,afterheleavestheadminist ration.NICKLES:Sothere'salotofinterconnectinghere,Mr.Chairman.Ithinkweneedtoget thefactsout.Andweneedtogetthefactsoutinafairandimpartialmanner,andaninformative waynottocrucifyornottoprosecute,butjusttogetthefactsout.Justtoletpeoplefindoutw hathappened.AndI'mallforchangingthelaw.I'veheardsomecolleaguessaywell,maybewene edtomovetothesecondphaseandgointocampaignreform.Thisisnotactuallythecommitteeth atdoescampaignreform.ThathappenstofallontheRulescommitteeandsomeofusserveonboth committees.Butwe'rehappytoworkoncampaignreform.ButIthinkfirstwehavetofindoutexi stinglaw--hasitbeenbroken?AndI'veheardseveralpeoplesaywell,nolawshavebeenbroken .Itlookstome--andI'velookedatseveral.Iquotedahalfadozen,Icouldquotemanymore,law sthatlookveryclear,lookveryplain,looktobebroken.Ihopethiscommitteewilldwellinto that,examinewhathappened,tryandfindoutwhat'swrongandthenmovetoworktomakesuretha titdoesn'thappenagain.Thankyou,Mr.Chairman.THOMPSON:Thankyou,SenatorNickles.Sen atorTorricelli.TORRICELLI:Thankyou,Mr.Chairman.Mr.Chairman,notwantingtobethefir stpersontospeakbeforethiscommitteeandmisleaditinanyway,Iwillnotpromisetobebrief .Ido,however,choosetobeginmyownparticipation,asmanyothermembersofthecommitteeha ve,bycitingthatfirstdayinwhatisstillthestandardforthisinstitutionandthehearingp rocess,whenSenatorSamErvinbroughtdownthegavelintheWatergatehearings.Idosobecaus eIbelievehiswordsareinstructiveasastandard,awarningandanadmonition.Hesaid,andIq uote:"TheCongressionalinvestigationcanbeaninstrumentoffreedom,oritcanbefreedom' sscourge.Alegislativeenquirycanserveasatooltopryopenthebarriersthathidegovernme ntcorruption.Itcanbea ,`", catalystthatspursCongressandthepublictosupportvitalr eformsinournation'slaws.Oritcandebaseourprinciples,invadetheprivacyofourcitizen s,andprovideaplatformfordemagoguesandtherankestpartisans."Mr.Chairman,SenatorEr vinonthatday,andlaterSenatorInouyeintheIran-Contrahearings,setastandardthatshou ldberememberedbyeverymemberofthiscommittee.Theywerefair,theywerebipartisan,they weresubstantiveandtheyremainedtruetotheirobjective.TheSenatehasalsohadmomentsth atdonotprovideopportunityforequalpride.SenatorMcCarthy'sinvestigationintotheArm yandtheStateDepartmentandlater,indeed,Whitewateritself.Investigationsthatproved unnecessarydistractions,moreforumsforpersonalambitionthanmeetingthelegitimatego alsoftheinstitutionorthecountry.Thesearethehistoricextremesthatrepresentthechoi cebeforethiscommittee.I,likeothermembersofthiscommittee,havehadourmomentsofdisc ouragementaswepreparedforthisday.Perhapsthere'sreasonforsomenewoptimism.Promise sthatatlonglastRepublican-affiliatedorganizationswillreceivesubpoenas;promisest hatwhentheseinitialhearingsconcludeinafewweekstheNationalPolicyForumwillatlastbeheldtoanswerforitsownforeignconnectionsandsourcesofcontributions.We'llsee.Mr.Chairman,ifitis,however,establishedthatasissuspectedbyyouandothermembersofthecommitteethattheChinesegovernmentcontributedfundstotheDemocraticorRepublicanNationalParties,ifthepolicyinfluenceofthiscountryandourinterestswerecompromised,Ibeginthishearingbysimplysuggestingtomycolleaguesthisisaproblemthatwe Americansinsomemeasurebroughtuponourselves.TheAmericancampaignfinancesystemhasbeenanaccidentwaitingtohappen.TORRICELLI:Oursystemofcampaignfinanceisinvitationtoanyinterestwithadesiretocompromisethepolicyofthe UnitedStates,andtousemoneyasaleverofpower.Wearenotthefirstgenerationof Americanstofaceadecliningpublicconfidenceinoursystemofgovernmentandtheabuseoftheelectoralprocess.Fromtheabuseofthepatronagesysteminthe19thcenturytothesecretaccumulationsofcontributionsinWatergate, ,`", UnitedStateshistoryhasbeenacycleofreformandabuse,asthepoliticalsystemadjuststochangeinthepoliticalculture.Nowthatburdenofchangearisesagain.AndtheresponsibilityrestswiththisCongress.Nolessthaninthe19thcentury,fromAndrewthroughtothereformsofTeddyRooseveltandGeraldFordandJimmyCarter,wehaveanewproblemofchangingthecultureofhowAmericafinancesitscampaigns.Thereissimplyonestartlingdifference.Onestarkcontrast.EachandeveryothergenerationofAmericansrecognizetheproblems,andtheirCongressconvenedtolegislateasolution.ThesilenceinthisCongresstothisnewproblemofcampaignfinancehasbeendeafening.Asthecommitteemeets,PresidentClinton'sgoalofaJuly4thdeadlinefortheCongresstoconsiderandpasscampaignfinancereformhaspassed.Itisnotunusualforcongressionaldeadlinesnottobemetinpassinglegislation.Butwhatismoreextraordinaryisnotsimplythatthedatepassedwithoutenactmentofreform,butnobillhasbeenconsidered.Nodatehasbeenestablished.Indeed,thereisnorealisticprospectofcampaignfinancereformthisyear.Wemay,indeed,inthecomingdaysandweekslearnmuchaboutthecampaignfinancesystemthatrequireschange.Ihavenodoubtwewill.ButwhichmemberoftheSenatetodaycouldnotoffertheirowntestimonyaboutproblemsthatwealreadyknowtoexistandtheirprescriptionforchange?Myworstfear,asthiscommitteeconvenes,tobeginitsownhearings,isthatourwork,nomatterhowwell-intentionedbysome,becomenothingmorethananotherexcusebymanytodelayconsiderationoffundamentalreformofthesystem.Mr.Chairman,acenturyago,SpeakerReednotedthatthereisnointellectualargumentsopersuasiveasthepossessionofamajorityofvotesonacommittee.ThemajorityofthiscommitteehasvotedtosubpoenatheAFL-CIObecauseofconcernsofthecoordinationofsoftmoneyexpenditures,butshieldedtheChristianCoalition,theNationalRifleAssociationandavarietyofotherorganizationssuspectedofthesameactivitiesfromsubpoenasoranyscrutiny.ThemajorityhasvotedtosubpoenatheDemocraticNationalCommitteeandallowedtheRepublicanNationalCommitteetorespond ,`", withuttercontempttoattemptsbythisSenateandthiscommitteetoinquireintoitsownactivities,andtothoseoftheNationalPolicyForum.Andthereappearstobenointentionandlittlewillingnesstoexplorewhat,inmyjudgment,wasthesinglegreatestchangeinthepoliticalcultureofthe1996elections.Whichwastheuseofnon-profit,tax-freeorganizations,amodelofwhichwascreatedbySpeakerGingrich,butduplicatedbypresidentialcampaignsand,indeed,bymanymembersofCongress.TORRICELLI:Itappearstobereceivingnointerestnorscrutinyinthiscommittee'sactivities.Wehave,Mr.Chairman,lefttheimpressionthatthereisapartisanproblemfinancingcampaignsintheUnitedStates.DespitethefactthatitisnowestablishedthattheNationalPolicyForumandtheRepublicanNationalCommitteearethelargestestablishedrecipientsofforeigncontributions.Thereis,Mr.Chairman,nopartisanproblemwithcampaignfinanceintheUnitedStates.ThereisanAmericanproblem.Anditisanoverwhelmingproblem.Wehaveaswell,Mr.Chairman,convincedtheAmericanpeoplethatthisisprincipallyaproblemoftheexecutivebranchofgovernmentwithitsrelationshipswithforeigngovernments.Althoughashearingfollowshearingsandmonthfollowsmonth,IbelieveitwillbeestablishedthattheprincipalproblemsofforeignmoneymaymoreproperlyresidewiththeCongressandtheobjectivesofcertainforeigngovernmentstoinfluencethisgovernmentmaybemorecenteredontheoperationsofthisCongress.AndindeednowwearetoldtodaythattheClintonadministration,facingtheprospectofthesehearings,hasnotbeencooperative, testimonyhasbeenwithheld.Althoughtherecordcouldnotbefurtherfromthetruth.Thepres ident'sprincipalaideshaveallhavesubjectedtohoursifnotdaysoftestimonyandaquarter ofamillionpagesofdocumentshavebeenprovidedtothecommittee.Mr.Chairman,Iholdnobri efforanyone.Therearenoheroesandmanyvictimsofthissystem.Theneedistofollowthetrut hwhereverthetruthmightlead.Idohowever,finally,wanttoassume ,`", oneresponsibili tythatIknowothermembersofthecommitteerightfullyfeelaswell.Fortyyearsago,another chairmanofacongressionalcommittee,asenatoralsofromthestateofTennessee,conveneda ninquiryintowrongdoinginourcountry.ItisamongthefirstmemoriesIhaveofgovernmentin theUnitedStates,andprobablythefirsthearingoftheUnitedStatesSenateIeverwitnessed .Itwasonlyonaflickeringtelevisionscreen,butIwillneverforgetit,andevenifItried,m yfamilywouldneverallowme.ItwasEstesKefauver.HelefttheAmericanpeoplewiththeunmis takableimpressionthatbecauseofthemisdeedsofafewindividuals,therewasageneralprob lemoftheroleofItalianAmericansinthecommerceofthiscountry.Thepain,Mr.Chairman,th atmanyAmericansfeltonthatdaymustnotandwillnotbeallowedtobevisiteduponAsianAmeri cansinthecomingweeks.Thereisarisingprosperity,awareness,andinterestofAsianAmeri cansinthepoliticalprospectsofthiscountry.ItisinthebesttraditionsoftheUnitedStat esthatAsianAmericansoflongancestryorrecentarrivalintheUnitedStatesaretakingthei rrightfulplaceinparticipatinginthegovernanceofthiscountry.Iftherewasaproblemwit hafew,itisnottheproblemofthemany.Thefactthatafewindividualscanbeprovidedfortest imonycannotbeallowedtobecomeanexcusetovictimizetheroleofAsianAmericansgenerally inthissociety.TORRICELLI:Itrustallofuswillbeginthishearingwiththatinmind.Finall y,Mr.Chairman,whilethereismuchtodiscouragetheAmericanpeopleastheylistentothiste stimonyinthecomingdaysaboutourpoliticalprocess,there'salsosomethingsthatweneedt oremindourselves.Inonlyafewyears,whenthe20thcenturyends,therewillonlybetwonatio nsthatcontinueunderthesamebasicsystemoflawsandgovernancewithwhichtheybeganthe20 century.TheUnitedStatesisoneofthem.Ourcapacityforbothself-criticismandchangeisa reasonforourenduringsystemofgovernment.Thereismuchwrongwiththepoliticalsystemof theUnitedStates.Thereisalsomuchthatis ,`", right.Anditistheprincipalreasonwhyou rsystemoffreegovernmentendures.WemaydiscovermanyproblemswiththeClintoncampaigna ndhowBillClintonsoughtre-election.Butthisfactalsoremains.BillClintonisthefirstp residentinAmericanhistorywhoreceivedthecontributionsofoveronemillionAmericanswh obelievedinhiscampaign,hispromiseandhisgovernance.Healsoreceivedthevolunteersup portofmillionsofAmericans,whohavealsobelievedinhimandhiscampaign.Thosefewindivi dualswho,unfortunatelyandeventragically,participatedinthissystem,muchtotheembar rassmentofthatcampaignandourcountry,andwhonodoubtalsodidthesameincongressionalc ampaigns,theDolecampaignandotherpoliticaloperations,cannotbeseentodetractorinan ywaycompromisethosemillionsofAmericanswhobelievedintheircountry,theirpresidenta ndfollowedtheirbeliefintoanactiveinvolvement.Goodpeoplearestillinspiredtoservea ndparticipateinthegreatestparticipatorydemocracyinhistory.Inthat,throughallthed aystofollow,weshouldalltakegreatpride.WeareneitherthefirstnorthelastCongressoft heUnitedStatesthatwilldealwiththeproblemofmoneyandpoliticalcampaigns.Everygener ationhashadthisresponsibilitytoensuretheintegrityofoursystemofgovernment,whilea lsoencouragingparticipationanddealingwiththerealityoftheneedtofinancethenationa lpoliticaldebate.Ilookforward,Mr.Chairman,toparticipationinthesehearings.Itrust theywillbefairandinformativeandinstructive.Butmostly,apreludetothisCongressmeet ingourgenerationalresponsibilitytolegislatereformandchangeinthissystemthatwille nsureitshighestintegrityandtheconfidenceoftheAmericanpeople.Thankyou,Mr.Chairma n.THOMPSON:Thankyou,SenatorTorricelli.SenatorSpecter.SPECTER:Thankyou,Mr.Chairm an.Openingstatementsarealwaysdifficult.AndIthinktodayhasbeennoexception.Andwe'r eanxious,inthewordsoftheOlympians,toletthegamesbegin. ,`", ButIdobelievethatthe rehasbeenafoundationlaidfromwhichthiscommitteecanmoveveryusefully.Mysenseisthat thecontentionshavebeenworkedoutaboutthesubpoenas.Andtherewillbefullopportunityf orDemocratsaswellasRepublicanstohavesubpoenasissued.Andthatthevariousgroupswill betreatedevenly.Andthatifyoutakethegroupsmentioned,thattherewillbefairtreatment onallsides.Andtotheextentthatthathasnotbeenaccomplished,Ithinkitcanbeaccomplish edinfairlyshortorder.Idobelievealsothatwherethereisconcernaboutcongressionalmat tersnotbeingheard,thatthiscommitteewill,induecourse,takethosematterup.Theyarewi thinourpurview.Andwherewetalkaboutsomestateandlocalmatters,theCongresshasauthor itytodealthere,andperhapswewill.SPECTER:We'dhavetobroadenourmandate,butthatispo ssible.AndIthinkitishighlysignificantthatsomeofthosewhospokeintermsofshortening thiscommittee'sworkarenowtalkingintermsofelongatingthiscommittee'swork,wheresom ehaveleftthejurisdictionorhavetakentheirprivilegeagainstself-incriminationsotha twehaveourworkcutoutforus.AndasIhearthestatementstoday,Iampersonallyoptimistict hatthiscommitteewillfollowtheTeapotDomehearingsofthe'20sandtheTrumanprocurement hearingsandtheMcClellanhearingsandotherhearingsanddoarealjob.AndIbelievethatwew illnothavecampaignfinancereforminAmericauntiltheAmericanpeopledemandit.Andthere isthepotentialinthiscommitteetocreatethatdemand,andthatisthejobwhichwehavebefor eus.Ihadplannedtotakemostofmytime,andstillwilltosomeextent,todiscussacoupleofth efactualmatters.Andattheoutset,Ithinkitisimportanttonotethattherearеimportantin vestigationsonsoftmoneyforRepublicansaswellasDemocrats.AndtheNationalPolicyForu mhasbeenmentionedrepeatedlyheretoday,andIconcurwiththeDemocratsthatthathastobeg oneinto.AndIthinkitisimportanttonotethatthechairmanrejectedaneffortbytheNationa lPolicyForumtolimitthescopeawayfrom1994andissuedanorder,asitishisprerogative,to includethat. ,`", Whenwetalkabouttheproblems,Ithinkitisunderstandablethattherew ouldbemoreontheDemocrats'sidebecausetheDemocratshavecontrolledtheWhiteHouse.Iha veachartwhichhadbeenpresentedforputtingonthescreen,andwhenitwasputonthescreen,i twasvirtuallyunintelligible.SoI'vehadablow-upofitmade.Andthischartisadepictiono faseriesoffinancialtransactionsontheKanchanalakfamily,whoseleaderwasPaulineKanc hanalak,Mrs.PaulineKanchanalak,whohasevadedprocessandisnowin--well,youcouldn'th earme.Itdidn'tmatterifIdidn'tknowwheresheisnow.(LAUGHTER)Whereisshe,Michael?InT hailand.Andthischartshowsa--thischartshowsatracingofsome$457,500withmoneystarti ngfromChongPoon(ph)Kanchanalak,whoisPaulineKanchanalak'shusband,goingthroughmot hers-in-lawsandsister-in-lawsandendingupintheDemocraticNationalCommitteeorinago odlynumberofstatecommittees.SPECTER:Inthecourseofthehearings,thiswillbeanalyzed insomegreaterdetail.Butitisillustrativeofacomplexjigsawpuzzlethatwehavetoworkwi thhere.TheparticipationofMr.JohnHuangisaveryimportantparticipation.Andwehadanum berofdiscussionsabouthowthecommitteeshouldtreatMr.Huang.Andtoday'shearinghasbee ninteresting,becauseinthelast24hours,wefoundsomeimportantmatters.Asthechairman, SenatorThompson,hasoutlined--andthiswasonlyconcludedlateyesterday--thatwewereab letomakeapresentationoftheinvolvementbythegovernmentofChinaatthehighestlevelsin seekingtoinfluencetheAmericanpoliticalprocess.Andinthespiritofhealthycompetitio n,wehadaninterestingdisclosurebySenatorGlenn,therankingmember,aboutthepossibili tyofhavingimmunityforMr.Huang.Nothinglikealittlegood,healthycompetitionbetweent hepartieshere.AndIthinkifwekeepitin ,`", therightspirit,wecanmoveahead.Andthepr oposedimmunitygranttoMr.Huangisreallyfascinating,formanyreasons.Hehadatleast37b riefingsbytheCIA.Andhesawanumberofdocumentswhichtheycan'teventellus,whichraises arealquestionaboutoursuperspies--don'tevenknowwhattheyhavedone.Andtheycantellus onlyastol5documentswherehemadecomments.AndIreviewedthose.Andtheyarehighlysensit ive.Theydealinsourcesandmethods.TheyarematterswewouldnottelltheBrits,whoareourc losestallies;andyettheCIAmadethoseavailabletoMr.JohnHuang.Andshortlyafterhesawt hose,hewenttoanoutsideofficeandmadefaxesandmadetelephonecallsandvisitedtheChine seEmbassy,withalltheearmarksofdisclosureofhighlysensitivegovernmentalinformatio n,whichisespionage.Anditcarriesalifesentence,andinsomecases,itcouldcarrythedeat hpenalty.Idon'tknowifthat'sapplicablehere.We'dhavetosee.WhenMr.Huangtalksabouti mmunityonlyastoacoupleofcharges,itisafascinatingproposal,becausethehistoryhasbe enthatoncethereisimmunityeventoalimitedextent,itworksouttobecompleteimmunity.Us eimmunityissupposedtobeonlyforthetestimonygiven.Butitfrequentlyturnsout,without beingundulycomplicated,atransactionalimmunity.AndfromthecasesinvolvingAdmiralPo

indexterandColonelNorth,weknowthatoncetheimmunitystarts,thecriminalcasesaregone
.ButmyownpersonalviewisthatitisworthimmunizingMr.Huang,providinghetellsusthetru
thandthewholetruth.Ithasnotbeensaidtoday,butitoughttobeemphasized,thatacongress
ionalcommitteetakespriorityovercriminalprosecutions,becausethepublicpolicyistha
twhatwedoasacongressionalcommitteeismoreimportantthananindividualcriminalprosec
ution,becausewechangethelawsforthefuture,sothatwhenwedealwithimmunity,ithastobe
grantedbythecourt,andtheattorneygeneralcanraiseanobjection.ButI,forone,wouldbew
illingtogiveMr.Huangimmunity, ,`", becauseheisaverycentralfigure.HebroughtMrs.P
aulineKanchanalaktotheWhiteHouse.HebroughtmanypeopletotheWhiteHouse.Andonlyoneo
therspecificmatter--andthatinvolvesWangJun,whichisworthnoting,amajordealerinChi
nesearms--AK-47ssmuggledintotheUnitedStates,saleofarmstoIranandIraq,admittedtot
heWhiteHouseatacoffeeforacampaigncontributionof$50,000,thepresidenthimselflatec
oncedingthatitwastotallyinappropriate.Thereisagreatdealmoretobesaid,butI'mabout
totheendofthe10minutes,which,Ithink,isaslongasanyopeningstatementoughttobe.ButI
approachthesehearingswithoptimismthatwecanworkouttheissuesonafairandbipartisanb
asis,andthatwecanuseaheadintothesoftmoney.OneotheritemIdowanttomention,andthati
s,istophaseII,butjustforamoment.Thekindsofadswhichwereputagainbybothparties,and
theissueisclearthatifyouhaveanadvocacyadwhichiscoordinated,itviolatesthefederal
electionlaw--andthatislanguagetakenasawholethatcanhavenootherreasonablemeaningt
hantourgetheelectionordefeatofaclearlyidentifiedfederalcandidate.SPECTER:Therei
sagreatdealmoretobesaid,butI'mabouttotheendofthe10minutes,whichIthink,isaslonga
sanyopeningstatementoughttobe.ButIapproachthesehearingswithoptimismthatwecanwor
kouttheissuesonafair,bipartisanbasis,andthatwecanuseaheadintothesoftmoney.Oneot
heritemIdowanttomention,andthatisastophaseII,butjustforamoment--thekindsofadswh
ichwereputagainbybothparties.Andtheissueisclearthatifyouhaveanadvocacyadwhichis
coordinated,itviolatesthefederalelectionlaw--andthatislanguagetakenasawholethat
canhavenootherreasonablemeaningthantourgetheelectionordefeatofaclearlyidentifie
dfederalcandidate.AndthisisonewhichisillustrativeoftheDemocrats.ButthereareRepu
blicanssimilar.Andthisisanadwhich,accordingnotonlytoDickMorris,butalsoLeonPanet
ta,buttypeofanadwhichwaseditedpersonallybythepresident.Quote--"Sixty-thousandfe
lonsandfugitivestriedtobuy ,`", handguns,butcouldn't,becausePresidentClintonpas
sedtheBradyBill.Five-daywaits,backgroundchecks."ButDoleandGingrichsaidno.One-hu
ndredthousandnewpolice,becausePresidentClintondelivered.DoleandGingrichvoteno,w
anttorepealthem.Strengthenanti-drugprograms.PresidentClintondidit.DoleandGingri
ch,noway."Theiroldwaysdon'twork.PresidentClinton'splan,thenewway,meetingourchal
lenges,protectingourvalues."Hardtoseehowanyinterpretationofthattelevisioncommer
cialcouldbeconstruedtobeanythingbutanadvocacyoftheelectionofPresidentClinton--r
e-election--andthedefeatofSenatorDole.Andthatisthesecondpartofourchallengeonsof
tmoney.AndIbelievethiscommitteewillrisetotheoccasion.Thankyou,Mr.Chairman.THOMP
SON:Thankyou,SenatorSpecter.SenatorCleland.CLELAND:Mr.Chairman,SenatorGlenn,mem
bersofthecommittee,ladiesandgentlemen,Iguessit'sabadtimetoquoteConfucius...(LAU
GHTER)...butConfucius2,500yearsagohadaninterestingsayingthatIthinkbearsonourbus
inessasweconductthesehearings.Confuciussaidthatagreatnationneededthreethings:fi
rstofall,astrongdefense;secondly,avigorouseconomy;andthird,faithofpeopleintheir
government.Hesaidyoucouldprobablyhaveagreatnation,maybewithoutastrongdefense.Yo
ucouldmaybeevenhaveonewithoutavigorouseconomy.Butyoucannothaveagreatnationwitho
utfaithofpeopleintheirgovernment.Ithinkthat'stheultimategoalofourhearings.It'sn
otjusttoexaminethepeopleandsituationsthroughthisinvestigation,orevenpasscampaig
nfinancereform--lawsofwhichIamaco-sponsor--buttorestoresomeconfidenceandsomefai
thofpeopleintheirgovernmenttomakesurethatwecontinueasagreatnation.Ibelieveinthi
ssystem.I'veservedthisgovernment.I'd ,`", serveitagain.MyfirstactasUnitedStates
senatorwasactuallytotakeanoaththatsaidIwillsupportanddefendtheConstitutionofthe
UnitedStatesagainstallenemies,foreignanddomestic;thatIwillbeartruefaithandalleg
iancetothesame;thatItakethisobligationfreely,withoutanymentalreservationorpurpo

seofevasion;thatIwillwellandfaithfullydischargethedutiesoftheofficeonwhichI'mab
outtoenter,sohelpmeGod.ThatwasmyactasamemberoftheSenate.OneofthereasonsIwantedt
obeonthiscommittee,though,waswhathappenedbeforeIbecameamemberoftheSenate,inthec
ampaign,whereIwasoutspenttwo-tothree-to-one.AndIrealizedIwasupagainsttheodds.In
thedaysandweeksahead,inourconductofthisseriousinvestigationintoallegedimpropera
ndillegalactivitiesconnectedwiththe1996campaignsforfederaloffice,thefaithfulnes
sofmembersofthiscommitteetotheoathI'vejuststatedwillbesorelytested.Forinadditio
ntotheindividualsandorganizationswe'llbeexamining,we,too,areontrialbeforetheAme
ricanpeople.AsanewmemberoftheSenate,I'vebecomeimpressedwiththeseriousnessofpurp
oseandthecompetenceofmycolleaguesonthiscommitteeandourstaffs.Thechallengesforus
areindeedseriousandsevere,becausewesit,inessence,asprosecution,defense,judgeand
jury.We'reallinterestedparties.Andallapartoftheverysystemwhichwe'renowinvestiga
ting.Theentirewebofallegedabuses,whicharethesubjectofthisinvestigationgrowoutof
one,andonlyone,primefactor--therelentless,unremitting,unending,unforgivingpursu
itofcampaigndollars.BackinGeorgia,wehadagovernor,GovernorMarvinGriffin(ph),heus
edtosayaboutraisingpoliticalmoney,theonlythingtaintedaboutmoneyisit'taintminean
dit'taintenough.(LAUGHTER)Unfortunately,thatattitudepredominatesalltoooften.Tob
esure,therearenumerousvariationsintermsofsourcesandusesofmoneyinpolitics,includ
ingtheveryseriousmatterofforeigninfluence. ,`", Butthecampaignchasefordollarsis
attherouteoftheseallegations.It'soneofthemostseriousproblemswefaceasacountryinc
onductingthisAmericanexperimentindemocracy.Isuggesttomycolleaguesthatthisisthec
entralissuewithwhichthisinvestigationandthiscommitteemustcometogrips.Thedisting
uishedchairmanandthesenatorfromMainehavejoinedwithmeandothermembersoftheSenatea
sco-sponsorsofthebipartisanMcCain-Feingoldcampaignfinancereformbill.CLELAND:Itr
ulybelievethathadthatbillorsomethinglikeitbeeninplacein1996,wewouldn'tbesitting
heretoday.AndIsaytoallthemembersofthiscommitteethat,ifwedon'thelpthroughouracti
onshere,buildafiretoenactsuchreformsinthisCongress,regardlessofwhatwe'reabletou
ncoverhere,wewillhavefailedinourlargermissionofensuringtheAmericanpublicthatsuc
habuseswillnotoccuragain.Partofthisreformeffortmustbeanexaminationofissuesrelat
edtocertaintax-exemptandnon-profitorganizations.Theseentitieswillnotbepartofthe
initialroundofourinvestigation,butwillbeafocalpointofphaseII,whichistobeginlate
r.Nonetheless,Ibelieveit'simportantthatwenoteinthebeginningofourworkthatthescop
eofourinquiryintocampaignfinanceissueswemustconfrontgowellbeyondthematterofffore
ignmoneyandinfluence.Forexample,aFebruary22ndreportinCongressionalQuarterlystat
ed--andIquote--"Tax-exemptorganizationsareemergingasapotentweaponinthepolitical
armsracetoamassanarsenalofcampaigndonations.Whilethevastmajorityoftaxexemptorga
nizationspromotecausessuchasshelteringthehomelessorassistingthedisabled,somemon
ey-hungrycampaignshaveusedthemtoskirtcampaignfinancelaws.Whenabused,taxexpertss
ay,atax-exemptorganizationbecomeslittlemorethanashellorconduitformoneytoflowina
ndoutofapolitician'scampaign."Unquote.Thearticlegoesonandcontinues,andputsthequ
estionofsoftmoneyandpotentialtaxexemptnon-profitabusesintoperspective.Quote--"T
helatestfiguresfiledattheFECshowthatpartycommitteesraisedacombinedtotalof$264mi
llioninsoftmoneyin1996.That'sthreetimesasmuchaswasraisedbythemin1992and13 ,`",
timeswhattheyraisedin1980,thefirstelectiontoallowsoftmoney.Butatleastthatmoneyc
anbetotalled.Nooneknowshowmuchmoneywasraisedbytheover600,000tax-exemptgroupsint
he501(c)(3)category,andthealmost140,000taxexemptgroupsinthe501(c)(4)class,becau
setheFECdoesnottrackitandtheIRSdoesnotdiscloseit."Unquote.Letmemakeveryclearthe
vast,vastmajorityofthese--hundredsofthousandsofgroups--arenotimplicatedinanyway
inthesecharges.Andindeed,thetax-exemptandnon-profitworldplaysavitalandpositiver
oleinourcountry.Butforasmallportion,thereisatleastsomereasontobelievethattheyma
yhaveengagedinimproperorevenillegalcampaign-relatedactivity.Amongthequestionswh
ichmustbeansweredarethefollowing:"Didtheorganizationinquestionengageinpartisana
ctivityinviolationoflawsprohibitingboth501(c)(3)and501(c)(4)organizationsfromco
nferringanyprivatebenefits,includingbenefitsforasinglepoliticalparty?Didtheorga

nizationexceedlegallimitsonnon-partisancampaignactivity,whichisthecaseinthecase
of501(c)(3)organizationsprohibitingparticipatingdirectlyorindirectlyinanypoliti
calcampaignonbehalfoforinoppositiontoanycandidate"--endofquote--"forfederal,sta
teorlocaloffice,andinthecaseof501(c)(4)groups,prohibittheseentitiesfromengaging
innon-partisancampaignactivityastheirprimaryactivity?"Anotherquestion--didtheor
ganizationmakeanyfalsestatementsoromitmaterialinformationinitsapplicationtoobta
intax-exemptstatus?Didtheorganizationreceiveandspendmoneyintheamountof$1,000orm
oretoinfluenceafederalelectionwhilefailingtoregisterasapoliticalcommittee?Didan
yoftheorganization'sadvertisements,voterguides,directmailortelephonecallsinexce
ssof$1,000containexpressadvocacy,whichunderthelawmustbereportedtotheFECandraise
dinaccordancewithso-calledhard-moneyrequirements?Anotherquestion--didanyoftheor
ganization'sadvertisementscontaincandidateadvocacywhichviolatedthespirit,ifnott
heletter,offederalelectionlawpertainingtoissueadvocacy? ,`", Didtheorganization
useforeignmoneytofinancecampaignactivities,whichwouldbeillegal?Theseareimportan
tquestions,becauseasouroathofofficeindicates,dangerstoourrepublicanditssystemma
yemanatefromdomestic,aswellasforeign,sources.Ilookforwardtoafullairingofthesema
ttersaswecontinue.Therehavebeenmanyfinewordsspokentodayaboutourcommitmenttofair
ness,tobipartisanship,topursuitofthetruth.Therehavebeensomeseriouschargesmadeab
outabuseswhichmayhavecompromisedournationalsecurity.Wordsareimportantinsettingo
utourpreconceptions,goalsandintentions.Butthepublicandhistorywilljudgeusprimari
lyonourdeedsoverthenextcomingmonths.CLELAND:Andtheywilljudgeusnotonlyoverhowwel
lwepursueandexposeindividualcasesofwrongdoing,butalso,Iwouldsuggest,they'lljudg
eusevenmoreonwhetherornotwehelpleadthewayinfixingacampaignfinancesystemwhichhas
gottenoutofcontrol,asthesehearingswillsoclearlydemonstrate.InthewordsofW.C.Fiel
ds,"It'stimetotakethebullbythetailandfacethesituation."(LAUGHTER)Itistimetoface
thesituationthatoursystemisbrokenandmustbefixed.It'stimetofacethesituationthato
urdemocracyisbecominganauctionratherthanelection.It'stimetofacethesituationthat
thosewhospendthemostmoneywinover90percentofthetime.It'stimetofacethesituationth
atweplacea"ForSale"signonbothendsofPennsylvaniaAvenue.It'stimetofacethesituatio
nthatmoreoftenthannot,specialinterests,particularlyontheHill,predominateoverpub
licinterest.Wehavethebestgovernmentmoneycanbuy.ButthatisnotwhatJeffersonandFran
klinandAdamsandMadisonandtheotherfoundingfathersintendedwhentheypledgedtheirliv
es,theirfortunesandtheirsacredhonorincreatingthiscountry.Letusrenewthatpledgeto
day.Letuspledgeourlives,ourfortunesandoursacredhonortowardimprovingthisdemocrat
icsystemforwhichsomanyyoungAmericanshavegiventheirlives. ,`", Thankyou,Mr.Chair
man.THOMPSON:Thankyou,SenatorCleland.SenatorSmith.SMITH:Thankyouverymuch,Mr.Cha
irman.I'mthe15thof16senatorstogivetheopeningstatementhere.Itremindsmeofthegentl
emanwhomarriedawomanwhohadeightprevioushusbands.IknowwhatIneedtodo,butI'vegotto
figureouthowtomakeitinteresting.ButIwanttothankyou,Mr.Chairman,foryourleadershi
pinthismattertogetustowherewearetoday.You'vebeensubjectedtosomepersonalattacks,
andyou'veheldupundersomeprettyintensefire,keptyourcomposure,andIcommendyouforyo
urleadership.Themattersbeforethiscommitteearevery,veryserious.Neverbeforeinthe2
21-year-oldhistoryofournationhaveallegationsthisseriousabouttheroleofforeigninf
luenceonanAmericanelectionbeenraised.Didaforeigngovernmentdeliberatelyschemetop
umplargesumsofitsmoneyintoaU.S.presidentialcampaignandsomecongressionalcampaign
sinordertoinfluencetheoutcomeofthosecampaigns?DidforeigncontributionstoU.S.poli
ticalcampaignsresultinpolicychangesfavoringthegiver?Wasforeignpolicycompromised
?Didanagentofaforeigngovernmentand/oraforeignmultinationalcorporateconglomerate
usecampaignfundraisingconnectionstoinfiltratetheexecutivebranchofourgovernment,
gainaccesstoourgovernment'smostsensitivesecrets,andthenconductespionageforitsfo
reignbosses?Didsuchaforeignagentinfiltratethehighestlevelsofournation'stwoprinc
ipalpoliticalpartiesinordertohelpfunneloneofthetwoofourtoppoliticalpartiesinord
ertofunnelhisforeignboss'moneyintoourpoliticalsystem?Ifthesethingshappened--and
wedon'tknowthattheyhave--thenhowandwhydidtheresponsibleofficialsofourgovernment

failtopreventthemfromhappening?Whoarethoseresponsible?Orperhapsitmightbebetters
aid,whoarethosethatwereirresponsible?Aretheyguiltyofbenignneglect?Orarethey guil
tyofconspiracytounderminеournationalsecurity?Thesearedarkquestions,Mr.Chairman,
andtheydemandclearanswers.It'stheurgentpriorityofthesehearingstogetthose ,`", a
nswers.Asthiscommitteebeginswhatlhopewillbebipartisanhearings,ourinvestigationf
acesanumberofveryseriousobstacles--manyhavebeenalludedtohereinpreviousstatement
s--obstaclesthataregoingtomakethetruthvery,verydifficulttoattain.Wehavekeywitne
sseswhohavenotifiedthecommitteethattheywillasserttheirFifthAmendmentprivilegesa
gainstself-incriminationandrefusetotestifyorperhapsplacelimitsorconditionsonhow
theytestifyregardingwhattheyknowaboutthetruthoftheallegationsbeforeus.SMITH:Weh
avekeywitnesseswhohavefledthecountryandarehidingoutoverseas,ironicallysomeofthe
minChina,becausetheydonotwanttocomebeforeusandtellthetruth.Mr.Chairman,Icouldn'
thelpbutthinkofPresidentHarryTrumanasIpreparedforthesehearingstoday.Hehadthissi
gnthateverybodynewaboutonhisdesk,"TheBuckStopsHere."AndI'mhopeful,Mr.Chairman,t
hatwe'llseesomeofPresidentTruman'sspirit,dignity,gritandpersonalresponsibilityi
nthecurrentWhiteHouse'sapproachtothesehearings.PresidentClintonknowsJohnHuang.H
eknowshimpersonally.HeknowsthatHuangisassertinghisFifthAmendmentrightsinrefusin
gtotestify.PresidentClintonhasknownCharlieTrieofLittleRockasafriendfor20years.T
rie'shidingoutinChinasothathetoocanavoidtestifying.IwonderwhatPresidentTrumanwo
uldhavetosayaboutallthiswerehetobehereunderthesecircumstances.It'sonlysubjectto
conjecture,butfranklyIbelievehe'dgetonthephoneandIthinkhe'dsaytoJohnHuangwhoser
vedintheadministrationandwhoworkedasaseniorlevelDemocratNationalCommitteeadvise
r,ItℎinkTrumanwouldsaygetyourrearendbeforethiscommittee,Mr.Huang,andtelltheAmer
icanpeoplethetruth.IbelievethatPresidentTrumanwouldtellCharlieTrie,comeoutofhid
ing.Comehome.Stepuptotheplate.Tellthetruth.You'reanAmericancitizen.Andyourcount
rydeservestoknowthetruth.Youhavebroughtembarrassmenttothepresidency,tothecountr
y,andtomepersonally.Iwouldliketothink,Mr.Chairman,thatPresidentClinton,in ,`",
fact,hasdoneorwillbedoingtheseverythings.Ifhehas,thenIhopethathewilltellthiscom
mitteeaboutitsothatwecanbesatisfiedthateverythingpossibleisbeingdonetosecurethe
testimonyofMr.Huang,Mr.Trie,andanyoneelsethatweneedtotalktotolearnthetruth.Ofco
urse,youcannotforcepeopletotestify.Youcan'tdothat,Mr.President,butyoucanmakethe
attempt.Todoless,anythingless,istofurtherexacerbatetheblightonthepresidency,ony
ourpresidency,thatnowexists.Mr.Huang,Mr.Trie,andmanyoftheothersmentionedherewor
kedforyou.Theyembarrassedyou.Theyletyoudown.HarryTrumanwouldsay,give'emhell.Ino
rdertogettheseanswers,Mr.Chairman,wemustleaveourpartisanhatsatthedoor.Thecynics
,theCongress-bashers,andmanyinthemediawillplayupallthepartisanbickering--everyw
ordofit.Yes,theCongresshappenstobecontrolledbyRepublicans.Andyes,theexecutivebr
anchhappenstobecontrolledbyDemocrats.Andyes,theRepublican-controlledCongressisi
nvestigatingallegationsofwrongdoinginaDemocratadministration.Butiftheseallegati
onsareprovencorrect,theperpetratorsbringdiscredituponournation,ourpresidency,an
damajorpoliticalparty.Theyviolatedatrustthatwasgiventothem,andthey'renotworthyo
fdefensebyhonorablepeopleintheirparty.ThepeoplewhodidthesethingsarenotDemocrats
.They'readisgrace.Nowsomeinthemediaonthiscommitteehavesaidthateverybodydoesthis
.Apoxonallofyourhouses.Weshouldlookequallyatbothparties.Infact,themediaandsomei
ntheotherpartyscurriedaroundfranticallytryingtofindsomescandal,somesimilarscand
althatmightinsomewaydeflectthecriticismofthisadministration.Andtheyfoundonewith
theNationalPolicyForumandwe'llhavetoseeifthefactssupportthecontentionthatitiseq
ualinitsseriousness.Andwe'rewillingtolookatit,andIamwillingtolookatit,andIwilll
ookatit.Butthat'snotwhathisinvestigationisabout,Mr.Chairman.Andit'sludicroustoi
mplythatitis.WhenSamErvin,who'sbeenmentionedheretoday,ledthe ,`", Watergateinve
stigation,HowardBakerdidn'ttrytogofindaDemocratscandalsothathecouldforceequalat
tention.Hejoinedtheinvestigation,SenatorBakerdid,andthetruthaboutaRepublicanpre
sidentwastheresult.I'mcurrentlythechairmanoftheSenateEthicsCommittee--adifferen
tperspectivethatIbringtothiscommittee.IfwereceiveallegationsofwrongdoingbyaRepu

blicansenatorinthatcommittee,wedon'tputoffinvestigatingthosechargesuntilwefinda Democratsenatorwithsimilarproblems.TheethicscommitteeofthreeRepublicansandthree Democratslooksintothematterathandonabipartisanbasis,andreachesitsconclusionsbas edonthefactsofthecaseandthatparticularsenator.Mr.Chairman,it'struethatthescopeo fthisinvestigationincludesnotonlytheallegationsofillegalforeigncontributionstot heDNC,andpossibleeconomicespionage,butalsopossibleforeigncontributionenteringth eRepublicanParty,andhowsoft-moneycontributionsareimpactingU.S.elections.SMITH:B uttoplacesoft-moneyreformsonthesameplaneastheveryseriousallegationsofforeigncon tributionsandinfluencethathasbeendiscussedheretodayisaninsulttotheintelligenceo ftheAmericanpeople,andthosepeoplewhoputitonthatsameplaneknowit.Mr.Chairman,Iwan ttoaddonefinalpersonalreflection.IusedtobeacivicsteacherinthepublicschoolsofNew Hampshire.Iusedtoteachmystudentsabouthowtheframersdesignedourconstitutionalsyst emandhowourmoderndaygovernmentisintendedtowork.Itaughtthemthatthingswillgowrong fromtimetotime,butit'snotthesystemthat'satfault.Peoplemakemistakes.Theymakemist akesofjudgment,andsometimestheyengageindeliberatewrongdoing.ButItriedtoinstilli nmystudentsafaithinoursystemandadesiretoparticipateinitashonestandpatrioticyoun gmenandwomen.Andwhenthingsdogowrong,don'tturnoff.Thisisatimethatweneedyoumoreth anever.Whatparticularlysaddensme,Mr.Chairman,abouttheobstaclesthatthiscommittee facesisthatthoseobstaclesaresendingexactlythewrongsignaltothoseyoungpeople,andi ndeed,allofthe ,`", Americanpeople.Whenthemostseriousallegationsaremadeandthepe oplewhoknowthetruthflee,hideortaketheFifthtoavoidtellingthetruth,thatjustfeedst hecynicismthatissoevidentinthiscountry.Itespeciallysaddensmethatisalsoturnsofft hoseveryyoungpeoplethatItaught.AllAmericanshavearighttoexpectthatpeoplewhoserve inpositionsoftrustinthisgovernmentshouldtellthetruth.Theobstaclesthatthiscommit teeisfacing--theflightsoverseas,theFifthAmendment--aretherebecausetheseindividu alsbelievethemselvestobemoreimportantthanthetruth,moreimportantthantheircountry ,moreimportantthantheembarrassmenttotheirpresident,totheirCongress.Truth,aftera ll,oughttobethehighestideal.Aristotleoncesaid,"Platoisdeartome,butdearerstillis truth."Ihope,Mr.Chairman,thatthemajorwitnessestowhomIhavereferredwillputasideth eirnarrowself-interest,recognizeasAristotledidthattruthisdearerstill,andtellthi scommitteeandtheAmericanpeoplethetruth,thewholetruthandnothingbutthetruth.Would n'titberefreshingifallpartieshereaccusedwouldvoluntarilystepuptotheplate,comebe forethecommittee,tellthetruth,sothatwedidn'thavetohaveaninvestigation?Inthedark estdaysoftherevolution,ThomasPainesaid:"Thesearethetimesthattrymen'ssouls,andsu nshinepatriotsandsummersoldierswillshrinkinthiscrisisfromtheserviceoftheircount ry.Butthosethatstanditnowdeservetheloveandthanksofmanandwoman."Thisisn'ttheAmer icanRevolution,andit'snotonthesameplane.Butinthisparticularcrisis,thesummersold ierandthesunshinepatriotwillcrypartisanship,willwhine,willequatetheneedforsoft- moneyreformswithillegalforeigncontributions,andwillsay,everybodydoesit,let'sjus treformtheprocess.ButMr.Chairman,thosewhostanditnow--andIincludeyouinthatcatego ry--thosewhostayfocusedongettingthetruth,thosewhotrytoridthisterriblepollutiono fforeigncontributionsandeconomicespionagefromourgovernmentwilldeservethethankso ftheircountrymen.Andhistory,Mr.Chairman,willbeourjudges.Wecanprovethecynicswron gandgivemyformerstudentsandtheirchildrenproofthatinspiteoftheflaws,wecanconduct our ,`", oversightresponsibilitieswithbipartisanshipanddignityandthatoursystemd oeswork.Thankyou,Mr.Chairman.THOMPSON:Thankyou,SenatorSmith.SenatorBennett.BENN ETT:Thankyou,Mr.Chairman.Iamgratefulthatanumberofmembersofthepresshavestayed.Ik nowthemembersoftheSenatefeelsomecompulsiontostay.Thehorseissmellingthewater.We' removingtowardsthebarn.Thisisthelastone.IfImay,Mr.Chairman,I'dliketostandbefore theeasel.I,beingattheendofthestream,wasn'tawareofthehigh-techcircumstancesavail abletous,andmychartsareverydefinitelylow-tech.ButIwouldappreciatetheopportunity ofpresentingthem.Mr.Chairman,there'sanoldstatementabouttheverybestplacetohideal eaf.Andtheansweris,ontheflooroftheforest,surroundedbyalltheotherleaves.BENNETT: We'vehadanumberofleavesthrownatusinthisdebate.AndIwanttopickuponeparticularleaf offthefloorofthe forestandspendsometimeonit,becauseIthinkitisthekeyofwhatwe'retalkingabout.Itwillcomeasnosurprisethatwe'retalkingaboutJohnHuang.JohnHuanghasthreepressuresonhim,asIseeit--thefirstonecomingfromtheLippoGroup;thesecondonefromtheChinesegovernment;andthethirdfromPresidentClinton.AndI'mgoingtotalkaboutallthree,inthatorder.Let'stalkfirstabouttheLippoGroup.IwillnotresurrectthespiritofSamErvin,butIdogotoanotherdeadofficial,inthiscaseAlanDulles,whomsomeconsiderthefounderofthemodernCIA.Hemadethiscommentinhismemoirs.Hesays:"Oneofthegreatintelligenceservicesofthe19thcenturywasmaintainednotbyagovernment,butbyaprivatefirm--thebankinghouseofRothschild.Theybenefitedtheclientsaswellasthemselvesbytheirsuperiorintelligence-gatheringduties."IquoteMr.Dullestoindicatethatitisnotunusual, , `", unprecedentedorunhistoricalforabanktobeconcernedaboutsignificantintelligence-gatheringactivities.AndMr.Huangworkedforaninternationalbank.Heworkedforthemforalongperiodoftime.Thedepositionsthatwehavereadindicatethatnoone'squitesurewhathedidforthem.Buttheydoknowhehandledagreatdealofmoney.Now,Mr.Riady,theheadofLippoGroup,referredtoMr.HuangwhilehewasattheCommerceDepartmentas"mymanintheAmericangovernment,"inthistraditionofabankhavinganintelligenceofficerwell-placed.Mr.HuangmayhavefelthewasMr.Riady'smanaswell.Ishowyouthisfacsimileofacheck,perfectlylegitimate,perfectlylegalcampaigncontributionbyMr.Huang.Butnotetwothings,Mr.Chairman.First,thedate--Decemberof1995.Mr.Huang,atthetime,wasanemployeeoftheUnitedStatesgovernment,attheCommerceDepartment.ButwhatdidheputonhisFECreport,tellingtheFEChisemployment?Hesaidhewasvicepresidentandchairman--vicepresidentoftheLippoBank,chairmanoftheLippoGroup.HeapparentlyconsideredhimselfMr.Riady'smaninthegovernment,ifasthetimehemadeacampaigncontribution,hedidnotreporthimselfasagovernmentemployee,whichhewas.Instead,hereportedhimselfstillworkingforLippo.Now,that'sLippo'sinterest--intelligenceinformationinthespiritofinternationalbankersthroughouttheyears.Let'stalkabouttheChinesegovernmentandtheirinterest.ThechairmanhasreadastatementthismorningabouttheChinesegovernmentandtheirinterestinthiscampaign,startingwithTaiwanin1995.Infact,theChinesegovernmenthasbeeninterestedinthiskindofthingformuchlongerthanthat.ThisisastatementtakenfromthetestimonyofaChineseintelligencerecruit.HisnameisBimWu(ph).Hewasrecruitedin1989inChinabytheMinistryofStateSecurity,theChineseequivalentoftheCIA.TheysaidBimWu(ph)wouldbecomeasuccessfulbusinessman.YouwouldpatientlysteadilyworkyourwayupintotheU.S.power ,`", structure.Youwouldcometoknowcongressmenandsenators,andperhapsoneday,evenbeabletoreportinformationfromtheWhiteHouse.Now,Mr.Wu(ph)gotasfarasthefirstsentence.WithChinesemoney,hebecameasuccessfulbusinessman.Unfortunatelyforhim,hewasarrestedforviolatingU.S.exportlaws.HewasgivenhischoiceofbeingdeportedtoChinaorstandingtrialintheUnitedStates.HechosetostandtrialintheUnitedStates,andhe'snowcurrentlyaguestoftheU.S.taxpayersatafederalpenitentiaryinPennsylvania.HepreferrsthattoreturningtoChina,becausehegotnofartherthanthis.ButtheChineseclearlyweremakinganefforttofindpeoplewhowouldpatiently,steadilyworktheirwayupintotheU.S.powerstructure.BENNETT:Whatkindofpeoplearetheylookingforwhowilldothis?WilliamColby,aformerheadoftheCIAsaid,"Theperfectoperatorinsuchoperationsisthetraditionalgrayman,soinconspicuousthathecannevercatchthewaiter'seyeinarestaurant."ThisisthekindofpersonthatwearelookingforintheAmericanapparatustomeettheChinesepressuresonMr.Huang.WeknowtheChineseofficialsworkingthroughLippomadecontactwithMr.HuangpriortohisenteringtheCommerceDepartmentandcomingtoworkfortheU.S.government,thattheChinesewereawareofhimandawareofhisupwardmobilityinthegovernment.Now,whenMr.HuangcametotheCommerceDepartmentfromtheLippoGroup,theundersecretaryofthedepartment,Mr.Garton(ph),dictatedapolicyinwritinginamemotoMr.Huang'sdirectsuperior,theassistantsecretary,Mr.Meissner,statingthat"becauseofMr.Huang'sbackgroundatLippointhebankingbusinessdealingwithAsia,Mr.HuangwastobewalledofffromanythingdealingwithAsiaandthePacific."UnderstandMr.HuangwasoneofsixdeputyassistantsecretariesreportingtoMr.Meissner,buthewastheprincipaldeputyassistantsecretary.Thatmeanstheotherdeputyassistantsecretaries,oneforeachoftheseareas--EuropeandtheAmericas,Africa,JapanandAsiaandthe

Pacific--eachofthesefivereportedtoMr.Huangastheprincipaldeputyassistantsecretar
y,andheactedastheassistantsecretarywhenMr.Meissnerwasoutoftown. ,`", Mr.Meissne
rwasanotorioustraveler.Hewasoutoftownagreatdealoftime,whichmeantthatalloftheint
elligenceinformationavailabletoMr.MeissnerbecameavailabletoMr.HuangwhileMr.Meis
snerwasoutoftown.Ofcourse,informationwasavailabletoMr.HuangwhenMr.Meissnerwasin
townaswell,butthespecificrequirementfromMr.Garton(ph)wasthatMr.Huangwastobewall
edofffromdealingswithAsiaandthePacific.InAprilofthisyear,infederalcourt,JohnDic
kerson(ph),thebrieferfromtheCIAwhobriefedMr.Huang,reportedinthecourtthatMr.Huan
g'sprimaryinterestwasChinawithsubsidiaryinterestinVietnam,SouthKorea,Singapore,
HongKong,Taiwan,IndonesiaandMalaysia.Inotherwords,Mr.Huang--insteadofstayingawa
yfromthisareaashewasorderedtodoinwriting--spentthemajorityofhistimeinthisarea.I
tisinterestingthatinhisbriefings--andyouseethesearetheareashe'ssupposedtobeconc
ernedabout--Mr.Huangseldom,ifever,raisedanyissueaboutJapan.Ifwe'regoingtotalkab
outAmerica'stradingactivitiesandyouaretheprincipaldeputyassistantsecretarydeali
ngwithU.S.tradepolicy,youwanttoknowwhat'sgoingonwithJapan.Mr.Huangseemedtohaven
ointerestinJapanwhatsoever.Itmaybejustcoincidence,butLippohasnoactivitiesinJapa
ncomparedtotheactivitiestheyhaveintheseothercountrieswhereMr.Huanghadregular,co
ntinuingbriefingsinviolationofCommerce'sowndirective.Now,oneotherthingthatisver
yinterestingisthatMr.Huang,inadditiontohisbriefingsandhiscontinuedcontactswithL
ippo,hadseriouscontinuingcontactswiththeChineseEmbassy.BENNETT:Again,amanwhobyw
ritteninstructionsfromtheundersecretaryisnotsupposedtobeinthisarea,isnotonlyint
hisarearegularlyinhisbriefingsandhisintelligence,butalsointhisarearegularlywith
hiscontacts.Thus,thepossibilityofthepressurefromtheChinese.Finally,pressurefrom
theClintonsonMr.Huang.Hereisalistwithwhichwe'reallfamiliar,butIdecidedtoputitup
again,ofBillClinton'scareerafterleavingcollege.ImmediatelyafterleavingYaleLawSc
hoolin1974,heranfortheU.S.Houseof ,`", Representatives.Twoyearslater,heranforat
torneygeneral.Twoyearslater,heranforgovernor.Twoyearslater,heranforgovernor.Two
yearslater,heranforgovernor.Twoyearslater,heranforgovernor.Twoyearslater,heranf
orgovernor.Fouryearslater,heranforgovernor.Twoyearslater,heranforpresident.Ando
fcourse,twoyearslater,heranforpresidentagain.Allofusinthisroomwhohaverunstatewi
decampaignscanhaveanappreciationforhowmuchmoneyittakestorunastatewidecampaignag
ainandagainandagain.Mr.HuangandtheLippoGroupmetMr.Clinton,thenattorneygeneral,r
oughlyatthispointonthechart,andparticipatedinhelpingfinanceeverycampaignforthen
ext16to20years.PressureonMr.Huang,pressurefromLippo,pressurefromtheChinese,pres
surefromMr.Clinton.EachonewantedsomethingdifferentfromMr.Huang.Somewantedonlyin
formation.Somewantedcampaigncontributions.WhenMr.HuangleftheCommerceDepartment
,IbelievethatthefolkswhoputpressureherebecametherecipientofthepressurehereThat
is,thepressureformorecampaigncontributions,pressurethathadbeenputonMr.Huangandr
espondedtofora20-yearperiod,turnedintopressurebacktopeoplewithwhomhehadprevious
lyhadcontact,andtherewehavetheproblem.Mr.Chairman,thisleafisworthexamining.Itis
averyseriousone,anditgoesbeyondsomeoftheotherleavesthathavebeenstrewnaroundinth
iscircumstance.Itraisesformeoneoverwhelmingquestion,whichIwillpursuethroughoutt
hisfirstphaseofthehearings.Thatquestionisthis:WhowasJohnHuang'spatron?Wearetalk
ingaboutpatronagejobshere--apatronagejobattheDepartmentofCommerce,apatronagejob
attheDemocraticNationalCommittee.Thesearenotmeritjobs.Thesearenotcareerjobs.The
yarepatronagejobs,andtheyareachievedunderthepressureofapatron.IwanttoknowwhoisJ
ohnHuang'spatron.WhoputhimintheCommerceDepartmentandsawthathestayedthereeventho
ughhewasoperatinginawayviolativeofthewrittendirectionsofthatdepartment?Whoputhi
matthenationalcommitteeandsawthathestayedthereeventhoughthecontributionsthather
aisedeventuallyweresufficientlytaintedthatamajorityofthemhadtobereturned? ,`",
Hedidn'tgettotheplacesthathegotbyvirtueofhispersonality.Hegottherebecausehehada
patron,andIthinkaswelifthisleafofftheflooroftheforest,weshouldaskourselveswhow
asthat.Thankyou.THOMPSON:Thankyou,SenatorBennett.AsSenatorGlennsuggested,let'sd
iscussasacommitteenowforafewminutesastohowwewanttoproceedasfarasMr.Huangandhisa

ttorneysareconcerned.AsSenatorGlennsaid,wejustreceivedthisletterfromMr.Huang'sa ttorneyinoneoftheleadingandmostprestigiouslawfirmsinWashington,D.C.,aswellasels ewhere.THOMPSON:Andbasically,asIreadtheletter,heisofferingtotestifyforwhathecal ls"limitedimmunity,"andthatisthathewouldhaveimmunityforeverythingexcepttwobasic categories.Onewouldbetheclassificationorthedisclosureofclassificationinformatio n.Hewouldnothaveimmunityforthat.Andhewouldnothaveimmunityformattersrelatingtoes pionage.Forallotherthings,suchascampaignmoneylaunderingandthingsofthatnatureora nythingelse,hewouldhaveimmunityfor.Clearly,anythingthatisgoingtomakeitsothatMr. Huangcancomebeforeusandgiveustruthfulandcompleteinformationissomethingthatweare very,verymuchinterestedin,inthiscommittee.Clearly,wewillpursuethat.Clearly,we'r ebeingofferedanarrangementthatwe'regoingtohavetoseriouslyconsideroncewefindoute xactlywhatitis.Butlet'sstepbackamomentandputitinperspectiveandrememberwherewear e.Mr.HuangrecentlywasquotedasbeinginNewYorkandmakingaspeechwhenhesaid,sure,he'd begladtotestifybeforethecommittee.Mr.Madigancalledhiscounselatthattime--Ithinkt hatwasaboutthreeweeksago--andaskedhimaboutthat.Hiscounselsaidhewasmisquoted,tha thewasnot.HewasgoingtotaketheFifthAmendment.Mr.Madiganhashadthreeseparatecontac ts--Ibelieveinadditiontothat--overthelastfewmonthswithhiscounsel,atwhichtimeine verycase,noprofferwasoffered,andastatementwasmadethathewasgoingtotaketheFifthAm endment.Now,asIunderstandit--andIcongratulateMr.Baronforbeing ,`", thebeareroft his--he'smadeusanofferhereforwhathecallslimitedimmunity.Theonlyproblemwiththati sthatheisaskingusforsomethingthatweprobablylegallycannotgivehim.I'venothadachan cetoresearchthelawonthis,butmyfeelingisthatthere'snosuchthingaslimitedimmunity, thatyoucanhaveimmunityforonesetoflawsandnotimmunityforanothersetoflaws,thatyoue itherhaveimmunityoryoudon't.Nowitmightbethatwemight,undersomecircumstances,want togivehimcompleteimmunity.Butofcourse,inorderforthat,asSenatorGlennandIhavedisc ussed,hewouldneedtocomeinandmakeaproffer.Inotherwords,youdon'tbuyapiginapoke.Yo udon'tgiveanybodyimmunityunlessyouknowthattheirtestimonywillbehelpfulandyouknow itwon'tbeheldagainstthemiftheimmunitydealfallsapart.Butyouhavetohavethroughcoun selorotherwisesomeindicationofwhatthey'regoingtobetestifyingtounderanycircumsta nces.AndIcertainlythinkweneedtoproceedonthatbasis.Butlet'sproceedwithacertainam ountofcautionandunderstanding.Ironically,Isaidinmyopeningstatement,whichIprepar edalittlewhileago,thatourtendencyistowant,inallthisjumble,towanttohaveonekeywit nessoronedocumenttocomeinandexplainitalltous.That'sadanger.There'snoquickfixtot hisprocess,andthereisnoeasysolution.Usually,thewayyougettoMr.Huangisyouworkupto towardaMr.HuangwithpeoplesuchastheBuddhistmonks,andwestillhaveimmunityquestions lyingouttherefortthem.Sothisisinalittlebitofinverseorder.Soarushtothetop,sotospe ak,oftheevidencechainissomethingthatweoughttoproceedwithacertainamountofcaution .I'mdelightedattheprospect,butyouknow,I'vebeendowntomanytrailstobetotallyconvin cedofwhatwe'redealingwith.Ihopewe'renotdealingwithasituationwhereMr.Huang'scoun selisproposingsomethingtousthatweknowwecannotdeliverlegally.Andthenafterwedealw ithitforafewdaysandafewwitnesseswho,Ithink,aregoingtoprovideveryinterestingtest imony,bytheway,startingtomorrow,thatallthetalkandalltheconcentrationiswhat'sMr. Huanggoingtodo,andbythetimewefindouthe'snot ,`", goingtodoanything,wearealongwa ydowntheroadandsomevaluabletestimonyhasbeenoverlooked.THOMPSON:Thosearemyconcer ns,SenatorGlenn.Iapplaudyouforbringingthistoourattention.AndIotherwisethinkwene edtomoveforwardonitexpeditiously,justtoseewhattheyhavetosayandwhattheyhavetooff erus.GLENN:Mr.Chairman?THOMPSON:Yes,SenatorGlenn.GLENN:Mr.Chairman,Iagreewithmu chofwhatyou'vesaid.AndI--thedefinitionsofwhatislimitedimmunity,whatthoselimitat ionswouldbe,issomethingthatyetistobeworkedout.Wehavetheindicationofwhattheinten tisfromthecounselforMr.Huang.Andthat'swhatthiswasthismorningwasbasicallyaletter ofintent.Itdidnottryandspelloutallthedetailsofwhatanactualprofferwouldputforwar dtous.Ithinkit'sincumbentonustogettothatprofferjustasfastaswepossiblycan,getiti nattheearliestpossibletime,havecounsel,bothcounsels,chiefcounsels,workwithMr.Co bbandseeifwecan'tgetanagreementthereonexactlyhowtheprofferwouldworkandwhattheimm unitywouldbe.AndIwouldsaythatiftheimmunizationisaslimited,perhaps,asyouindicate d,thenI'mnotsurewherethatleavesuswiththeBuddhistmonksandeveryoneelsewhowouldfol lowunderthosesameinterpretationsandtheothersthatmightbegrantedimmunitylater.But that'sbesidethepoint.Onewitnessandonequickfix,asyoureferredtoit,mightbeabletosh ort-circuitalotoftherest,saveusalotoftimeandgettothebasisofthis,withouthavingto workuplayerbylayerbylayerbylayertotryandbuildacaseagainstsomeone.Ifthatparticul arpersonthatthecaseisbeingbuilttowardiswillingtocomeininthefirstinstanceandansw erallthequestionsyou'retryingtobuildto,itwouldseemtomethefirstthingweshoulddois getthatprofferinhereandlookatit.Iseenothingwrongwiththat.Icertainlycan'tbelieve thatourbestinterestswouldbeservedbyturningdowntheofferthathasbeenmade.Yourlasts tatement,thatweshouldproceedwithcaution,Iagreewiththat.Iagreewiththatwitheveryo neofourwitnesses,includingthisone. ,`", AndasIstatedinmystatement,Ihavenotdecid edwhichwayIwouldvoteonimmunitymyselfwithouthavingtheprofferandwithoutknowingwha ttheJusticeDepartmentopinionofthiswas,albeitwearethefinalauthorityonwhetherwewi shtoissuesomekindofimmunityornot.SoIwouldjustproposethatwegoaheadwiththisandtha tweauthorize--wenotauthorize--thatwedirectourcounselsjointlytotalktoMr.Cobbandt rytoworkthisout,workoutaproffertobringbeforethecommitteeattheveryearliesttime.T HOMPSON:Well,Iwouldjoininthat.Andifthere'snoobjection,that'sthewaywewillproceed .Isthereanyonewhohasanyfurthercomment?SenatorLieberman.LIEBERMAN:Mr.Chairman,ve rybriefly,thepossibilitythatMr.Huangwouldcomeandtestifybeforeusissomethingthatw ehadnotexpected,andinthatsense,presentsuswithanoptionthatwedidnotknowwehad.ButI wanttosecondwhatyou'vesaidandwhatSenatorGlennhassaid.Weoughttobeverycautiousbef orewerushtoexercisethisoption.Inonesense,thisisthestarwitnessthatthecommitteeha sbeenlookingfor.Ontheotherhand,theimmunitythat'sbeingrequestedisimmunityfrompro secutionforelectionlawviolationswhich,whilenotassignificantasespionage,nonethel essareattheheartofwhat's--whatwe'reallconcernedabouthere.AndIthinkwe'vegottotre adverycautiouslyhere,andwe'vegottoaskourselves,asourcounselsbegintoworkwithatto rneyforMr.Huang,astowhetherMr.Huangwillofferustestimonythatwilladvancethefocuso fthisinvestigationandtoweighthatagainstthecompromisingofthepossibleprosecutiono fMr.Huangandotherswithwhomhehasbeenassociatedonelectionlawviolations.LIEBERMAN: Finally,I'mgoingtopersonallyapplythesamestandardtothisasIhavetotheotherrequests forimmunitythatthecommitteehasmade,whichistoasktheJusticeDepartmentfirstwhatthe ythinkaboutit.There--andiftheyhavenoobjection,thatwouldcertainlymaketheroadalot easierforme,andIpresume,thewholecommittee.Iftheydohaveobjections,it'sstillpossi blewemightdecideonourowngoodjudgmenttograntimmunity.ButIthinkthat'sthe--,`", a sourcounselsgather,weoughttoalsotryinaspeedyway,Mr.Chairman,tositwiththeJustice Departmenttofindoutwhattheyhavetosayaboutthis.DOMENICI:Mr.Chairman?THOMPSON:Sen atorDomenici.DOMENICI:Mr.Chairman,first,Ithinktheopeningsessionbodeswellforasuc cessfulhearing.Buttherewillbemanybumps.Somemayevenbeevenbigmountainsthatwehavet ogetover.Frankly,theletterthatcomesfromMr.TyCobb,signedbysomebodyotherthanhe,in hisbehalf...GLENN:Wesincehavetheoriginalsignedlettersenttousthismorning.Thatwas faxedoverthismorningtousabout8:50thismorning.Wedonowhavealetterthat'sbeensigned by...DOMENICI:Thanks,Senator.Butmypoint--thatwasjustkindofaparenthetical,whichI shouldn'thavethrownin.Letmejustsuggest--thislettermakesmeputmyguardupaboutthisi mmunity.Firstofall,IheardmydistinguishedfriendfromAlaskaraisetheissueofAsianbas hing.Andthislawyerraisesitthereinhisletter.Idon'tbelievethere'sanyAsianbashingev enonthiscommittee,ontheUnitedStatesSenate,thatevenreachestheproportionofbeingmi nuscule.Soyouknow,toraisethatissueinthislettercausesmetowonderaboutwhatthey'reu pto.Secondly,wehadadifficulttimeinthiscommitteegettingtheattorneygeneraltotellu swecanhaveimmunity,myrecollectionis,on12or15Buddhistmonksandnuns.Theextentofthe irinvolvementwasa$5,000contribution,whichtheywereprobablythevehicleforlaunderin g.Wedon'thaveanyevidencethattheywouldbeprosecutedforanything.Asamatteroffact,so meindicationfromtheattorneygeneralthattheywouldn't,becausethey'retoofardownthet otempole.NowIbelievethatthatprocessoftryingtogetthemimmunizedtookusaninordinate amountoftimebecausetheothersidewasn'twillingtoletushaveimmunity.Theyhavesince,withreferencetotwoorthreeorthreeorfour,saidlet'simmunizethem. ,`", Nowmypointisthatthisfellow,fromeverythingweknowabouthim,reallyneedsimmunity.Well,that'sthewaylseeit.Totellyouthetruth,iflwerehe,Iwouldcomehererunningtryingtogetimmunity.Butthepointofitis,wehavetobeveryjudicious,becausethismanmust--andwemustfindamechanismtobesurethatheisgoingtotelluswhatheknows.Yougrantimmunityonsomeweakproffertthatsaysl'lltalkaboutthisandthat,youhavenoassurancewhenitcomestimetoanswerthequestionthathe'lltellyouanything.NowIthinkyoucandirectyourcounsel.Whetherl'mgoingtovoteonwhattheyrecommend--Imean,tome,we'vegottomakesurethattheyaresayingtoushewilltelluswhatheknows,anditwillrelatetotheseissues.Hewillnotbeevasive.Hewillnotregularlyclaimhecan'tremember.We'vegotdocumentstorefreshrecollectionaboutthisguy.Sowhileitisanicegesture,itissuspicious.Afterthreemonthsofnegotiatingwithhim,itwasn'tavailable.Toldourcounselthathewasn'tgoingtobethere.Andallofsudden,itshowsuptoday.AndInoticed,forsomereason,thespinningwaswonderfulheretoday.Imean,that'swhythatlittleline--thereisthespinnerswhostayonthissideandthepressonthatside.Andthespinningofthisdocumentwasenormous.Ididn'tseeanyofusdowntherespinning.SoIguessweknowwho'sspinningit.Butthetruthofthematteris--thetruthofthematteriswehavetofindoutalotmoreaboutwhathe'sgoingtotellusbeforewegrantthiskindofimmunity.DOMENICI:Andinthemeantime,fellowsenators,weoughttogetonwithimmunizingtheselittlenunsandmonkssowearen'tworriedaboutdiscriminatingagainstthen.Wewon'tgivethemimmunity,andwegivethiskindofguyimmunity.Imean,thatdoesn'tstrikemevery--asbeingvery,veryright.Ihavetoleave.ButIstayedaroundheretomakethatlittlestatementandtocongratulateyouonthehearing.GLENN:Mr.Chairman?THOMPSON:Thankyouverymuch.SenatorGlenn. ,`", GLENN:Mr.Chairman,letmeanswer--andthis--theanswertothisiswegettheprofferin.Ifit'sweak,well,it'sweak,andwedon'tacceptit,becauseaprofferissupposedtospelloutwhatthepersonisgoingtotestifytoinresponseforwhatimmunityyou'regoingtogive,andthat'sthebasicreasonforit.Wedon'thavethatyet.Wehavealetterofintent.Andsotocharacterizeitinsomewayasbeingweakatthispoint,itmaycomeinasaverystrongprofferforallIknow.Asfaras--andIwouldnot--IwouldcautionthatwenotequatethiswithwhatshappenedoverattheJusticeDepartment,becauseyouknow,weknowwhatthedelayswerethere.Wehadsomelawyerproblemswithothercommitmentsandsoon.Therewasadelaythere.Theattorneygeneral,JanetReno,hasguaranteedusthatifatallpossible,shewillturnthesethingsaroundwherepossiblewithin24hours.Nowwhethershecanmeetthatgoalornot,Idon'tknow.ThedifficultyinimmunizingtheBuddhistgroupfromouttherethatwassent,thatwasgiventousinabloc,wasthefactthattheyareworkingthroughthese--andwealreadyhavefourofthemthroughandapprovednow--andthey'reworkingasrapidlyastheycantogettheothersthroughalso,asIunderstandit.Ithinktotryandgowithoutthemrunningthroughthiswouldtake--wouldruntheriskofseeingusmaybegetinto,getourselvesinthemiddleofimmunizingsomeonethattheymaybehavearealsubstantialcasebuiltupagainst,andthatthey'repreparedtotaketoagrandjury.Andwe'dbeimmunizingwithoutknowingthat.Andwhetherthey'reBuddhistmonksornunsorwhatever,theymightverywellhavechargeslikethatagainstthemforallIknow.Soallwe'veaskedisasign-offovertherethatnosuch--orit'sleftuptousforourconsideration.Iftherearecons iderationslikethatoverthere,thenwewanttoknowaboutit.Andthen,asthechairmanhaspointedoutseveraltimes,wearethefinaljudge.Andwehaveaskedthatthatdecisionoverthere,thattherebegivenamaximumofl0daysfortheJusticeDepartmenttoactonthese.Andiftheyhavenotactedatthattime,thechairmanhasindicated--andIthinkproperlyso--thatwethenwouldgoaheadifwewantedto.Wewouldmakethatjudgmentatthattime.Ijustdon'tseeanyproblemherewithgettingaproffer,becausethat'sthenextstep.Allwehavenowisaletterofintent.We ,`", can'tsaywhetherit'saweakproffer,astrongproffer,amiddleprofferorwhatever.Wewon'tknowuntilwegetit.AndallI'veaskedforthismorningistheopportunitytohaveourstaffsbedirectedtogo,andthat'swhatwevotedamomentagowiththeunanimousconsentrequestthatthechairmanmade.IwouldrepeatsomethingIsaidawhileago.Idon'tknowhowIwouldvoteonimmunityatthispoint.I,too,wanttoseetheproffer.I,too,wanttoknowwhatcomesoutofthenegotiationswiththeattorneygeneral.Andatthattime,I'llbesatisfiedtomakemyow

njudgment.ButIdothinkthisisagreatopportunity,andI'mgladIunderstandthattherewasn
oobjectionbefore.Andsothecommitteehasvotedtoauthorizeourstafftogoahead,andthat'
sobviouslythelogicalnextstep,andI'mgladtoseeustakeit.Thankyou.THOMPSON:Sure.Tha
nkyou,SenatorGlenn.Ithinkwe'reallbasicallysayingthesamething.Andwewilljustletth
elawyersdowhatlawyersaresupposedtodoatthisstage,andthatisto--andit'shappenedbef
ore,andit'llhappenagain.Whenthesematterscomeup,youtalktotheotherlawyerandseewha
tthey'vegottooffer.Andthenwe'llgetbacktogetherandseethenatureoftheprofferthatwe
wouldexpectandstartnarrowingthedifferenceifwecan.So,Mr.MadiganandMr.Baronwilldo
that.I'dliketoannouncethatwewillstartinthemorningat9o'clockandgostraightthrough
until1o'clock.Therewassomescheduleproblemswithsomeofourpeoplewe'veaskedtobehere
withustomorrow.Andsowe'retryingtoaccommodatethem.Sowewilladjournuntil9o'clockin
themorning.FDCHTranscriptServiceJuly08,199755Therearenomoreitemstoread.58#p#
================= END ATTACHMENT 1 =================

=================== ATTACHMENT 2 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D48]MAIL42029369C.116 to ASCII,
The following is a HEX DUMP:
================= END ATTACHMENT 2 =================

U.S. SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS
HEARINGS ON CAMPAIGN FINANCE WITNESSES/TRANSCRIPT INDEX

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sherman A. Williams (CN=Sherman A. Williams/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-SEP-1999 17:17:59.00

SUBJECT: REQUEST FOR DOCUMENTS

TO: G. Timothy Saunders (CN=G. Timothy Saunders/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
I have no documents relating to this request.
---------------------- Forwarded by Sherman A. Williams/WHO/EOP on 09/21/99 05:16 PM ---------------------------

PostMaster 09/21/99 05:04:42 PM

Record Type: Record

To: All EOP Users, All USTR Users
cc:
Subject: REQUEST FOR DOCUMENTS

MEMORANDUM TO: All EOP Staff

FROM: Beth Nolan
Counsel to the President

SUBJECT: REQUEST FOR DOCUMENTS

M. Dennis Sculimbrene has filed a lawsuit alleging in part that the White House maintains files on him in violation of the Privacy Act. To allow us to respond to these allegations, please conduct a thorough and complete search of all your records -- whether in hard copy, computer form, or any other form -- for any of the following material:

Any and all documents relating or pertaining to M. Dennis Sculimbrene. To the extent that you have responsive documents, please provide a copy of the file folders or file jackets that the documents were contained in as well as the documents.

Every employee is responsible for searching his or her own files and records to ensure a comprehensive search. Each office head or Assistant to the President must certify that his or her staff has done a complete and thorough search.

In addition, if you believe that files from your office that have been sent to the Office of Records Management may contain responsive information, please advise us so that we may ensure that all responsive documents have been located.

All materials must be provided to Shelli Peterson (OEOB Room 482) by noon on Thursday, September 30, 1999. If you have any questions, Shelli can be reached at 456-7804.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Linda L. Moore (CN=Linda L. Moore/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-SEP-1999 17:09:54.00

SUBJECT: REQUEST FOR DOCUMENTS

TO: Jocelyn A. Bucaro (CN=Jocelyn A. Bucaro/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
never heard of the guy.

---------------------- Forwarded by Linda L. Moore/WHO/EOP on 09/21/99
05:09 PM ---------------------------

PostMaster 09/21/99 05:04:42 PM

Record Type: Record

To: All EOP Users, All USTR Users
cc:
Subject: REQUEST FOR DOCUMENTS

MEMORANDUM TO: All EOP Staff

FROM: Beth Nolan
Counsel to the President

SUBJECT: REQUEST FOR DOCUMENTS

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All materials must be provided to Shelli Peterson (OEOB Room 482) by noon on Thursday, September 30, 1999. If you have any questions, Shelli can be reached at 456-7804.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Joshua S. Gottheimer (CN=Joshua S. Gottheimer/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-SEP-1999 17:11:18.00

SUBJECT: REQUEST FOR DOCUMENTS

TO: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jordan Tamagni (CN=Jordan Tamagni/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Samir Afridi (CN=Samir Afridi/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Paul D. Glastris (CN=Paul D. Glastris/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jeffrey A. Shesol (CN=Jeffrey A. Shesol/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Joshua S. Gottheimer/WHO/EOP on
09/21/99 05:11 PM ---------------------------

PostMaster 09/21/99 05:04:42 PM

Record Type: Record

To: All EOP Users, All USTR Users
cc:
Subject: REQUEST FOR DOCUMENTS

MEMORANDUM TO: All EOP Staff

FROM: Beth Nolan
Counsel to the President

SUBJECT: REQUEST FOR DOCUMENTS

M. Dennis Sculimbrene has filed a lawsuit alleging in part that the White House maintains files on him in violation of the Privacy Act. To allow us to respond to these allegations, please conduct a thorough and complete search of all your records -- whether in hard copy, computer form, or any other form -- for any of the following material:

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Christina Stacey (CN=Christina Stacey/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-SEP-1999 17:49:47.00

SUBJECT: REQUEST FOR DOCUMENTS

TO: Sang W. Lee (CN=Sang W. Lee/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Dorothy Henry (CN=Dorothy Henry/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Amy B. Kletnick (CN=Amy B. Kletnick/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Eileen P. McCaughey (CN=Eileen P. McCaughey/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: John H. Corcoran III (CN=John H. Corcoran III/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: John A. Wertman (CN=John A. Wertman/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Michael R. Cherba (CN=Michael R. Cherba/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Helen S. Castleman (CN=Helen S. Castleman/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Christopher K. Scully (CN=Christopher K. Scully/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Manuel A. Mendoza (CN=Manuel A. Mendoza/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Michael A. Sharp (CN=Michael A. Sharp/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Gregory T. Trainor (CN=Gregory T. Trainor/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Elisabeth M. Schilling (CN=Elisabeth M. Schilling/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Donald R. Goodwin (CN=Donald R. Goodwin/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sharon R. Lewis (CN=Sharon R. Lewis/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: George H. Bohrer (CN=George H. Bohrer/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Gertrude A. Roddick (CN=Gertrude A. Roddick/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Mary U. Binns (CN=Mary U. Binns/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jody J. Kaplan (CN=Jody J. Kaplan/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Dana C. Strand (CN=Dana C. Strand/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Debra S. Wood (CN=Debra S. Wood/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Lana Dickey (CN=Lana Dickey/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Carmen B. Fowler (CN=Carmen B. Fowler/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Bernice W. Smith (CN=Bernice W. Smith/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Earlene F. Rick (CN=Earlene F. Rick/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Christine K. Baer (CN=Christine K. Baer/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Eileen M. Upperman (CN=Eileen M. Upperman/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Tracy F. Sisser (CN=Tracy F. Sisser/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sarah S. Knight (CN=Sarah S. Knight/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Marjorie S. Hankins (CN=Marjorie S. Hankins/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Christina Stacey (CN=Christina Stacey/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Delia A. Cohen (CN=Delia A. Cohen/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: James P. Mulvehill (CN=James P. Mulvehill/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Shivaun A. Cooney (CN=Shivaun A. Cooney/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Maureen E. Undlin (CN=Maureen E. Undlin/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Robert J. Zanlungo Jr (CN=Robert J. Zanlungo Jr/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jeffrey H. Oakman (CN=Jeffrey H. Oakman/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Renee Sagiv (CN=Renee Sagiv/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Debra D. Alexander (CN=Debra D. Alexander/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Kelley A. Van Auken (CN=Kelley A. Van Auken/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Patricia F. Shumaker (CN=Patricia F. Shumaker/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: James M. Reagan (CN=James M. Reagan/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Cyril Jones (CN=Cyril Jones/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Philip L. Weintraub (CN=Philip L. Weintraub/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Annie Stewart (CN=Annie Stewart/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Ami M. Lynch (CN=Ami M. Lynch/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Barbara J. Garner (CN=Barbara J. Garner/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Agustin A. Labrador (CN=Agustin A. Labrador/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: David Belsky (CN=David Belsky/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Robert C. Houser (CN=Robert C. Houser/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Stephen K. Horn (CN=Stephen K. Horn/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Alice J. Pushkar (CN=Alice J. Pushkar/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Catherine T. Kitchen (CN=Catherine T. Kitchen/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Lori K. Krause (CN=Lori K. Krause/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Shannon M. Hinderliter (CN=Shannon M. Hinderliter/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Patricia Williams (CN=Patricia Williams/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Wendy W. Showers (CN=Wendy W. Showers/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Danilo DeGuzman Jr. (CN=Danilo DeGuzman Jr./OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Lynn A. Crable (CN=Lynn A. Crable/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Woyneab M. Wondwossen (CN=Woyneab M. Wondwossen/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Matthew W. Pitcher (CN=Matthew W. Pitcher/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Maureen A. Hudson (CN=Maureen A. Hudson/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Janice H. Vranich (CN=Janice H. Vranich/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Debra D. Bird (CN=Debra D. Bird/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Daniel W. Burkhardt (CN=Daniel W. Burkhardt/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
All staff should begin working to comply with the document request from Beth Nolan, Counsel to the President, dated September 21, 1999. All responsive documents must be coordinated through the Director's Office by noon on Tuesday, September 28, 1999.
---------------------- Forwarded by Christina Stacey/WHO/EOP on 09/21/99 05:44 PM ---------------------------

PostMaster 09/21/99 05:04:42 PM

Record Type: Record

To: All EOP Users, All USTR Users
cc:
Subject: REQUEST FOR DOCUMENTS

MEMORANDUM TO: All EOP Staff

FROM: Beth Nolan
Counsel to the President

SUBJECT: REQUEST FOR DOCUMENTS

M. Dennis Sculimbrene has filed a lawsuit alleging in part that the White House maintains files on him in violation of the Privacy Act. To allow us to respond to these allegations, please conduct a thorough and complete search of all your records -- whether in hard copy, computer form, or any other form -- for any of the following material:

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All materials must be provided to Shelli Peterson (OEOB Room 482) by noon on Thursday, September 30, 1999. If you have any questions, Shelli can be reached at 456-7804.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: June G. Turner (CN=June G. Turner/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-SEP-1999 17:09:10.00

SUBJECT: REQUEST FOR DOCUMENTS

TO: Nancy V. Hernreich (CN=Nancy V. Hernreich/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
I do not have any documents pertaining to the request below.
--------------------- Forwarded by June G. Turner/WHO/EOP on 09/21/99
05:08 PM ---------------------------

PostMaster 09/21/99 05:04:42 PM

Record Type: Record

To: All EOP Users, All USTR Users
cc:
Subject: REQUEST FOR DOCUMENTS

MEMORANDUM TO: All EOP Staff

FROM: Beth Nolan
Counsel to the President

SUBJECT: REQUEST FOR DOCUMENTS

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Debra S. Wood (CN=Debra S. Wood/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-SEP-1999 17:53:56.00

SUBJECT: REQUEST FOR DOCUMENTS

TO: Christina Stacey (CN=Christina Stacey/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
We have nothing.
---------------------- Forwarded by Debra S. Wood/WHO/EOP on 09/21/99
05:53 PM ---------------------------

Christina Stacey

09/21/99 05:53:07 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: REQUEST FOR DOCUMENTS

Directors,

Please let me know via Lotus Notes if your offices have any responsive documents pursuant to the document request from Beth Nolan dated 9/21/99.

Thanks!
---------------------- Forwarded by Christina Stacey/WHO/EOP on 09/21/99
05:49 PM ---------------------------

PostMaster 09/21/99 05:04:42 PM

Record Type: Record

To: All EOP Users, All USTR Users
cc:
Subject: REQUEST FOR DOCUMENTS

MEMORANDUM TO: All EOP Staff

FROM: Beth Nolan
Counsel to the President

SUBJECT: REQUEST FOR DOCUMENTS

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Message Sent
To:____

Daniel W. Burkhardt/WHO/EOP@EOP
Delia A. Cohen/WHO/EOP@EOP
Stephen K. Horn/WHO/EOP@EOP
Maureen A. Hudson/WHO/EOP@EOP
Eileen M. Upperman/WHO/EOP@EOP
Lynn A. Crable/WHO/EOP@EOP
Carmen B. Fowler/WHO/EOP@EOP
Lori K. Krause/WHO/EOP@EOP
Debra S. Wood/WHO/EOP@EOP
Catherine T. Kitchen/WHO/EOP@EOP
Alice J. Pushkar/WHO/EOP@EOP
Robert C. Houser/WHO/EOP@EOP
Gertrude A. Roddick/WHO/EOP@EOP
Michael A. Sharp/WHO/EOP@EOP
Manuel A. Mendoza/WHO/EOP@EOP
James M. Reagan/WHO/EOP@EOP
Shivaun A. Cooney/WHO/EOP@EOP
Debra D. Alexander/WHO/EOP@EOP
Cyril Jones/WHO/EOP@EOP

Kelley A. Van Auken/WHO/EOP@EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lori K. Krause (CN=Lori K. Krause/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-SEP-1999 17:59:02.00

SUBJECT: Re: REQUEST FOR DOCUMENTS

TO: Christina Stacey (CN=Christina Stacey/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
The Gift Office has no records for Dennis Sculimbrene.

Christina Stacey

09/21/99 05:53:07 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: REQUEST FOR DOCUMENTS

Directors,

Please let me know via Lotus Notes if your offices have any responsive documents pursuant to the document request from Beth Nolan dated 9/21/99.

Thanks!
---------------------- Forwarded by Christina Stacey/WHO/EOP on 09/21/99 05:49 PM ---------------------------

PostMaster 09/21/99 05:04:42 PM

Record Type: Record

To: All EOP Users, All USTR Users
cc:
Subject: REQUEST FOR DOCUMENTS

MEMORANDUM TO: All EOP Staff

FROM: Beth Nolan
Counsel to the President

SUBJECT: REQUEST FOR DOCUMENTS

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Message Sent
To:

Daniel W. Burkhardt/WHO/EOP@EOP
Delia A. Cohen/WHO/EOP@EOP
Stephen K. Horn/WHO/EOP@EOP
Maureen A. Hudson/WHO/EOP@EOP
Eileen M. Upperman/WHO/EOP@EOP
Lynn A. Crable/WHO/EOP@EOP
Carmen B. Fowler/WHO/EOP@EOP
Lori K. Krause/WHO/EOP@EOP
Debra S. Wood/WHO/EOP@EOP
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Robert C. Houser/WHO/EOP@EOP
Gertrude A. Roddick/WHO/EOP@EOP
Michael A. Sharp/WHO/EOP@EOP
Manuel A. Mendoza/WHO/EOP@EOP
James M. Reagan/WHO/EOP@EOP
Shivaun A. Cooney/WHO/EOP@EOP
Debra D. Alexander/WHO/EOP@EOP
Cyril Jones/WHO/EOP@EOP

Kelley A. Van Auken/WHO/EOP@EOP