

# JOHNNY CHUNG AND THE WHITE HOUSE “SUBWAY”

## Introduction

Johnny Chung, a Taiwan-born businessman and self-described “die hard Democrat,”<sup>1</sup> serves as the Chairman and Chief Executive Officer of Automated Intelligent Systems, Inc. (“AIS”) — a California corporation based in Torrance.<sup>2</sup> He became prominent as a DNC contributor and frequent White House visitor during the 1995-96 election cycle. According to records of the FEC, Chung and AIS began making substantial contributions to the DNC in August 1994 and continued such contributions through August 1996.<sup>3</sup> These contributions during this two-year period totaled \$ 366,000.<sup>4</sup> After stories began to appear in the press about Chung’s activities, however, the DNC returned all of this money, allegedly because he had provided the party with “insufficient information” as to the source of the funds.<sup>5</sup>

These DNC contributions helped Chung obtain access to the White House at least 49 times between February 1994 and February 1996<sup>6</sup> — access that he used not only to further his interests with foreign business clients, but also to sit in the vestibule of the First Lady’s office and stare at

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<sup>1</sup> Letter from Johnny Chung to Doris Matsui, Jan. 4, 1995 (Ex. 1).

<sup>2</sup> See Biography of Johnny Chung (Ex. 2). AIS provides a fax broadcast service that can send faxes simultaneously to thousands of locations.

<sup>3</sup> See Chart of contributions by Johnny Chung and AIS, with attached checks (Ex. 3).

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

<sup>5</sup> See DNC press release dated June 27, 1997 (Ex. 4).

<sup>6</sup> See White House Visitor Summary for Johnny Chung (Ex. 5); United States Secret Service WAVES records for Johnny Chien Chuen Chung (Ex. 6). The WAVES records, it should be noted, do not include some events that Chung is known to have attended. For example, these WAVES records do not show Chung’s attendance at the President’s Radio Address on March 9, 1995. However, the White House produced a video tape and photograph contact sheet that confirm his attendance.

photographs of her. Though he had told DNC officials that he would be using the White House as a means of entertaining his foreign clients, and though the National Security Council (“NSC”) regarded him as a “hustler,” Chung was granted extraordinary access to the White House, and especially the First Lady’s office. There can be no question that Chung’s contributions to the DNC helped give him this access to the President and the First Lady. So close was the nexus between Chung’s donations and his visits, in fact, that White House officials actually collected money from him in the First Lady’s office in exchange for allowing him to bring a delegation of his clients to White House events. This was, however, no surprise to Chung: as he phrased it, “[t]he White House is like a subway: You have to put in coins to open the gates.”<sup>7</sup>

### **Johnny Chung’s admiration for the First Lady**

One of the reasons Chung spent so much time in the White House was his admiration for First Lady Hillary Rodham Clinton. His first contact with the First Lady occurred at least as early as April 1993, when she wrote Chung to thank him for the concern he had apparently expressed during her father’s illness.<sup>8</sup> Chung and the First Lady apparently first met in Little Rock, Arkansas.<sup>9</sup>

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<sup>7</sup> See Marc Lacey, “House Subpoenas Torrance Businessman,” *Los Angeles Times*, Nov. 8, 1997, p. A12.

<sup>8</sup> Letter from Hillary Rodham Clinton to Johnny Chung, April 12, 1993 (Ex. 7). In a subsequent letter written two weeks later, the First Lady wrote Chung to wish him luck with what she described as his “innovative” fax broadcast business. See Letter from Hillary Rodham Clinton to Johnny Chung, April 26, 1993 (Ex. 8).

<sup>9</sup> According to Evan Ryan, special assistant to the First Lady’s chief of staff, Chung once recounted having met the First Lady in Arkansas. Deposition of Evan M. Ryan, Aug. 7, 1997, p. 57; see also Ex. 7 (comment by First Lady that she hoped Chung enjoyed his visit to Arkansas).

This attention from the First Lady seemed to have sparked in Chung a remarkable fascination with and admiration for her.<sup>10</sup> Her chief of staff, Margaret A. (“Maggie”) Williams, testified in her deposition that Chung told her “how much he admired and respected” the First Lady and that he believed that “her encouragement had been the turning point in his business.”<sup>11</sup> As Chung’s admiration grew, on many of his visits to the White House he would simply sit in the vestibule of the First Lady’s office and stare at pictures of her, apparently without any other reason for being there.<sup>12</sup> Williams’ assistant Evan Ryan, for example, testified that if Chung were “in the building” visiting someone else, “he would stop by.”<sup>13</sup> The First Lady’s staff found these visits “disturbing,” because Chung talked constantly during these visits — continually telling them about himself, his business, and his admiration for the First Lady.<sup>14</sup>

Williams, however, remained quite well disposed toward Chung. While she acknowledged that he “could be irritating,” she “didn’t care how many times [Chung] wanted to come” to their office.<sup>15</sup> Rather, Williams felt strongly that

Chung be accorded respect in our office, and I realize I may have pushed the limits, but my experience had been at the White House that people of color and others in my view were not given overall the kind of respect that white males were, and I decided I’m the boss of this

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<sup>10</sup> Ryan, for example, testified that Chung told her that the First Lady “inspired him and he credited that inspiration for getting his business and himself going.” Ryan deposition, p. 57.

<sup>11</sup> Deposition of Margaret Ann Williams, May 29, 1997, p. 154.

<sup>12</sup> Williams deposition, pp. 158-59.

<sup>13</sup> Ryan deposition, pp. 52 & 55.

<sup>14</sup> *Id.*, pp. 57-58.

<sup>15</sup> Williams deposition, p. 158.

office. This is one office where I can run it the way I want to run it, and the guy is genuinely, whether right or wrong, interested and grateful to Mrs. Clinton and doesn't hurt, but he's a contributor to our part [sic], and we are going to treat him as well as we would treat any other irritable jerk who would show up.<sup>16</sup>

Determined, therefore, to accord such a “contributor” the respect he deserved, Williams permitted Chung to continue his visits.

### **Visit by Haomen Group**

Chung may have admired the First Lady, but he was not above using his DNC contributions — and Williams' indulgence — as a means to impress his business clients through displays of his access to the President and First Lady. In a January 6, 1995 newsletter to the shareholders of AISI, for example, Chung boasted of his political clout, claiming that he had “built up connections to easily arrange visitations to the White House and meetings with the President.”<sup>17</sup> His activity in this regard was well known to officials at the DNC. Indeed, Chung had even advised the DNC that his foreign business clients would be *supporting* the Democratic Party: in a letter to Doris Matsui in January 1995, for example, Chung declared that over the next two years he would be “coordinating a lot of visits from Asian business leaders to support [the] DNC.”<sup>18</sup>

One of the examples of White House access Chung cited in his January 1995 newsletter was “the arrangement of a meeting for Chairman Chen of Tangshan Haomen Group, the second largest

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<sup>16</sup> *Id.*, p. 168.

<sup>17</sup> Letter from Johnny Chung to “All Shareholders,” Jan. 6, 1995 (Ex. 9).

<sup>18</sup> Ex. 1 (advising Doris Matsui of these plans); *see also* Letter from Johnny Chung to Richard Sullivan, Dec. 14, 1994 (Ex. 10) (advising, in connection with visit of a Chinese businessman to White House, that this businessman would “play an important role in our future party functions”).

beer manufacturer in China with President Clinton.”<sup>19</sup> Chung arranged this meeting with the assistance of Richard Sullivan, who was then the Finance Director of the DNC. In December 1994, Chung wrote Sullivan to relate that he would be bringing a group of Chinese businessmen to the White House, including Shi-Zeng Chen, the founder and president of Tangshan Haomen Group.<sup>20</sup> Chung requested Sullivan’s assistance in arranging lunch at the White House Mess, and asked that the delegation be allowed to have their photograph taken with President Clinton after his weekly radio address.

To speed this process along, Chung made a \$40,000 contribution to the DNC in the name of his company, AISI. Although Sullivan would later come to suspect that Chung was laundering foreign money into the DNC — and although Chung explicitly told Sullivan that Chen would “play an important role in our future party functions”<sup>21</sup> — Sullivan was apparently unconcerned about this AISI donation and accepted it without question. Chung was admitted to the White House on December 19, 1995, the same day that FEC records show the DNC’s receipt of his \$40,000.<sup>22</sup> The next day, Chung, Shi-Zeng Chen, and the rest of the Haomen delegation were admitted to the White

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<sup>19</sup> Ex. 9.

<sup>20</sup> Ex. 10.

<sup>21</sup> Ex. 10.

<sup>22</sup> The Committee never received the WAVES records of Shi-Zeng Chen, and was therefore unable to determine whether he also entered the White House on this date.

House residence for a holiday reception;<sup>23</sup> they had their pictures taken with the President and the First Lady.<sup>24</sup>

### **The Radio Address**

Despite Chung's \$40,000 contribution, however, DNC Finance Director Richard Sullivan had only partly fulfilled Chung's request: the Haomen group had not been able to attend the President's radio address as Chung had requested. Two months later, Chung again requested Sullivan's assistance in arranging visits to the DNC and to the White House for his business clients — another group of Chinese business executives<sup>25</sup> — this time presenting a longer and more specific list of requested services. In a letter dated February 27, 1995, Chung requested that Sullivan help arrange (1) a meeting with President Clinton, (2) a meeting with Vice President Gore, (3) lunch at the White House mess, (4) a tour of the White House, and (5) a meeting with Commerce Secretary Ron Brown.<sup>26</sup> Chung sent an identical letter to Eric Sildon at the DNC,<sup>27</sup> and faxed a letter to Ann McCoy of the White House Visitor's Office requesting her assistance in arranging a White House tour.<sup>28</sup> He

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<sup>23</sup> WAVES records for December 20, 1994 holiday reception (Ex. 11).

<sup>24</sup> *See* AISI brochure containing picture of Chung and Shi-Zeng Chen with the President and the First Lady (Ex. 12).

<sup>25</sup> Letter from Johnny Chung to Richard Sullivan, Feb. 22, 1995 (Ex. 13) (providing list of people who would be visiting the White House and the DNC).

<sup>26</sup> Letter from Johnny Chung to Richard Sullivan, Feb. 27, 1995 (Ex. 14).

<sup>27</sup> Letter from Johnny Chung to Eric Sildon, Feb. 27, 1995 (Ex. 15).

<sup>28</sup> Letter from Johnny Chung to Ann McCoy, Feb. 28, 1995 (Ex. 16).

apparently also asked Mark Middleton for help in setting up meetings with President Clinton and Vice President Gore, and in arranging a luncheon at the White House Mess.<sup>29</sup>

By now, at least, Sullivan was becoming suspicious, and did not help Chung as much as he had for the Haomen delegation. According to Sullivan,

Johnny had showed up at the DNC and asked if I would get in — said that he would make a contribution to us of \$50,000 if I would get he and five members of his entourage into a radio address with the President. They were all for [sic] China.<sup>30</sup>

This time, Sullivan later claimed, he was concerned about accepting money from Chung:

We had gotten money from Johnny previously. I think he had contributed about 100,000 to that point over the past year, and the fact that — him showing up with these five people from China, I had a concern that he might-that they-he might be taking — I had a sense that he might be taking money from them and then giving it to us, you know. That was my concern.<sup>31</sup>

Though Sullivan was unaware of it at the time, there were indeed some grounds for concern in this respect. On March 6, 1995, three days before Chung made his next \$50,000 contribution to the DNC — in connection with the visit of this second group of Chinese executives — he received a wire transfer from the Haomen Group in the amount of \$150,000.<sup>32</sup> Chung has claimed that he made his DNC contribution entirely from personal funds, and that the wire transfer was made as part

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<sup>29</sup> *Id.*

<sup>30</sup> Deposition of Richard Sullivan, June 4, 1997, p. 228.

<sup>31</sup> *Id.*

<sup>32</sup> Record of wire transfer from Haomen Group to Johnny Chung's California Federal Bank account (Ex. 17); California Federal Bank statement for account of Johnny Chung or Katharina T. Chung for period ending March 26, 1995 (Ex. 18).

of a joint venture with the Haomen businessmen.<sup>33</sup> As of February 28, 1995, however, the balance of the account upon which his check was drawn was only \$9,860,<sup>34</sup> and Chung was apparently never engaged in any U.S. business with the Haomen Group.

Although Sullivan had concerns about accepting Chung's contribution, he was nevertheless willing to arrange a meeting for Chung and his delegation with DNC Chairman Don Fowler.<sup>35</sup> After meeting with Chung and the delegation, Fowler sent a follow-up letter to one of the delegation members, Zheng Hongye,<sup>36</sup> describing Chung as "an excellent facilitator" and declaring that the "Democratic Party is lucky to have him as one of our most ardent DNC members."<sup>37</sup> Despite Fowler's enthusiasm, however, Sullivan did not accept Chung's proffered contribution and refused to help him arrange the requested White House services.

Stymied with the DNC, Chung then appealed directly to the First Lady's office for help with his delegation's visit. On March 8, 1995, Chung requested Evan Ryan's assistance in obtaining four

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<sup>33</sup> Glenn Bunting and Alan Miller, "2 Donors to Democrats Linked to Asian Funds," *Los Angeles Times*, July 11, 1997, p. A1. The Committee has received a detailed proffer from Johnny Chung and his attorney, as part of their request for immunity in exchange for Chung's testimony after he invoked his Fifth Amendment privilege against self-incrimination. The Committee, however, declined to offer Chung immunity. The information contained in Chung's proffer has not been used in the preparation of this report.

<sup>34</sup> Ex. 18. Chung, however, claims that he had more than enough to afford the \$50,000 in other accounts. *See* William Rempel & Alan Miller, "First Lady's Aide Solicited Check to DNC, Donor Says," *Los Angeles Times*, July 27, 1997, p. A1.

<sup>35</sup> Memorandum from Richard Sullivan & Ari Swiller to Katherine, March 1, 1995 (Ex. 19) (discussing scheduling request for Chairman Fowler on March 8); *see also* Ex. 14 (noting "meet Don Fowler").

<sup>36</sup> Deposition of Donald L. Fowler, May 21, 1997, p. 324; *see also* Letter from Don Fowler to Zheng Hongye, March 14, 1995 (Ex. 20) (discussing their meeting the previous week).

<sup>37</sup> Ex. 20.

benefits: (1) a tour of the White House; (2) lunch in the White House Mess; (3) a photo with the First Lady; and (4) an invitation to attend the President's Radio Address for himself and his delegation.<sup>38</sup> To clarify his point, in making these requests, Chung told Ryan that he would also be making a contribution to the DNC when he was in Washington, D.C. for this trip.<sup>39</sup> Although Ryan did not recall Chung mentioning a specific amount, she recalled learning at some point by March 10, 1995, that he intended to give \$50,000.<sup>40</sup>

Although the DNC had turned him away, Chung had better luck at the White House. After talking with Chung, Ryan immediately informed Maggie Williams of the requests to see if they could be fulfilled.<sup>41</sup> According to Ryan, Williams responded "that we would look into it [in order to] see if we could arrange anything,"<sup>42</sup> and instructed Ryan to make the telephone calls necessary to arrange a White House tour and lunch at the White House Mess for Chung's delegation of Chinese businessmen.<sup>43</sup>

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<sup>38</sup> Ryan deposition, p. 69. Chung did not request Ryan's assistance in arranging a meeting with Secretary Ron Brown. Richard Sullivan and Ari Swiller's memorandum to Katherine mentioned that Chung and the delegation from China would be meeting with Secretary Brown during the afternoon of March 9, 1995. *See Ex. 19.*

<sup>39</sup> Ryan deposition, p. 75.

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

<sup>41</sup> *Id.*, p. 77.

<sup>42</sup> *Id.*

<sup>43</sup> *Id.*, pp. 84-85.

In this same conversation, Ryan also told Williams that Chung intended to make a contribution to the DNC.<sup>44</sup> Upon hearing this, Williams said that the DNC might be able to use this money to pay debts it owed the White House, and told Ryan that she would accordingly speak to Fowler about this matter.<sup>45</sup> Williams apparently attempted to reach Fowler at least twice that same day, because Fowler left two messages for Williams on March 8, 1995, indicating that he was returning her calls.<sup>46</sup>

Having been instructed by Williams to help arrange for his delegation to visit, Ryan informed Chung that the First Lady's staff would try their "best" to fulfill his requests.<sup>47</sup> According to Ryan, this pleased Chung; he told Ryan that he hoped Williams would get "credit" for his DNC contribution.<sup>48</sup> After Chung left, Ryan set about making the necessary arrangements. Ryan called the White House Mess to make a reservation in Williams' name for Chung and his group,<sup>49</sup> and called Ann McCoy in order to arrange for a tour of the White House.<sup>50</sup> Ryan did not make the

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<sup>44</sup> *Id.*, p. 77.

<sup>45</sup> *Id.*, pp. 80-81.

<sup>46</sup> Telephone message slips to Maggie Williams from Don Fowler dated March 8, 1995 (Ex. 21).

<sup>47</sup> Ryan deposition, p. 84.

<sup>48</sup> *Id.*, p. 86. Ryan also testified that at some point on March 8 or 9, 1995, Chung told her that "he wanted this check to go to Maggie to be delivered to the DNC." *Id.*, pp. 83-84.

<sup>49</sup> *Id.*, pp. 93-94.

<sup>50</sup> *Id.*, pp. 91-92.

arrangements for the photo opportunity with the First Lady, however, because she understood this to be Williams' responsibility.<sup>51</sup>

Chung and his delegation arrived at Ryan's office around 11:30 a.m. on March 9, 1995. Ryan then escorted them to the White House Mess for lunch,<sup>52</sup> after which they were given a private tour of the White House.<sup>53</sup> After the tour, Chung and his delegation returned at approximately 2:00 p.m. that afternoon and were escorted to the Map Room by Ryan for their photo opportunity with the First Lady arranged by Williams.<sup>54</sup>

After the photograph, Ryan returned with the group to her office, where Chung told her that "he wanted to give his contribution to Maggie and wanted to have her get it to the DNC."<sup>55</sup> According to Ryan, when she stepped into Williams' office to inform Williams of Chung's desire to do this,<sup>56</sup> Williams asked Ryan to bring Chung into the office.<sup>57</sup> As Ryan stood at the door of Williams' office, Chung handed Williams an envelope containing a check for \$50,000 made out to the DNC.<sup>58</sup> This contribution apparently made it possible for Chung to achieve what had hitherto

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<sup>51</sup> *Id.*, p. 97.

<sup>52</sup> *Id.*, p. 103.

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

<sup>54</sup> *Id.*, p. 105.

<sup>55</sup> *Id.*, p. 114.

<sup>56</sup> *Id.*, p. 116.

<sup>57</sup> *Id.*, p. 117.

<sup>58</sup> *Id.*, pp. 117-18; *see also* Williams deposition, pp. 173-74 (recounting accepting envelope given her by Chung to pass along to DNC); copy of canceled check for \$50,000 to the DNC dated March 9, 1995 from Johnny Chung and Katharina Chung (Ex. 22). Chung also handed Williams two sweaters for the First Lady on March 9, 1995. *See* White House Gift Register (Ex.

been denied him: his clients' attendance at President Clinton's weekly radio address on March 11, 1995.

According to Chung, in fact, Williams and Ryan had actively solicited the donation. Upon meeting Ryan on March 8, Chung recalled, he had asked whether his friends could have lunch in the White House Mess and meet the First Lady — and whether there was anything that he could do, in return, to help the White House. Ryan told him that “the first lady had some debts with the DNC” on account of expenses incurred through White House holiday festivities; Chung believes that Ryan mentioned a figure of about \$80,000.<sup>59</sup> Ryan told him that she was relaying this request on behalf of Williams, who hoped that Chung could “help the first lady” defray these costs. As Chung remembers it, at that point “a light bulb goes on in my mind. I start to understand . . . I said I will help for \$50,000.”<sup>60</sup>

Although Williams testified that she did not recall making arrangements for Chung and his delegation to attend the radio address,<sup>61</sup> a memorandum from Betty Currie, the President's personal secretary, indicates that Williams had some involvement.<sup>62</sup> More specifically, Chung recalls that after

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23); White House gift tracking form for two sweaters presented by Johnny Chung to Maggie Williams on March 9, 1995 (Ex. 24). Although Ryan testified that she did not remember seeing Chung present the sweaters to Williams, she did remember seeing them on Williams' couch on either March 8 or 9. Ryan deposition, p. 124.

<sup>59</sup> Rempel & Miller, *supra* note 34. Though Ryan did not supply a figure, this account of unpaid DNC debts corresponds closely to Ryan's own recollection. *See* Ryan deposition, p. 81.

<sup>60</sup> Rempel & Miller, *supra* note 34.

<sup>61</sup> Williams deposition, p. 198.

<sup>62</sup> According to this memorandum, Ceandra Scott of the DNC had been “concerned about Johnny Chung” and informed Currie that  
we should have called them prior to their coming to the Radio Address.

he handed his envelope to Williams, she immediately led him into her private office and telephoned to reserve his group a table at the White House Mess.<sup>63</sup> DNC officials apparently also played a role in setting up the radio address.<sup>64</sup> According to Fowler,

Johnny Chung called my office, not me but my office, and Carol Khare talked to him. He said that he and some friends wanted to go to a Saturday radio address. This was just a few weeks after I came up there. Ms. Khare didn't know anything about — any more about that process than I did. She went out to this open area where the clerical people were and said, "This guy in here wants to go to the White House address. Does anybody here know how to do that or know anything about it?"

Sandra [sic] Scott, who was still there, said, "Yes, I know the person at the White House who does that." And Ms. Khare said, "Will you call and see if it can be done?" She called her friend — and I don't know how [sic] that person is, not at all — and said, "Can you arrange this?" And she said, "I don't know. I will try."

Ms. Khare went back and reported that to Chung and that's what I know about it and it's all hearsay.<sup>65</sup>

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Apparently they were in Maggie's office when request came and Maggie said she didn't know, but to contact DNC.

Memorandum from Betty Currie to Jon, March 28, 1995 (Ex. 25). According to Currie, she meant by this that Nancy Hernreich should have called Scott prior to Chung's attendance, and that Chung was in Williams' office when he requested an invitation to the radio address. Williams, Currie explained, claimed not to know how to arrange Chung's attendance, but recommended contacting the DNC. Deposition of Betty W. Currie, Aug. 7, 1997, pp. 95-102. (Currie could not explain, however, why Scott would believe that someone at the White House needed to contact her before Chung could attend the radio address. Currie did not have any other recollection of her memorandum. *Id.*, p. 103.)

<sup>63</sup> Rempel & Miller, *supra* note 34.

<sup>64</sup> See list of attendees at Radio Address (Ex. 26). Johnny Chung and the delegation from China are listed under the category of "DNC Donors." (The list of attendees at the Radio Address also includes what appears to be the President's left-handed check mark next to the "DNC Donors" category.)

<sup>65</sup> Fowler deposition, pp. 154-55.

Indeed, according to an NSC e-mail message, it was Fowler himself who stepped in during the evening before the March 11, 1995 radio address to ensure that Chung could attend. According to this document, the

head of the DNC asked the President's office to include several people in the President's Saturday Radio Address. They did so, not knowing anything about them except that they were DNC contributors.<sup>66</sup>

In any event, it was the Office of Oval Office Operations that apparently made the final arrangements for Chung's attendance at the radio address.<sup>67</sup>

Despite the fact that Chung's requests had now been fulfilled, Sullivan informed Chung that the White House — acting on the advice of NSC staff members — did not intend to release copies of the photographs Chung's delegation had taken with the President.<sup>68</sup> Displeased by this, Chung faxed letters on April 5, 1995 to Williams seeking her assistance in obtaining these pictures.<sup>69</sup> According to an e-mail message sent to other NSC officials on April 7 by NSC staff member Melanie Darby,<sup>70</sup> Darby soon thereafter spoke with or received a message from Nancy Hernreich — whose

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<sup>66</sup> E-mail from Melanie Darby to Roseanne Hill, Stanley Roth and Robert Suettinger, April 7, 1995 (Ex. 27).

<sup>67</sup> See Deposition of Nancy Hernreich, May 21, 1997, p. 60. Hernreich testified that her assistant schedules the attendees at radio addresses; at the time Chung and the delegation from China attended, Hernreich's assistant was Kelly Crawford. *Id.* According to press reports, Carol Khare took Chung's call to Don Fowler requesting a face-to-face meeting with the President and referred the request to Ceandra Scott. Scott contacted the First Lady's office, whereupon the request to let Chung and the delegation attend the Radio Address was approved by Crawford. See, e.g., Marc Lacey, "Missing Donor Still Target of Brickbats," *Los Angeles Times*, Nov. 14, 1997, p. A14.

<sup>68</sup> See letter from Johnny Chung to Maggie Williams, April 5, 1995 (Ex. 28) (regarding photos from Radio Address).

<sup>69</sup> See *id.*

<sup>70</sup> Ex. 27.

office had arranged Chung's attendance at the radio address and who now urgently needed to know whether or not she could give Chung the photos from the radio address when he stopped by her office the next day.<sup>71</sup> Although Sullivan had by that point already told Chung of the problem with the photographs, there is no evidence that the NSC was asked whether the photos could be released until April 7, 1995.<sup>72</sup> In fact — although Fowler's office reportedly wanted to release the photographs because "these people are major DNC contributors"<sup>73</sup> — it appears that the photos were retained because of concerns expressed by the President himself.<sup>74</sup>

Replying to Darby's query, however, NSC staff member Robert Suettinger cautioned her that he thought Johnny Chung was a "hustler" who "should be treated with a pinch of suspicion" and predicted that Chung would "become a royal pain, because he will expect to get similar treatment for future visits."<sup>75</sup> Nevertheless, Suettinger did not "see any lasting damage to U.S. foreign policy" by giving Chung the photos and that "to the degree it motivates him to continue contributing to the

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<sup>71</sup> Hernreich testified that she did not make this request to the NSC and does not know who did. Hernreich deposition, pp. 64-65. This testimony directly contradicts a White House document listing Chung's name and those of the members of his Chinese delegation, which also contains a handwritten note to Nancy Soderberg of the NSC. Name List of Delegation (Ex. 29). This handwritten note appears to be from Hernreich, because it is signed "NH" and was made with the same type of calligraphy pen Hernreich customarily uses. *See* Hernreich deposition, p. 125. Although a portion of this note is illegible, it references the Chung radio address and states that "before photos are sent out we need to know if we should not send them." Ex. 29.

<sup>72</sup> This was the date of Darby's e-mail message to other members of the NSC staff inquiring about this matter. *See* Ex. 28.

<sup>73</sup> Ex. 28.

<sup>74</sup> *See id.* (recounting Chung photograph issue to NSC staff). Moreover, Hernreich recounted that the President had said, with regard to the attendance of Chung's group at the radio address, that "[w]e shouldn't have done that." Hernreich deposition, p. 67. Hernreich understood this to mean that Chung's clients were "inappropriate foreign people." *Id.*, pp. 67-68.

<sup>75</sup> E-mail from Robert Suettinger to Melanie Darby, April 7, 1995 (Ex. 30).

DNC, who am I to complain?”<sup>76</sup> At some point thereafter, the photographs appear to have been given to Chung.<sup>77</sup>

As Suettinger’s comments suggest, White House officials were apparently willing to overlook Chung’s faults in light of his considerable contributions to the DNC. Indeed, after the radio address episode, Chung was admitted into the White House at least 16 additional times, 12 of which were at the request of Evan Ryan.<sup>78</sup> “Hustler” or not, Johnny Chung was a source of money for the DNC, and the White House granted him and his Chinese clients almost unquestioned access — even to the point of actually considering hiring Chung’s company to work for the White House and the DNC.<sup>79</sup>

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<sup>76</sup> *Id.*

<sup>77</sup> See White House contact sheet of photos with the First Lady from March 9, 1995 (Ex. 31). On April 11, 1995, in fact, Carol Khare apparently sent a fax to Chung exclaiming that, “[t]he White House assures me that you now have the pictures — hurray! If you don’t, give me a call.” Facsimile cover sheet from Carol Khare to Johnny Chung sent April 11, 1995 (Ex. 32). Hernreich, however, claimed to have been unaware that Chung had received the photos. See Hernreich deposition, p. 66.

<sup>78</sup> See White House Visitor Summary for Johnny Chung (Ex. 5). Despite Suettinger’s warning, Maggie Williams, who had instructed Ryan to admit Chung, testified that the NSC never informed her that Chung should be treated with a “pinch of suspicion.” Williams deposition, p. 202.

<sup>79</sup> As detailed in White House documents only produced to the Committee in mid-January 1998 — after its investigation had been completed — Chung’s contributions appear also to have persuaded Harold Ickes and Erskine Bowles to urge the DNC to hire Chung’s company. Ickes told the DNC’s Bobby Watson, for example, that he “strongly urge[d]” the DNC to acquire a broadcast fax capability through AISI: “Johnny Chung’s firm has such capability which should be negotiated.” Memorandum from Harold Ickes to Bobby Watson, July 17, 1995 (Ex. 33). White House officials also met with AISI representatives to inquire into the possibility of hiring the company, although they ultimately concluded that there would be “legal concerns” were the White House itself to hire Chung. See Memorandum from Brian Bailey for Distribution, March 8, 1995 (Ex. 34). According to Bailey, “[i]n prior administrations, similar proposals for mass communications have been rejected by White House Counsel, which viewed such activities as violations of anti-lobbying rules.” Memorandum from Brian Bailey for Erskine Bowles, March 21, 1995 (Ex. 35) (emphasis in original). Because of these worries, Bailey recommended that the DNC, rather than the White House pursue this matter with Chung.

White House and DNC officials, therefore, treated Johnny Chung, his business, and his Chinese clients as favored guests, “not knowing anything about them except that they were DNC contributors.”<sup>80</sup> That was, apparently, all that mattered.

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<sup>80</sup> Ex. 27.