

The PUBLIC *i*

ROCKY MOUNTAIN HIGH-FLIER

by Rebecca Borders & Alejandro Benes

Of all the challenges faced by a new president, changing the way Washington does "business as usual" seems to continue to be among the most difficult. Some new presidents never take on the challenge and some promise that their administration will be the most ethical ever. The reality is that no president has cracked the mercenary culture. The current administration continues the tradition as can be seen in the case of Mike Stratton and the Department of Commerce.

Mike Stratton lives in Colorado, and is a Democratic political consultant and lobbyist. Stratton also did "freelance" work for the Commerce department as an advance-man setting up Secretary Ron Brown's foreign trade missions. [See accompanying article, "Tripping With the Secretary"] For this work Stratton was paid \$300 a day, plus thousands of dollars in expenses.

Federal law allows freelancers to work no more than 130 days out of a 365-day cycle. By July of 1994, Stratton had worked the limit. Government records show that Stratton was hired in August of 1994 as a "special employee" of the Commerce department. This was a way to get around the limit on consultants and have Stratton work on the big trip to China that the secretary was going to make in August and September.

"I was never in any way, shape or form a full-time employee of the Commerce department," Stratton said. When it was pointed out that the documents confirmed that he was classified as a "special employee" based full-time in Washington, Stratton said, "This is total news to me." Federal procedure dictates that everyone who works for the government receive a copy of their hiring papers.

During the nearly two months that Stratton was a Commerce department "special employee," he spent relatively little time at his Washington post. "I was never in Washington," he confirmed. His ticket to Beijing shows that he flew there from Denver instead of flying out of Washington with the other advance teams. By the time he got back from the China trip, Stratton's appointment had a month left. So Stratton, in October, went back to his consulting business.

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S P E C I A L I S S U E

OCCASIONALLY THE CENTER WILL PUBLISH A SPECIAL ISSUE OF *THE PUBLIC I* IN AN EFFORT TO PROVIDE A COMPREHENSIBLE RECORD OF CERTAIN EVENTS.

TRIPPING WITH THE SECRETARY

by Rebecca Borders & Alejandro Benes

In speaking up for his Commerce secretary after the Justice Department recommended that an independent counsel investigate his financial dealings, President Bill Clinton said Ron Brown's leadership had resulted in "expanded opportunities for American businesses in this country and abroad." The president, inadvertently to be sure, pointed to an issue that is not the first target of inquiry for the independent counsel, but that will attract attention as the investigation goes on. The issue is whether Ron Brown, the former chairman of the Democratic party who at the same time worked as a lobbyist, allowed "American businesses to expand their opportunities" by doing favors and by enlarging the coffers of the Democratic National Committee and the 1992 Clinton campaign. Several of those businesses are among those attending the Western Hemisphere Trade and Commerce Forum in Denver from June 29 to July 2.

When Ron Brown was simultaneously a partner at the preeminent Washington law and lobbying firm of Patton, Boggs and Blow and chairman of the Democratic National Committee (DNC), he was renowned as the consummate deal-maker. By all appearances, Brown's Department of Commerce has continued to apply the art of the deal. As one Justice Department investigator put it, a

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The issue raised by all of this comes from the fact that Stratton never left his political consulting business when he took the government job at Commerce and was required to sign the federal declaration to abide by all federal rules and regulations.

Significantly, at the same time Stratton was performing full-time duties for the Commerce department, he was also performing full-time duties for the reelection campaign of Colorado Governor Roy Romer.

"There were times where he [Stratton] had other projects and commitments, but the campaign got 40 hours a week minimum," Romer spokesman Jim Carpenter told *The Public i*. "There was never any conflict or reason to recuse himself from the campaign." According to Carpenter, Stratton was paid between \$5,000 and \$6,000 a month for his work on the Romer campaign.

Additionally, at the same time Mike Stratton was listed as a special and full-time employee of the Commerce department and a M-time consultant to the Romer campaign, he and his firm, Public Decisions, Inc., continued their role as registered lobbyists in Colorado representing clients such as Lockheed Automated Systems, Merck and Company, Inc., Pacific Corp., Electric Operations, Scientific Application International Corp., Woodward-Clyde, First Hospital Corp., Outdoor Systems, Inc., Spectator Management Group, Taco Bell Corp., and Equifax Corp.

All of the companies Stratton's firm represents are regulated by federal agencies, including the Commerce department.

Beyond the full-time work simultaneously done for two bosses, and perhaps most interesting of all, is that Mike Stratton advanced the Commerce secretary's trips to India and Russia and the company for which his wife works, US West, had seats on the planes. Stratton denies he had anything to do with that.

Sara Stratton is manager of investor relations at the Englewood, Colorado-based telecommunications corporation, US West, Inc. Richard McCormick, chairman, president and CEO of US West, traveled with Brown to India in January of this year where the company was awarded a \$1 million pilot project to provide telephone services to the Tamil Nadu state circle. The Commerce department was accused by other telecommunications companies of playing favorites with US West because the contract was not open to competitive bidding. Richard D. Callahan, president of international development for US West, traveled with Brown to Russia in 1994. In 1992-1993, US West contributed a relatively small sum, \$25,000, to the Democratic Congressional Campaign Committee and the Democratic National Committee.

Congressional investigators are looking into Stratton's activities. The question is whether Stratton or the Commerce department broke the law.

"Special employees" can have outside interests and income, however, the Code of Federal Regulations (CFR, 2635.402(b)(2)(i) and 18 USC 208(a)) provides that when it comes to spouses, the employer (US West)

The Public i is the newsletter of the Center for Public Integrity. The Center for Public Integrity was established in 1989 to create a mechanism through which important, national issues can be investigated and analyzed by talented, responsible journalists over a period of months and the written material can be presented in full form without the traditional time and space limitations. Published Center studies then become resources for reporters, community groups and academics. Articles may be reprinted free of charge. Please send tear sheet to:

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and financial interests (Sara Stratton's compensation from US West) are imputed "as your own for purposes of conflict of interest." In other words, in these matters Stratton has the same relationship to US West as does his wife.

Stratton sees it all differently. "What I'm guilty of is being a Democrat and a consultant. And since the new Congress it's open season on Democrats," he said, before he stopped taking our calls. "They [Republicans] are trying to take Ron Brown and I'm standing downwind from that."

DOING THE BUSINESS

Stratton has worked for RJR Tobacco as a consultant on smokers' rights meetings, according to company spokesperson Maura Ellis. "He doesn't lobby for us," Ellis said. Stratton told us that his firm also represents Global Green, a Washington-based environmental cleanup company. He also characterized his work for the Commerce department as being "technical." "A lot of people who consult with the government have technical skills," Stratton said. "I do cars, trains and planes. I don't work on policy stuff."

But Stratton earlier admitted, and now denies that he has used the advance work done for Ron Brown's foreign trips to gain new contacts for his own consulting business. "Absolutely. I'm proud to be a consultant to the Commerce department," Stratton said. "I'm not afraid to tell people I'm a consultant to the Commerce department."

Since he began working in September of 1993 for the Commerce

department, Stratton has advanced Brown's trips to India, Israel, Russia, China, Brazil, Northern Ireland and Singapore. The records show that he has done more of this than any other single advance consultant, working more than half of 1994 for Commerce.

The consulting began after Stratton submitted a memorandum to the Commerce department listing his "Qualifications for Intermittent Expert-Consultant." The qualifications included work in scheduling and advance for some of Colorado's most prominent Democrats: former U.S. Senator Floyd Haskell; former U.S. Senator and presidential candidate Gary Hart; Governor Roy Romer. Stratton also listed work for the Dukakis/Bentsen campaign as "Colorado State Director" and for the Clinton/Gore campaign as "Colorado Consultant." Before getting on board with Clinton, Stratton notes that he worked for Kerrey for President.

The item that most directly connects Stratton to Commerce Secretary Ron Brown is listed as "1992: Director of Scheduling/Advance; Office of the Chairman, Democratic National Convention." As chairman of the Democratic National committee, Ron Brown was also head of the convention in New York. But the connection between Stratton and the Clinton cabinet goes back further than that.

In 1988 and 1989, Stratton was a paid organizer for the referendum votes on whether to build Denver's just-opened international airport. This was in addition to his role as an adviser to the then-mayor of Denver,

Federico Pena, who is now secretary of the Department of Transportation. While he was mayor of Denver, Pena hired the Washington firm of Patton, Boggs and Blow to lobby on behalf of the airport. Ron Brown was the lobbyist who took on the project for the firm.

Brown's former firm, Patton, Boggs and Blow, continues to represent various interests in Denver, including the Denver Department of Transportation and the Denver Planning Department. Stratton continues to work for the mayor of Denver, who is now Wellington Webb, most recently in Webb's successful bid for reelection.

Stratton's links to Colorado Democrats are hardly insignificant in all this. His connections are important to any effort made by Bill Clinton to win the west in 1996. (Stratton contributed the maximum \$1,000 to the Clinton presidential defense fund.) So is the Western Hemisphere Trade and Commerce Forum that will be held in Denver between June 29 and July 2, 1995. The Commerce department denied that Mike Stratton was involved with the planning for the forum, but other reports indicate that any major involvement by Stratton was jettisoned only after he was the subject of stories by the Center for Public Integrity and media in Denver examining his activities. According to sources involved with the forum, Stratton still has a "small piece."

Repeated inquiries about Stratton's involvement made to the forum's Denver offices yielded responses that included, "He's in a meeting," and "I

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corporation can “pay to play.” American giants such as AT&T and ARCO, among others, which made contributions to the DNC or the 1992 Clinton campaign, have gotten seats on Brown’s plane when he has traveled to far-off lands to meet with foreign governments in an effort to promote American business.

The seat on the secretary’s plane can be viewed essentially as the quid pro quo relationship between contributors and the administration. Those DNC and Clinton contributors, with Brown’s assistance, then were in a position to cut their own deals for projects in those foreign countries whose representatives attended meetings with the U.S. delegation.

Two pieces of paper that recently became available further support the notion that the Commerce department gave favorable treatment to friends of Ron Brown, Bill Clinton and the Democratic Party. These documents come from the 30,000 pages that Judicial Watch, a Washington group, had to sue to get from the Commerce department.

WERTHEIM SCHRODER & CO.

One of the illuminating documents is a letter from Tony Coelho to Melissa Moss, the director of Commerce’s Office of Business Liaison and formerly the DNC Finance Director under Brown. Coelho, who contributed the maximum-allowable \$1,000 to the Clintons’ legal defense fund and is an unpaid adviser to the Clinton White House and was senior adviser to the Democratic National Committee up until the last election, is the managing director of the investment banking firm Wertheim Schroder and Co. In the letter to Moss, Coelho expresses his appreciation for Moss’ “willingness to help in having our Chairman and CEO, James A. Harmon, invited to participate in the Secretary’s trip to China.”

Wertheim Schroder, as Coelho further states in his July, 1994, letter to Moss, had just received a license from the government of China to open an office in Shanghai. The company has had an office in Hong Kong “for a number of years.” Coelho was not shy in his letter to Moss seeking to get Harmon on the trip, writing that, “If you think there is anything more I can or should do to make this happen, including speaking directly to the Secretary, please let me know as this is very important to me.”

The importance to Coelho was to show to clients and potential clients that Wertheim Schroder had access to the

highest levels of the US government. In August and September of 1994, Ron Brown led a US trade delegation to China. James Harmon was on the plane.

Neither Coelho nor Melissa Moss returned our calls.

ENTERGY

The second piece of paper is a June, 1994, interoffice memo to the file at the New Orleans-based Entergy Corporation, one of the companies invited to the Denver trade summit, written by “JCB” who made a trip to Washington “to meet with Department of Commerce officials...regarding Entergy’s China Projects.” “JCB,” whom Entergy’s spokesman could not immediately identify, “Met with Jude Kearney [Deputy Assistant Secretary for Service Industries and Finance in the International Trade Association at the Commerce department and a staffer to Clinton when he was governor of Arkansas] regarding Secretary Brown’s upcoming trip to China.” The memo further states that Kearney, “Indicated competitive nature of being selected to ride on the plane with the Secretary. Also indicated that politics of the situation were important and he as a political appointee would push those that were politically connected.” Entergy certainly is “politically connected” to the Clinton administration and to the Democrats.

Entergy is the parent company of various US electric companies, including Arkansas Power & Light (AP&L). President Clinton has maintained a long and politically-prosperous relationship with AP&L for years. Members of AP&L’s and Entergy’s boards are close Clinton supporters and fundraisers. Beryl Anthony, a former Democratic congressman from Arkansas and former chairman of the Democratic Congressional Campaign Committee (DCCC), serves as one of the company’s Washington lobbyists. Anthony is a partner at the Washington law and lobbying firm of Winston and Strawn and also represents the Hong Kong Trade Development Council. Anthony is married to Clinton political appointee Sheila Foster Anthony, sister of the late White House counsel Vince Foster.

In 1992, while Brown was chairman of the party, Entergy contributed \$20,000 to the DNC Building Fund. Since 1993, Entergy has contributed \$43,000 to the DNC and \$20,613 to the DCCC. The *Minneapolis Star-Tribune* reported that Entergy also made a contri-

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bution to the Democratic Leadership Council (DLC) at the time that Clinton served as its chairman. Neither Entergy nor the DLC would disclose the amount. Arkansas campaign finance records are sketchy, but it's worth checking further to see how much Entergy contributed to Clinton campaigns for governor. The bottom line is, the Center for Public Integrity has documented at least \$83,613 in contributions during the past three years.

No surprise that Entergy chairman Ed Lupberger got his boarding pass to travel with Ron Brown to China and Hong Kong.

Entergy signed two major contracts while on the China trip with Brown. Brown attended the first signing ceremony. On August 30, 1994, in Beijing, Entergy announced what is estimated to be a \$465 million share of a \$1 billion deal with the Lippo Group of Hong Kong. Entergy will manage and expand Lippo's 1,200 megawatt power plant in northern China. Entergy's second contract for an estimated \$400 million was signed in Guangzhou on September 1, 1994, to help build two 660-megawatt generating stations.

In November of 1994, President Clinton and Brown led a trade delegation to Indonesia. Entergy also came home with lucrative deals from that trip. Entergy became part of a consortium of power companies which also includes the PT Transmega Ekacipta Corporation of Jakarta, Indonesia. The consortium signed the \$300 million contract for a 200 megawatt coal-fired power plant to supply the state-owned electric company with power.

The consortium also signed a deal for a \$200 million power project with the PT Panha Serodia Pradhana to build a 110 megawatt coal-fired power plant for the Indonesian state-owned electric company.

In his press release announcing the deals in China, Entergy's CEO, Ed Lupberger, said, "This is an example of how US business and industry and the governments of China and the US can work together for the mutual benefit of everyone involved."

From its China deals, Entergy will benefit to the tune of contracts worth an estimated \$1.3 billion.

Neither Entergy's nor Jude Kearney's spokesmen could comment on "the politics of the situation."

There are numerous examples of how companies which did as little as simply throw a cocktail party at the 1992 Democratic convention, to companies that contributed hundreds of thousands of dollars to the campaign and party also had executives fly with Brown on foreign trips. In each case the company contributions or favors were done during, or subsequent to, Brown's tenure as chairman of the DNC. The companies involved include some of the country's largest.

ARCO

The oil company ARCO, the Atlantic Richfield Company, donated \$278,317 to the DNC in 1991 and 1992 while Brown was the party chairman. From 1993 through 1994, ARCO gave \$164,500 in soft money to the DNC. The total contribution to the Democrats was \$442,817. In August and September of 1994, Lodwick Cole, ARCO's chairman, traveled with Brown to China and Hong Kong. Walter Tusinski, ARCO's chief financial officer, went to South Africa with Brown in November of 1993. Cook closed a deal opening the Chinese territorial waters for oil and gas exploration. It was signed on December 19, 1994, just four months after the Brown trip. In November, 1994, ARCO announced an agreement to take a 9.9% equity stake in China's state-owned oil refinery, the Ahenhal Refining and Chemical Company. An ARCO executive informed us that the company does not give out details, or dollar figures, of the deals it makes. ARCO Coal Company is on the Commerce department list for the Denver forum.

AT&T

In 1992, while Brown was chairman of the DNC and head of the convention in New York, AT&T gave \$400,000 to the DNC. In March of 1994, William Marx, the CEO of AT&T Network Systems Group, traveled with Brown to Russia. (The group has been invited to the Denver trade forum.) Anthony Fazio, senior VP for AT&T/NCR, went to South Africa with Brown in 1993. In September, 1994, AT&T announced that AT&T Tridom, along with IBM and Sabre, would develop and install a state-of-the-art airline reservation system in Russia. The announcement was made in the Old Executive Office Building with Vice President Gore and Brown in attendance. In May, 1993 Brown invited AT&T executives to travel with him to Saudi Arabia where AT&T signed a \$4 billion contract to upgrade the nation's telephone system.

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- During President Clinton's South Asia trip in November, 1994, AT&T signed a \$36.7 million contract with the Philippine Telephone Corporation (Pitel) of Manila to expand and update Philippine telephone service. AT&T signed another contract with Pitel for a \$32.2 million cellular communications project. In Indonesia with Clinton, AT&T signed a \$65 million contract with PT Telekomun-ikasi of Jakarta which will eventually provide 1.1 million new telephone lines in Indonesia.

- "We've been pleasantly surprised right from the beginning of this administration with Commerce," said William Marx, CEO AT&T Networks.

- In 1993, Alex J. Mandl, executive vice president of AT&T, has been named to the President's National Information Infrastructure Advisory Council which consults the administration on the "Information Superhighway."

- AT&T also has a business relationship with Kellee Communications. Kellee Communications is a minority vendor for AT&T pay phones in airport

terminals. Up to the time he was appointed to the cabinet, Brown was a general partner of Kellee Communications. After he joined the administration, Brown gave his interest in Kellee to his son, Michael. The Justice Department probe of Brown included a look at whether he received an ethics waiver to keep his interest in Kellee and his failure to disclose Kellee's involvement with AT&T.

- Not including the undisclosed Russia deal, AT&T has signed contracts worth at least \$4.13 billion.

OCCIDENTAL

Occidental Petroleum gave \$111,950 to the DNC in 1991 and 1992, while Brown was chairman. In 1993 and 1994, the company gave \$160,014 to the DNC including a \$25,000 contribution on March 29, 1994, a day when Occidental chairman and CEO Ray Irani was traveling in Russia with Brown. Occidental, another of the companies invited to the trade forum in Denver at the end of June, was represented by Mickey Kantor, now the U.S. Trade Representative, in the late 80s when the firm applied to drill for oil off the California coast. While no Occidental contracts were signed during the Brown trip, in meetings with Brown and

Russian officials, Irani gained access to Russian officials and argued against the tariff rates charged on oil exports. Russia has a vast supply of undeveloped oil.

There are many other such examples. The 30,000 documents grudgingly released by the Commerce department have opened the window a bit wider so that we can get a better view of just how business-as-usual is still being done in the administration of a president who promised to "put people first." The documents have begun to show that the friends of the Clinton administration are the first people being put first.

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don't know if he's coming by today. Can I relay the call upstairs?"

In announcing the forum, Colorado Governor Romer joined Ron Brown and U.S. Trade Representative Mickey Kantor (who was chairman of the 1992 Clinton-Gore campaign) in proclaiming that the gathering will bring millions of dollars to the city. How much will it mean to the companies invited to attend?

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