[ERRATA]

JOHNNY CHUNG: FOREIGN CONNECTIONS, FOREIGN CONTRIBUTIONS

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENT REFORM HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

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ERRATA

The following document should have been inserted at page 3 of the printed hearing.

[The document referred to follows:]

COMMITTEE ON GOVERNMENT REFORM

MAJORITY STAFF REPORT

May 11, 1999

JOHNNY CHUNG'S STATEMENTS AND THE SUPPORTING DOCUMENTS

On April 26 and 27, 1999, Majority and Minority staff interviewed Johnny Chung, five hours the first day and four hours the second. Chung discussed events that occurred between 1992 and 1996. Majority staff allowed Chung's lawyer to review staff notes to verify their accuracy. Subsequent to the interview, Majority staff reviewed numerous documents in the Committee's possession to determine if they supported Chung's statements. While some private conversations between Chung and other individuals cannot by their very nature be corroborated with documents, in general, Majority staff found the documents supportive of Chung's statements. The following discussion details selected portions of Chung's testimony in **bold** type and a description of the documents that support that testimony in standard type:

- **After watching the presidential debates in the fall of 1992, Chung visited with Hillary Clinton in Little Rock, Arkansas, regarding his blast fax business.**

  In a letter dated April 26, 1993, First Lady Hillary Clinton wrote Chung regarding his blast fax business and apologized for her belated letter. See Exhibit 1.

- **In an effort to promote his blast fax business, Chung attended a meeting of the National Governor's Association where he posed for pictures with a number of Governors and met Reta Lewis, then-Special Assistant to the President for Political Affairs.**

Chung has photographs of himself with various governors from the event. See Exhibit 2. Lewis' business card was provided to the Committee by Chung. See Exhibit 3.

- **On August 2, 1994, John Huang, Johnny Chung, and Melinda Yee were invited to the White House by Reta Lewis to discuss an issue of interest to Taiwanese-Americans. Huang and Chung entered the White House together. Chung met with Huang, Yee and Lewis in the Indian Treaty Room.**

  White House entrance records indicate that Huang, Chung and Yee entered the White House on August 2, 1994, and were signed in by an individual with the last name of Lewis. These records further indicate that Huang and Chung entered and exited the White House at the same exact time. See Exhibit 4.

- **On two separate occasions, Chung was informed of the President's Birthday Party fund-raiser to be held on August 2, 1994. He was informed once by Reta Lewis and once by Grace Ho, a DNC official. A check from Chung was collected by Ho at his hotel on August 1, 1994.**

  Chung's bank records and DNC documents indicate that Chung wrote two checks dated August 1, 1994, totaling $11,000 in conjunction with the President's Birthday Party fund-raiser. See Exhibit 5. White House and DNC documents further indicate that Chung was made a Co-Chair of the event. See Exhibits 6 & 7. A DNC Memorandum from Grace Ho to David Mercer is evidence of Ho's involvement with Chung's contribution. See Exhibit 8.

- **At the August 2, 1994, Birthday Party fund-raiser, Chung was introduced to Jude Kearney, who told him that then-Commerce Secretary Ron Brown was organizing a business delegation to China for later in the month. Kearney chided Chung for never having visited China and encouraged him to go as an ex-officio member of the delegation. Chung visited China, where he had his picture taken with Ron Brown. During his visit to China, Chung was taken to a restaurant by Kearney where he saw Wang Mei Trie, Charlie Trie's wife; and Jim Dailey, the Mayor of Little Rock, Arkansas. Chung later saw Yah Lin "Charlie" Trie at a hotel.**

Commerce Department documents indicate that Ron Brown led a delegation to China during August 27-September 3, 1994. See Exhibit 9. A picture of Secretary Brown and Chung in addition to another Commerce Department document confirms Chung's attendance on the trip. See Exhibits 10 & 11. The document states that: "The Secretary [Ron Brown] knows Mr. Chung as he was on the trip to China with him last year." A Commerce Department memorandum discusses Charlie Trie's plans to host a brief reception for the delegation in Beijing. See Exhibit 12. Chung's passport indicates that his first visa for entry into China was issued in August 1994. See Exhibit 13.

- **Richard Sullivan began soliciting Chung for contributions to the DNC soon after Chung's August 1994 trip to China. Sullivan solicited Chung's $40,000 contribution for the DNC's December 3, 1994, fund-raiser in Los Angeles featuring First Lady Hillary Clinton. Chung took several guests, including immigration lawyer Larry Liou. On the afternoon of the December 3, 1994 event, Chung traveled to Taiwan.**

  A DNC check-tracking form indicates that Sullivan was the DNC contact for Chung's $40,000 contribution made in conjunction with the December 3, 1994, event. See Exhibit 14. A DNC list of attendees for the December 3, 1994 event indicates that a Larry Liu [sic] of Sunrider International attended the event. See Exhibit 15. Chung's passport indicates that he entered Taiwan on December 4, 1994. See Exhibit 16.

- **On December 19, 1994, Chung escorted two Chinese businessmen associated with the Haomen beer company to the DNC Business Leadership Forum fund-raiser at the Hay Adams Hotel. Chung paid $40,000 to attend this event with his guests.**

  The DNC check tracking form lists Richard Sullivan as the DNC contact for Chung's $40,000 contribution. See Exhibit 17. The White House entrance records indicate that Chung entered the White House several times on December 19, 1994. See Exhibit 18. A DNC guest list for the event lists Chung as an attendee. See Exhibit 19.

- **Chung escorted his Haomen guests to the White House Christmas party on December 20, 1994. At the party, Chung and his guests posed for a photograph with the President and Mrs. Clinton.**

Chung's guests were overt and brazen in the promotion of their beer at the White House. A gunman was arrested at the White House on or around the day that Chung and his guests visited.

The picture taken at the White House Christmas party shows the President, the First Lady, Chung and his guests gathered around a Christmas tree. See Exhibit 20. An article in the *China Youth Journal* of February 8, 1995, describes Chung and his guests' visit to Washington. See Exhibit 21. Press reports indicate that a gunman was arrested outside the White House complex on December 17, 1994. See Exhibit 22. The White House entrance records indicate that Chung entered the White House on December 20, 1994. See Exhibit 23.

- **At the December 20, 1994, White House Christmas party, Chung met Secretary of the Navy John Dalton. Chung took pictures of Dalton and his family for him at Dalton's request. Afterwards, Chung and Dalton exchanged letters. That was the extent of Chung's contact with Dalton.**

  The December 21, 1994, and March 3, 1995, letters from Dalton to Chung discuss the photographs Chung took of Dalton. See Exhibits 24 & 25.

- **Chung was welcomed with a banner when he returned to China in January or February 1995 to visit the Haomen businessmen who had earlier visited Washington, D.C. with him.**

  A photograph of Chung's trip to China's Haomen beer company shows the hero's welcome that Chung was given. See Exhibit 26.

- **Upon his return to the United States, Chung began arranging a trip to Washington, D.C. for several Chinese government officials and businessmen, including Zheng Hongye, the head of the Chinese government-run Chamber of Commerce, and SINOPEC Director Sheng Huaren, the Chinese government's oil and energy concern. Chung sought to arrange a tour of the White House, attendance at the President's weekly radio address, and a meeting with Secretary Ron Brown at the Commerce Department.**

Two letters dated February 22, 1995, and February 27, 1995, from Chung to Richard Sullivan list Chung's guests who were planning to visit the White House and the requested itinerary. See Exhibits 27 & 28. A February 28, 1995, letter from Chung to Ann McCoy at the White House details Chung's request to dine in the White House mess hall with "very important and powerful business leaders from China." See Exhibit 29. A March 1, 1995, DNC memorandum from Richard Sullivan and Ari Swiller to Kathleen LNU details a request for Chung to meet for a photo-op with Chairman Donald Fowler. The memo indicates that: "[Chung's] group will be meeting with Secretary Brown earlier in the day." See Exhibit 30.

- **On March 9, 1995, Chung and his Chinese guests visited with First Lady Hillary Clinton at the White House and had lunch at the White House mess with a U.S. Embassy official from Beijing, Steve Hendricks. During his visit to the First Lady's office, Chung gave the First Lady's Chief of Staff, Maggie Williams, a check to the DNC in the amount of $50,000. Chung and his guests had their picture taken with the First Lady.**

  One of two photographs of Chung and his guests at the White House mess appears to include Mr. Hendricks. See Exhibits 31 & 32. The $50,000 check written to the DNC and given to Maggie Williams is dated March 9, 1995. See Exhibit 33.

- **On March 11, 1995, Chung and his Chinese guests attended the President's weekly radio address. On this occasion, Chung and his guests were allowed photographs with the President. During this same Washington visit, Chung and his guests also met with Don Fowler, but were unable to meet with Secretary Ron Brown. John Huang told Chung that it was not a good time to meet with Brown because he was under investigation.**

  In letters dated April 5, 1995, from Chung to Maggie Williams and Don Fowler, Chung complained of the delay in receiving his pictures with the President and his Chinese guests. See Exhibits 34 & 35. In two letters dated March 14, 1995, and March 16, 1995, respectively, DNC Chairman Don Fowler wrote Zheng Hongye and Chung regarding their visits with him. See Exhibits 36 & 37. Chung's phone records indicate that Chung telephoned John Huang numerous times in the months leading up to his

March 1995 visit to Washington, D.C. Press accounts indicate that Secretary Brown was under investigation by the Justice Department and Congress in March 1995.

- **Sullivan solicited and accepted a $125,000 contribution from Chung to attend a DNC fund-raiser at the home of Steven Spielberg on April 8, 1995. Chung was accompanied by several Chinese nationals.**

  Chung's check to the DNC in the amount of $125,000 is dated April 8, 1995, the date of the Spielberg fund-raiser. See Exhibit 38. The DNC's guest list and letters from President Clinton, DNC Chairman Don Fowler, and DNC National Finance Chairman Truman Arnold to Chung confirm his attendance at this April 8 event. See Exhibits 39-41.

- **Chung said that on one occasion that he witnessed Yei Jun He of the Haomen Group give Charles Parish, a consular official at the U.S. Embassy in Beijing, a bag of cash and passports to be stamped with visas. Chung indicated that he first met Parish in early 1995 and last saw him in China in 1997. Parish helped many of the Chinese nationals that visited Chung obtain visas for travel to the United States. On September 21, 1995, Chung attended the Century Plaza Clinton/Gore event in Los Angeles. Parish accompanied Chung in addition to numerous Chinese nationals.**

  In a March 2, 1997, *Los Angeles Times* article, Parish described himself as "a good friend of [Chung]." See Exhibit 42. The Clinton/Gore guest list for the September 21, 1995, event and Chung's letter to Clinton/Gore lists Charles Parish and a number of foreign nationals as guests of Chung. See Exhibits 43 & 44. Parish has confirmed to the *Los Angeles Times* that he attended the fund-raiser.

- **At this same September 21, 1995, Los Angeles fund-raiser, Ari Swiller and Richard Sullivan pressured Chung to contribute $70,000 to the DNC. Sullivan and Swiller indicated that Chung had promised to raise the additional funds, and it would cost Chung the additional $70,000 in order for his friends to have their photographs taken with the President. Sullivan told Chung that "a promise is a promise."**

A DNC Finance call sheet indicates that Chung "[p]ledged to write 70k for Re-elect event in LA last week. Did not show up to event with check even though he had promised Ari and Richard that he would. Tell him that you are extremely disappointed that he has sen [sic] in 70k." See Exhibit 45. An additional call sheet dated November 10, 1995, prepared by Ari Swiller indicates that if Chung does not give the contribution, "bad things will happen." See Exhibit 46.

- **Chung met Lynn Cutler at the December 1995 White House Christmas party. Cutler later solicited and on February 2, 1996, received a $25,000 contribution to the Back to Business Committee. David Mercer later told Chung that Sullivan was upset by Cutler's solicitation of Chung.**

  Chung's check to the Back to Business Committee and a March 8, 1996, fax from Lynn Cutler to U.S. Ambassador to China James R. Sasser evidences Cutler's relationship with Chung. See Exhibits 47 & 48.

- **During Chung's visit to China in early 1996, a "Mr. Pai" of the China Construction Bank indicated that Yah Lin "Charlie" Trie sought $1,000,000 from the Chinese government for political donations.**

  Chung's rolodex contained two business cards from officials of the China Construction Bank. See Exhibits 49 & 50. While there was no card for "Mr. Pai," the two other cards indicate that Chung had an association with the bank. Trie's bank records indicate that from May 1994 through December 1996, Trie received approximately $1,000,000 from Ng Lap Seng a.k.a. Mr. Wu, a Macao businessman with close links to the Chinese government. Most of Trie's funds received from Mr. Wu originated with the Bank of China. See the Committee's Interim Report, November 5, 1998.

- **During the Spring of 1996, Chung had contacts with a Macao businessman named Dr. Chio Ho Cheong a.k.a. Mr. Chit Kai Kit a.k.a. Sir Chen. Dr. Chio had a photograph taken with President Clinton at a May 13, 1996, fund-raiser and used that photograph to win election as a Communist in Macao. During one of Chung's trips to China, Mr. Fu told Chung that he had been told by Dr. Chio that Ted Sioeng had paid Dr. Chio's way to a fund-raiser in the United**

States. Chung was shown a videotape of a DNC fund-raiser held in the United States. Dr. Chio, Ted Sioeng, Don Fowler, Rep. Matsui and President Clinton were present.

See Exhibit 51. A DNC guest list for a May 13, 1996, DNC fund-raiser lists Dr. Chio as seated at the head table. See Exhibit 52. A DNC memorandum dated July 10, 1996, from Karen Sternfeld to Richard Sullivan discusses Chung's request to have a certificate from President Clinton presented to Dr. Chio. See Exhibit 53. An article in the *Asian Wall Street Journal* details Dr. Chio's election and use of his photograph with President Clinton. "The Macau Connection II," *Asian Wall Street Journal*, March 2, 1998.

- **Chung met Liu Chao Ying for the first time in Hong Kong in June 1996.**

  Chung's passport indicates that he was in Hong Kong during early and late June 1996.

- **On June 10, 1996, Chung escorted several guests, including Chinese nationals, to a DNC fund-raising event at the home of Lew Wasserman in Los Angeles. One of the Chinese nationals, Zhen Fa, spoke no English. Chung's recollection of this event is particularly vivid because a guest of Chung's, "Mr. Fu," attempted to videotape the Wasserman's bedroom.**

  Chung is included on the DNC guest list for this event. See Exhibit 54. Kimberly Ray, the DNC's Southern California Finance Director, wrote "thank you" letters to Chung; S.B. Fu, an amateur movie maker; and Chun-Fat Leung for their attendance at the fund-raiser, "support" and "assistance." The letters to S.B. Fu and Chun-Fat Leung were addressed c/o Chung. See Exhibits 55-57.

- **Chung routinely sent invitation letters to Chinese nationals, including Li Mui Jie and Liu Chao Ying, to enable them to obtain visas.**

  In a July 3, 1996, letter, Chung invited Li Mui Jie to the U.S. See Exhibit 58. In a August 18, 1996, letter, Chung invited Liu Chao Ying to the U.S. See Exhibit 59. In an August 15, 1996, letter, DNC Chairman Don

Fowler invited Liu Chao Ying to the Democratic National Convention. See Exhibit 60. In an August 19, 1996, letter, DNC Chairman Don Fowler invited Jing-Wei Li, a Chinese national, to the Democratic National Convention. See Exhibit 61.

- **On July 18, 1996, Chung escorted Mr. Yat Hung Yiu of the China Medical Development Company and Ms. Liu Chao Ying of China Aerospace International Holding Limited to a DNC fund-raiser at the home of Eli Broad in Los Angeles.**

  A July 16, 1996, letter from Irene Wu to Karen Sternfeld lists both Mr. Yiu and Ms. Liu as guests of Chung. See Exhibit 62. On July 25, 1996, Eli Board wrote Chung a thank you letter for his attendance at the fund-raiser. See Exhibit 63.

- **Chung met Federal Reserve Executive Vice President Israel Sendrovic on a cross-country plane trip. Chung subsequently took Sendrovic and Chinese national Yat Hung Yiu to the August 18, 1996, Presidential Birthday Party fund-raiser reception in New York.**

  A May 9, 1996, letter from Chung to Sendrovic memorializes their meeting on an airplane. See Exhibit 64. An August 15, 1996, letter from Irene Wu to Ari Swiller lists Sendrovic and Yat Hung Yiu as a guest of Chung for the August 18 reception in New York. See Exhibit 65. In an August 19, 1996, letter to Chung, Sendrovic thanks Chung for taking him to the President's reception. See Exhibit 66. Two letters from Chung to Ms. Tsui King of Yat Hung, Yiu's company in Hong Kong, discuss Chung's meetings with Sendrovic. See Exhibits 67 & 68. A May 10, 1996, letter from Sendrovic to Chung is further evidence of their relationship. See Exhibit 69.

- **Chung established Marswell Investment, Inc. with Liu Chao Ying in late July or early August 1996.**

  The stock certificates of Marswell indicate that the corporation was established on August 9, 1996. Chung and Liu Chao Ying received 20,000 shares and 30,000 shares respectively. See Exhibit 70. On July 30, 1996, Chung mailed a FedEx package to Liu Chao Ying, which she received on August 2, 1996. See Exhibit 71.

- **Chung arrived in Hong Kong on August 7, 1996. A few days later while he was in Zhu Hai, China, Liu Chao Ying invited him to dinner with "someone important." Shortly thereafter, Liu Chao Ying picked Chung up at his hotel and traveled to Hong Kong with him for a dinner with her and General Ji Shengde on August 11, 1996.**

  Chung's passport indicates that he entered Hong Kong on August 7 and departed for China on August 10. His passport further indicates that Chung traveled to mainland China on August 10 and returned to Hong Kong via Macau on August 11, 1996.

- **On August 13, 1996, Chung traveled from his hotel in China to Hong Kong where he met with Liu Chao Ying and General Ji Shengde, the Chief of Chinese Military Intelligence, for the second time. At that meeting, General Ji told Liu Chao Ying "I will wire $300,000 to your account and you wire it to him."**

  Chung's passport indicates that he arrived in Hong Kong on August 13. Chung's bank statement of his account at the Overseas Trust Bank Limited in Hong Kong indicates that on August 14, 1996, Liu Chao Ying wired U.S. $300,000 (H.K. $2,318,850) into Chung's account. At the time of the $300,000 wire, Chung's account balance was H.K. $1,068.87, less than U.S. $150.00. See Exhibits 72 & 73.

- **Upon meeting General Ji Shengde for the first time on August 11, 1996, Chung was unaware of the General's title and occupation. However, later that day, Liu Chao Ying explained that General Ji Shengde is the Chief of Chinese Military Intelligence.**

  Reports in both the *South China Morning Post* and the *Intelligence Newsletter* confirm Ms. Liu's description of General Ji and his position.

- **On August 14, 1996, Liu Chao Ying angrily scolded Chung for not having an U.S. Dollar account in Hong Kong. Ms. Liu was aggravated because she was unable to wire U.S. Dollars to Chung. As a result, she had to exchange her U.S. Dollars for Hong Kong Dollars and pay a commission for that exchange.**

Chung's bank records obtained from the Overseas Trust Bank Limited in Hong Kong indicate that as of August 14, 1996, Chung had only one account, a Hong Kong Dollar account. These records further indicate that Chung opened a U.S. Dollar account at the Overseas Trust Bank Limited on August 16, 1996. See Exhibit 74.

- **On August 14, 1996, Chung expressed reservations to Liu Chao Ying over accepting General Ji's $300,000 because Chung wanted money for his business as he had discussed with Ms. Liu in July 1996, not for the narrow purpose of political contributions. In order to placate Chung's fears, Ms. Liu told him that he could use the money for three things: he could give it to the President and the Democratic party; he could use it to take care of the General's son, Alex; and he could use it for his own business purposes and to set up his and Liu's companies.**

  Chung's bank records indicate that Chung did in fact use the $300,000 for various purposes, including making political contributions and supporting his business. The political contributions include $20,000, $10,000 and $5,000 to the DNC for a total of $35,000. Bank records indicate that $20,000 was wired to Chung's company, AISI.

- **On August 14, 1996, Liu Chao Ying told Chung that Mark Middleton received $500,000 from a Singapore group and an individual named "Hwang," "Huang," or "Wong" in order to "do good things for the benefit of China."**

  Mark Middleton had a relationship with Singapore businessman Y.Y. Wong as evidenced by a letter dated June 27, 1996, from Mark Middleton to Y.Y. Wong. See Exhibit 75. That same letter mentions a "Ms. Liu." Between January 1996 and December 1996, Middleton received approximately $1,750,000 from Asian business sources, including a $500,000 wire transfer from the Sinar Mas Group of Indonesia on September 27, 1996, the Sinar Mas Group used the Development Bank of Singapore for the majority of its wire transfers to Middleton, although the $500,000 wire came from the Group's own bank. See Exhibits 76 & 77.

- **On August 14, 1996, Liu Chao Ying told Chung that a "Boeing representative in Hong Kong" had received a lot of business from the**

Chinese government in order to "do good things for the benefit of China."

An August 18, 1996, letter from Chung to Liu Chao Ying indicates that Chung believed Ms. Liu had an interest in Boeing and the purchase of aircraft parts. See Exhibit 59.

- **During the summer of 1996, Chung was also working with a "Mr. Li" of the Homlyn Group, whom he met through a "Mr. Yu." Through Mr. Yu, Mr. Li set up CM Information, Inc. as part of his plan to purchase a hotel in Los Angeles, which was in bankruptcy. Chung pointed out that both Li and Yu forced him to resign from their companies when Chung's involvement in the campaign finance scandal broke.**

  The corporate records of the Homlyn Group and C.M. Information evidence Chung's involvement. See Exhibits 78-80. In letters dated March 10, 1997, Chung resigned from his position of Vice President and Director of the Homlyn Group. See Exhibits 81 & 82.

- **In the fall of 1996, Chung enlisted the assistance of General Ji Shengde in locating a Chinese student about which he had read in order to deliver a letter from Education Secretary Riley to her.**

  While such a letter has not been produced, a series of correspondence involving Chung and Secretary Riley detail Chung's contacts with Secretary Riley prior to the fall of 1996. See Exhibits 83-87. In one letter, Secretary Riley describes Chung as a "good friend." See Exhibit 86.

- **On October 17, 1996, Chung escorted the wife and son of General Ji Shengde to the Democratic "Back to the Future" fund-raiser in Universal City, California, featuring President Clinton.**

  Documents indicate that Chung received an invitation and directions to this event. See Exhibit 88.