

RELEASE IN FULL

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Wednesday, June 15, 2011 9:53 AM
To: H
Subject: Fw: Obama donors net government jobs

From: Toiv, Nora F
Sent: Wednesday, June 15, 2011 09:40 AM
To: Mills, Cheryl D
Subject: Obama donors net government jobs

POLITICO

Obama donors net government jobs

By: Fred Schulte, John Aloysius Farrell and Jeremy Borden -- iWatch News

June 15, 2011 04:37 AM EDT

Telecom executive Donald H. Gips raised a big bundle of cash to help finance his friend Barack Obama's run for the presidency.

Gips, a vice president of Colorado-based Level 3 Communications, delivered more than \$500,000 in contributions for the Obama war chest, while two other company executives collected at least \$150,000 more.

After the election, Gips was put in charge of hiring in the Obama White House, helping to place loyalists and fundraisers in many key positions. Then, in mid-2009, Obama named him ambassador to South Africa. Meanwhile, Level 3 Communications, in which Gips retained stock, received millions of dollars of government stimulus contracts for broadband projects in six states — though Gips said he had been “completely unaware” that the company had received the contracts.

More than two years after Obama took office vowing to banish “special interests” from his administration, nearly 200 of his biggest donors have landed plum government jobs and advisory posts, won federal contracts worth millions of dollars for their business interests or attended numerous elite White House meetings and social events, an investigation by iWatch News has found.

These “bundlers” raised at least \$50,000 — and sometimes more than \$500,000 — in campaign donations for Obama's campaign. Many of those in the “Class of 2008” are now being asked to bundle contributions for Obama's reelection, an effort that could cost \$1 billion.

As a candidate, Obama spoke passionately about diminishing the clout of moneyed interests. Kicking off his presidential run on Feb. 10, 2007, he blasted “the cynics, the

lobbyists, the special interests," who had "turned our government into a game only they can afford to play."

"We're here today to take it back," he said.

But just like other presidential aspirants, Obama relied heavily on megadonors to propel his campaign across the finish line, and many fundraisers have shared in the spoils of victory.

The White House insisted its appointees are eminently qualified. "In filling these posts, the administration looks for the most qualified candidates who represent Americans from all walks of life," White House spokesman Eric Schultz said. "Being a donor does not get you a job in this administration, nor does it preclude you from getting one."

The iWatch News investigation found:

- Overall, 184 of 556, or about one-third of Obama bundlers or their spouses joined the administration in some role. But the percentages are much higher for the big-dollar bundlers. Nearly 80 percent of those who collected more than \$500,000 for Obama took "key administration posts," as defined by the White House. More than half the 24 ambassador nominees who were bundlers raised \$500,000.
- The big bundlers had broad access to the White House for meetings with top administration officials and glitzy social events. In all, campaign bundlers and their family members account for more than 3,000 White House meetings and visits. Half of them raised \$200,000 or more.
- Some Obama bundlers have ties to companies that stand to gain financially from the president's policy agenda, particularly in clean energy and telecommunications, and some already have done so. Level 3 Communications, for instance, snared \$13.8 million in stimulus money.

The Obama administration has tightened restrictions on hiring lobbyists, but the deference shown major donors contradicts its claims to have changed business as usual in Washington.

"Any president who says he's going to change this is either hopelessly naive or polishing the reality to promise something other than can be delivered," said Paul Light, a New York University professor and an expert on presidential transitions. "At best, it's naive and a little bit of a shell game."

Bundling is controversial because it permits campaigns to skirt individual contribution limits of \$2,500 in federal elections. Bundlers pool donations from fundraising networks and, as a result, "play an enormous role in determining the success of political campaigns," according to government watchdog Public Citizen.

When the new administration set up shop in the White House on Jan. 20, 2009, the money raisers soon followed. Visitor logs show about 800 bundler visits during the formative early months of the administration, and overall, the top-tier bundlers tended to visit far more often than those at the bottom rung.

Some are longtime friends of the first family, such as Chicagoans Cindy Moelis and her husband, Robert Rivkin, who as a couple bundled at least \$200,000. Obama appointed Moelis to direct the Presidential Commission on White House Fellows. Her husband was appointed general counsel of the Department of Transportation and special adviser to Transportation Secretary Ray LaHood. Rivkin, who worked as a lawyer with a Chicago risk management and insurance firm, had once served as general counsel to the Chicago Transit Authority.

Moelis told iWatch News that she and her husband were “highly qualified” for their jobs and that they “took pay cuts and made considerable sacrifice” to enter public service. “We truly believe in it,” she said.

Harvey S. Wineberg, a certified public accountant from Chicago who raised at least \$100,000 and is Obama’s personal accountant, said his fundraising had “nothing to do” with his appointment to the President’s Advisory Council on Financial Capability in December 2010. Wineberg said he called a White House staffer, whom he declined to name, to ask about serving. “I thought I’d be good,” he said. He has since resigned.

The bundlers often went to the White House to see David C. Jacobson, then a special assistant for presidential personnel. Jacobson, a Chicago lawyer and himself an Obama bundler, served as the 2008 campaign’s deputy finance director. Jacobson, who departed in September 2009 to become ambassador to Canada, scheduled about 90 meetings with bundlers, according to an iWatch News analysis of visitor logs. Two-thirds of them had each raised at least \$200,000.

Gips, who served as White House director of presidential personnel before taking the post in South Africa, saw more than a dozen bundlers. Other inner-circle White House officials, such as presidential adviser Valerie Jarrett, also a bundler, met with more than 50 bundlers, mostly the heavy hitters.

Obama met with at least two dozen bundlers either privately or with another person, according to the visitor logs.

Ambassadorships have been the traditional payoff for big bundlers. But it’s not just the posts in foreign capitals that are attractive. Light, the NYU expert on presidential transitions, said that in recent years many have sought jobs with deep reach into the federal bureaucracy — and found a receptive ear in the White House.

“When they get a résumé from a bundler, that is a real signal of seriousness,” Light said. “It’s also a thinly veiled quid pro quo,” and it “goes without saying they will get considered.”

Public Citizen found in 2008 that President George W. Bush had appointed about 200 bundlers to administration posts over his eight years in office. That is roughly the same number Obama has appointed in a little more than two years, the iWatch News analysis showed.

Some bundlers said in interviews that they called the White House to ask for a position, while others said they were called and asked to serve.

Ted Hosp, an Alabama lawyer who delivered more than \$200,000 for Obama, said he had no expectation of a job when he signed on to the campaign finance committee. But he did

ask to be considered and said he met with then-White House Counsel Gregory Craig, also a bundler, to discuss a position at the Justice Department. "I was interested in exploring [a job]," said Hosp, who did not get a job in the administration. "I would have been interested in helping him [Obama] if the right opportunity arose."

The cluster of appointments among top bundlers suggests that the size of the donation may have been a factor at least in getting a foot in the door. Less than one in five at the \$50,000 level got an administration position. Half of \$200,000 bundlers were picked for some post; 80 percent of the \$500,000 bundlers were appointed.

Michael Caplin, a Virginia consultant who assists nonprofit businesses, raised \$200,000 for Obama and was appointed to the Commission on Presidential Scholars, a board that selects and honors promising high school students. He said he was contacted by a White House staffer asking him if he wanted to serve, though he saw plenty of other big donors angling for jobs and positions.

"Clearly, if someone raised a million dollars for your campaign, you tend to get a phone call returned," Caplin said. But he also believes that many big donors who took positions were well qualified. "If that person is truly excellent but also raised money for your campaign, should that disallow you to serve?"

The appointment of George Washington University law professor Spencer Overton illustrates how the administration has rewarded many top fundraisers.

Overton wrote in 2003 that the influence big donors wield in elections means that an "overwhelming majority of citizens are effectively excluded from an important stage of the political process." Yet Overton bundled at least \$500,000 for Obama. He was named to the Obama transition team and in February 2009 was appointed principal deputy attorney general in the Department of Justice's Office of Legal Policy. Overton visited the White House more than 80 times from January 2009 through the end of 2010 for events ranging from small meetings with high-level staffers to social and entertainment events, sometimes with his wife, records show. Overton resigned the \$180,000-a-year job in July 2010. He declined to comment for this story.

Overton is one of seven campaign bundlers who took jobs at Justice, including Attorney General Eric Holder, who was a \$50,000 bundler. Holder had been deputy attorney general in the administration of President Bill Clinton.

At the Department of Energy, four bundlers who together raised a minimum of \$1.6 million have held staff jobs or advisory posts. Steven J. Spinner, a Silicon Valley entrepreneur and venture capital adviser, took over responsibility at the department for parceling out more than \$100 billion worth of stimulus grants and other energy-related loans. Spinner also has been a frequent White House guest, listed more than 40 times.

In March 2009, Obama appointed \$500,000 bundler and law school pal Julius Genachowski to chair the Federal Communications Commission, an independent agency. Two other bundlers at the FCC are chief of staff Edward Lazarus, a litigator and former federal prosecutor, and William T. Lake, a lawyer specializing in communications and e-commerce issues who serves as chief of the media bureau.

Genachowski had previously served as chief counsel to the FCC chairman in the 1990s,

but his close ties to Obama have raised eyebrows. He has turned up so often at 1600 Pennsylvania Ave. that in March, congressional Republicans demanded an accounting of whom he has met with and what was discussed.

White House logs list Genachowski and his wife, Rachel Goslins, for more than 100 visits from early 2009 through March of this year. Goslins, a filmmaker, was appointed executive director of the President's Committee on the Arts and the Humanities.

Some of the biggest fundraisers end up serving in foreign capitals. Obama made a nod to this long-standing practice in a pre-Inauguration news conference, saying, "It would be disingenuous for me to suggest that there are not going to be some excellent public servants but who haven't come through the ranks of the civil service."

About a third of Obama's ambassadors have been political appointees as opposed to career foreign service officers — about the same as other recent presidents. Obama, however, has nominated 24 bundlers to ambassadorships to date. Of those, 14 each raised at least \$500,000. Six others raised \$200,000 or more. Jacobson, now ambassador to Canada, is the only one listed at the \$50,000 minimum, and he played a pivotal finance role in the campaign.

The Obama record has disappointed the American Foreign Service Association, which believes these appointments should mostly go to career diplomats. The organization cites the 1980 Foreign Service Act, which states that political contributions "should not be a factor" in picking ambassadors, a rule presidents of both parties have all but ignored.

Passing over career diplomats in favor of megadonors amounts to "selling ambassadorships," said Susan Johnson, president of the American Foreign Service Association.

Thomas Pickering, who served as ambassador to Russia and several other countries during a diplomatic career spanning four decades, said turning to bundlers adds a "new dimension" to what he termed "buying offices" through aggressive fundraising. "An individual can multiply their chances by going out and soliciting a lot of contributions other than just their own," said Pickering, who chairs the American Academy of Diplomacy.

But White House officials dispute that characterization, saying several top ambassadorships went to people who were neither Obama bundlers nor career diplomats but were uniquely qualified for the posts, such as National Security Council official Dan Shapiro (Israel), former Rep. and 9/11 Commission member Tim Roemer (India) and former Utah Gov. Jon Huntsman (China), a Republican who had earlier served as ambassador to Singapore and is now considering challenging Obama for the presidency.

Yet few stories illustrate more vividly how friendship, fundraising, business and politics can intertwine at the White House than that of Gips, Obama's choice for ambassador to South Africa.

In the 1990s, he wrote a report that later formed a blueprint for AmeriCorps. In 1998, Gips left government, where he had supervised wireless spectrum issues for the FCC and served as Vice President Al Gore's chief domestic policy adviser. He joined Level 3, a budding telecom company that has received more than \$100 million in federal contracts in the past decade.

There, at a 2004 fundraiser, he met Obama, who was then running for the Senate in Illinois. The two grew close: Obama asked Gips to help edit his campaign book, "The Audacity of Hope."

Gips collected more than \$500,000 for Obama. James Crowe, chairman of the Level 3 board, was an Obama bundler, too, raising at least \$100,000. The firm's vice chairman, Charles Miller III, bundled more than \$50,000.

At the White House, Gips was a powerful force to decide who got coveted jobs. Obama appointed Crowe in October 2010 to chair the presidential advisory committee on telecommunications and wireless issues.

And Level 3 was awarded some \$13.8 million in federal stimulus contracts, to extend broadband connections in rural areas of states where it had networks.

In a statement, Gips said he was not involved in Crowe's appointment, which occurred after Gips left the White House. As for the recovery money, Gips said, "I was completely unaware of stimulus contracts awarded to Level 3 and have not spoken to the firm about them."

The iWatch News investigation confirmed that at least 18 other bundlers have ties to businesses poised to profit from the president's political agenda through stimulus money, government contracts or other spending to promote clean energy technology or green development.

Oklahoma billionaire investor George Kaiser is one. A longtime Democratic donor, he is a big financial backer of a company that in March of 2009 won a \$535 million loan guarantee from DoE for a solar plant in Silicon Valley. He had multiple visits to the White House in the months before the company was awarded the contract. Kaiser did not respond to interview requests from iWatch News.

Steven Westly, a green energy entrepreneur who raised at least \$500,000 for Obama, has seen four companies in his venture firm's portfolio receive more than \$500 million in loans, grants or stimulus money from the Energy Department under the Obama administration, iWatch News reported in March.

Some bundlers limit their role in the administration to serving on commissions to support their pet causes and hobnobbing with celebrities. Obama has appointed 22 bundlers to the President's Committee on the Arts and the Humanities or to the board of the John F. Kennedy Center for the Performing Arts.

Others have served on advisory groups that make recommendations to the president on critical matters ranging from the economic stimulus to policies to spur job growth.

Hyatt hotels heiress Penny Pritzker, Wall Street titan Robert Wolf and financier Mark Gallogly, for instance, all served on the President's Economic Recovery Advisory Commission.

In late February, when he set up a new commission on job creation, Obama again turned to Pritzker, Wolf and Gallogly.

Pritzker, one of America's richest women and a key fundraiser and adviser in the early days of the Obama campaign, has logged more than 50 visits to the White House, individually or with family members. Obama also appointed Pritzker to the Kennedy Center board and her husband, Chicago ophthalmologist Bryan Traubert, to the President's Commission on White House Fellowships.

Pritzker told CNBC in May 2009: "I have no trouble having a spirited dialogue with the president, and that's something that we do on a regular basis."

When the reporter asked, "Do you get anywhere?" Pritzker replied, "Absolutely. The president is extremely open to hearing what people on his economic board have to say. And I think it's absolutely informing some of his decisions."

Fred Schulte, John Aloysius Farrell and Jeremy Borden are reporters for iWatch News.org, a website of the Center for Public Integrity, a Washington-based nonprofit focused on investigative journalism.



© 2011 Capitol News Company, LLC