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NATIONAL

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# Clinton Foundation Donors Got Weapons Deals From Hillary Clinton's State Department

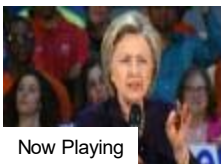

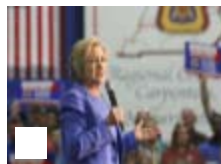
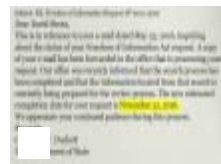


BY DAVID SIROTA

AND ANDREW PEREZ

ON 05/26/15 AT 8:44 AM

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Even by the standards of arms deals between the United States and Saudi Arabia, this one was enormous. A consortium of American defense contractors led by Boeing would deliver \$29 billion worth of advanced fighter jets to the United States' oil-rich ally in the Middle East.

Israeli officials were agitated, reportedly complaining to the Obama administration that this substantial enhancement to Saudi air power risked disrupting the region's fragile balance of power. The deal appeared to collide with the State Department's documented concerns about the repressive policies of the Saudi royal family.

But now, in late 2011, Hillary Clinton's State Department was formally clearing the sale, asserting that it was in the national interest. At press conferences in Washington to announce the department's approval, an assistant secretary of state, Andrew Shapiro, declared that the deal had been "a top priority" for Clinton personally. Shapiro, a longtime aide to Clinton since her Senate days, added that the "U.S. Air Force and U.S. Army have excellent relationships in Saudi Arabia."

These were not the only relationships bridging leaders of the two nations. In the years before Hillary Clinton became secretary of state, the Kingdom of Saudi Arabia contributed at least \$10 million to the Clinton Foundation, the philanthropic enterprise she has overseen with her husband, former president Bill Clinton. Just two months before the deal was finalized, Boeing -- the defense contractor that manufactures one of the fighter jets the Saudis were especially keen to acquire, the F-15 -- contributed \$900,000 to the Clinton Foundation, according to a company press release.

The Saudi deal was one of dozens of arms sales approved by Hillary Clinton's State Department that placed weapons in the hands of governments that had also donated money to the Clinton family philanthropic empire, an International Business Times investigation has found.

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Under Clinton's leadership, the State Department approved \$165 billion worth of commercial arms sales to 20 nations whose governments have given money to the Clinton Foundation, according to an IBTimes analysis of State Department and foundation data. That figure -- derived from the three full fiscal years of Clinton's term as Secretary of State (from October 2010 to September 2012) -- represented nearly double the value of American arms sales made to the those countries and approved by the State Department during the same period of President George W. Bush's second term.

The Clinton-led State Department also authorized \$151 billion of separate Pentagon-brokered deals for 16 of the countries that donated to the Clinton Foundation, resulting in a 143 percent increase in completed sales to those nations over the same time frame during the Bush administration. These extra sales were part of a broad increase in American military exports that accompanied Obama's arrival in the White House. The 143 percent increase in U.S. arms sales to Clinton Foundation donors compares to an 80 percent increase in such sales to all countries over the same time period.

American defense contractors also donated to the Clinton Foundation while Hillary Clinton was secretary of state and in some cases made personal payments to Bill Clinton for speaking engagements. Such firms and their subsidiaries were listed as contractors in \$163 billion worth of Pentagon-negotiated deals that were authorized by the Clinton State Department between 2009 and 2012.

The State Department formally approved these arms sales even as many of the deals enhanced the military power of countries ruled by authoritarian regimes whose human rights abuses had been criticized by the department. Algeria, Saudi Arabia, Kuwait, the United Arab Emirates, Oman and Qatar all donated to the Clinton Foundation and also gained State Department clearance to buy caches of American-made weapons even as the department singled them out for a range of alleged ills, from corruption to restrictions on civil liberties to violent crackdowns against political opponents.

As secretary of state, Hillary Clinton also accused some of these countries of failing to marshal a serious and sustained campaign to confront terrorism. In a December 2009 State Department cable published by Wikileaks, Clinton complained of "an ongoing challenge to persuade Saudi officials to treat terrorist financing emanating from Saudi Arabia as a strategic priority." She declared that "Qatar's overall level of CT cooperation

with the U.S. is considered the worst in the region.” She said the Kuwaiti government was “less inclined to take action against Kuwait-based financiers and facilitators plotting attacks.” She noted that “UAE-based donors have provided financial support to a variety of terrorist groups.” All of these countries donated to the Clinton Foundation and received increased weapons export authorizations from the Clinton-run State Department.

Hillary Clinton’s presidential campaign and the Clinton Foundation did not respond to questions from the IBTimes.

In all, governments and corporations involved in the arms deals approved by Clinton’s State Department have delivered between \$54 million and \$141 million to the Clinton Foundation as well as hundreds of thousands of dollars in payments to the Clinton family, according to foundation and State Department records. The Clinton Foundation publishes only a rough range of individual contributors’ donations, making a more precise accounting impossible.

### **Winning Friends, Influencing Clintons**

Under federal law, foreign governments seeking State Department clearance to buy American-made arms are barred from making campaign contributions -- a prohibition aimed at preventing foreign interests from using cash to influence national security policy. But nothing prevents them from contributing to a philanthropic foundation controlled by policymakers.

Just before Hillary Clinton became Secretary of State, the Clinton Foundation signed an agreement generally obligating it to disclose to the State Department increases in contributions from its existing foreign government donors and any new foreign government donors. Those increases were to be reviewed by an official at the State Department and “as appropriate” the White House counsel’s office. According to available disclosures, officials at the State Department and White House raised no issues about potential conflicts related to arms sales.

During Hillary Clinton’s 2009 Senate confirmation hearings, Sen. Richard Lugar, R-Ind., urged the Clinton Foundation to “forswear” accepting contributions from governments abroad. “Foreign governments and entities may perceive the Clinton Foundation as a means to gain favor with the secretary of state,” he said. The Clintons did not take Lugar’s advice. In light of the weapons deals flowing to Clinton Foundation

donors, advocates for limits on the influence of money on government action now argue that Lugar was prescient in his concerns.

“The word was out to these groups that one of the best ways to gain access and influence with the Clintons was to give to this foundation,” said Meredith McGehee, policy director at the Campaign Legal Center, an advocacy group that seeks to tighten campaign finance disclosure rules. “This shows why having public officials, or even spouses of public officials, connected with these nonprofits is problematic.”

Hillary Clinton’s willingness to allow those with business before the State Department to finance her foundation heightens concerns about how she would manage such relationships as president, said Lawrence Lessig, the director of Harvard University’s Safra Center for Ethics.

“These continuing revelations raise a fundamental question of judgment,” Lessig told IBTimes. “Can it really be that the Clintons didn’t recognize the questions these transactions would raise? And if they did, what does that say about their sense of the appropriate relationship between private gain and public good?”

National security experts assert that the overlap between the list of Clinton Foundation donors and those with business before the the State Department presents a troubling conflict of interest.

While governments and defense contractors may not have made donations to the Clinton Foundation exclusively to influence arms deals, they were clearly “looking to build up deposits in the ‘favor bank’ and to be well thought of,” said Gregory Suchan, a 34-year State Department veteran who helped lead the agency’s oversight of arms transfers under the Bush administration.

As Hillary Clinton presses a campaign for the presidency, she has confronted sustained scrutiny into her family’s personal and philanthropic dealings, along with questions about whether their private business interests have colored her exercise of public authority. As IBTimes previously reported, Clinton switched from opposing an American free trade agreement with Colombia to supporting it after a Canadian energy and mining magnate with interests in that South American country contributed to the Clinton Foundation. IBTimes’ review of the Clintons’ annual financial disclosures also revealed that 13 companies lobbying the State Department paid Bill Clinton \$2.5 million in speaking fees

while Hillary Clinton headed the agency.

Questions about the nexus of arms sales and Clinton Foundation donors stem from the State Department's role in reviewing the export of American-made weapons. The agency is charged with both licensing direct commercial sales by U.S. defense contractors to foreign governments and also approving Pentagon-brokered sales to those governments. Those powers are enshrined in a federal law that specifically designates the secretary of state as "responsible for the continuous supervision and general direction of sales" of arms, military hardware and services to foreign countries. In that role, Hillary Clinton was empowered to approve or reject deals for a broad range of reasons, from national security considerations to human rights concerns.

The State Department does not disclose which individual companies are involved in direct commercial sales, but its disclosure documents reveal that countries that donated to the Clinton Foundation saw a combined \$75 billion increase in authorized commercial military sales under the three full fiscal years Clinton served, as compared to the first three full fiscal years of Bush's second term.

The Clinton Foundation has not released an exact timetable of its donations, making it impossible to know whether money from foreign governments and defense contractors came into the organization before or after Hillary Clinton approved weapons deals that involved their interests. But news reports document that at least seven foreign governments that received State Department clearance for American arms did donate to the Clinton Foundation while Hillary Clinton was serving as secretary: Algeria, Oman, Qatar, Kuwait, Thailand, Norway and Australia.

### **Sales Flowed Despite Human Rights Concerns**

Under a presidential policy directive signed by President Bill Clinton in 1995, the State Department is supposed to specifically take human rights records into account when deciding whether to approve licenses enabling foreign governments to purchase military equipment and services from American companies. Despite this, Hillary Clinton's State Department increased approvals of such sales to nations that her agency sharply criticized for systematic human rights abuses.

In its 2010 Human Rights Report, Clinton's State Department inveighed against Algeria's government for imposing "restrictions on freedom of assembly and association" tolerating

“arbitrary killing,” “widespread corruption,” and a “lack of judicial independence.” The report said the Algerian government “used security grounds to constrain freedom of expression and movement.”

That year, the Algerian government donated \$500,000 to the Clinton Foundation and its lobbyists met with the State Department officials who oversee enforcement of human rights policies. Clinton’s State Department the next year approved a one-year 70 percent increase in military export authorizations to the country. The increase included authorizations of almost 50,000 items classified as “toxicological agents, including chemical agents, biological agents and associated equipment” after the State Department did not authorize the export of any of such items to Algeria in the prior year.

During Clinton’s tenure, the State Department authorized at least \$2.4 billion of direct military hardware and services sales to Algeria -- nearly triple such authorizations over the last full fiscal years during the Bush administration. The Clinton Foundation did not disclose Algeria’s donation until this year -- a violation of the ethics agreement it entered into with the Obama administration.

The monarchy in Qatar had similarly been chastised by the State Department for a raft of human rights abuses. But that country donated to the Clinton Foundation while Hillary Clinton was running the State Department. During the three full budgetary years of her tenure, Qatar saw a 14-fold increase in State Department authorizations for direct commercial sales of military equipment and services, as compared to the same time period in Bush’s second term. The department also approved the Pentagon’s separate \$750 million sale of multi-mission helicopters to Qatar. That deal would additionally employ as contractors three companies that have all supported the Clinton Foundation over the years: United Technologies, Lockheed Martin and General Electric.

Clinton foundation donor countries that the State Department criticized for human rights violations and that received weapons export authorizations did not respond to IBTimes’ questions.

That group of arms manufacturers -- along with Clinton Foundation donors Boeing, Honeywell, Hawker Beechcraft and their affiliates -- were together listed as contractors in 114 such deals while Clinton was secretary of state. NBC put Chelsea Clinton on its payroll as a network correspondent in November 2011, when it was still 49 percent owned by General Electric. A spokesperson for General Electric did not respond to questions from

IBTimes.

## Defense Contractors Donated To The Clinton Foundation

The Clinton Foundation accepted donations from six companies benefiting from U.S. State Department arms export approvals.

Defense Contractor ▼	Donation Min. (\$)
Boeing	5,000,000
General Electric	1,000,000
Goldman Sachs (Hawker Beechcraft)	500,000
Honeywell	50,000
Lockheed Martin	250,000
United Technologies	50,000

Source: Clinton Foundation donor data and Defense Security Cooperation Agency foreign military sales records [Get the data](#)

The other companies all asserted that their donations had nothing to do with the arms export deals.

“Our contributions have aligned with our longstanding philanthropic commitments,” said Honeywell spokesperson Rob Ferris.

### "Even The Appearance Of A Conflict"

During her Senate confirmation proceedings in 2009, Hillary Clinton declared that she and her husband were “committed to ensuring that his work does not present a conflict of interest with the duties of Secretary of State.” She pledged “to protect against even the appearance of a conflict of interest between his work and the duties of the Secretary of State” and said that “in many, if not most cases, it is likely that the Foundation or President Clinton will not pursue an opportunity that presents a conflict.”

Even so, Bill Clinton took in speaking fees reaching \$625,000 at events sponsored by entities that were dealing with Hillary Clinton’s State Department on weapons issues.

In 2011, for example, the former president was paid \$175,000 by the Kuwait America



Foundation to be the guest of honor and keynote speaker at its annual awards gala, which was held at the home of the Kuwaiti ambassador. Ben Affleck spoke at the event, which featured a musical performance by Grammy-award winner Michael Bolton. The gala was emceed by Joe Scarborough and Mika Brzezinski, hosts of MSNBC's Morning Joe show. Boeing was listed as a sponsor of the event, as were the embassies of the United Arab Emirates, Saudi Arabia, Kuwait and Qatar -- the latter two of which had donated to the Clinton Foundation while Hillary Clinton was secretary of state.

The speaking fee from the Kuwait America Foundation to Bill Clinton was paid in the same time frame as a series of deals Hillary Clinton's State Department was approving between the Kuwaiti government and Boeing. Months before the gala, the Department of Defense announced that Boeing would be the prime contractor on a \$693 million deal, cleared by Hillary Clinton's State Department, to provide the Kuwaiti government with military transport aircraft. A year later, a group sponsored in part by Boeing would pay Bill Clinton another \$250,000 speaking fee.

"Boeing has sponsored this major travel event, the Global Business Travel Association, for several years, regardless of its invited speakers," Gordon Johndroe, a Boeing spokesperson, told IBTimes. Johndroe said Boeing's support for the Clinton Foundation was "a transparent act of compassion and an investment aimed at aiding the long-term interests and hopes of the Haitian people" following a devastating earthquake.

Boeing was one of three companies that helped deliver money personally to Bill Clinton while benefiting from weapons authorizations issued by Hillary Clinton's State Department. The others were Lockheed and the financial giant Goldman Sachs.

Lockheed is a member of the American Chamber of Commerce in Egypt, which paid Bill Clinton \$250,000 to speak at an event in 2010. Three days before the speech, Hillary Clinton's State Department approved two weapons export deals in which Lockheed was listed as the prime contractor. Over the course of 2010, Lockheed was a contractor on 17 Pentagon-brokered deals that won approval from the State Department. Lockheed told IBTimes that its support for the Clinton Foundation started in 2010, while Hillary Clinton was secretary of state.

"Lockheed Martin has periodically supported one individual membership in the Clinton Global Initiative since 2010," said company spokesperson Katherine Trinidad.

"Membership benefits included attendance at CGI annual meetings, where we participated

in working groups focused on STEM, workforce development and advanced manufacturing.”

In April 2011, Goldman Sachs paid Bill Clinton \$200,000 to speak to “approximately 250 high level clients and investors” in New York, according to State Department records obtained by Judicial Watch. Two months later, the State Department approved a \$675 million foreign military sale involving Hawker Beechcraft -- a company that was then part-owned by Goldman Sachs. As part of the deal, Hawker Beechcraft would provide support to the government of Iraq to maintain a fleet of aircraft used for intelligence, surveillance and reconnaissance missions. Goldman Sachs has also contributed at least \$250,000 to the Clinton Foundation, according to donation records.

“There is absolutely no connection among all the points that you have raised regarding our firm,” said Andrew Williams, a spokesperson for Goldman Sachs.

Federal records show that ethics staffers at the State Department approved the payments to Bill Clinton from Goldman Sachs, and the Lockheed- and Boeing-sponsored groups without objection, even though the firms had major stakes in the agency’s weapons export decisions.

Stephen Walt, a Harvard University professor of international affairs, told IBTimes that the intertwining financial relationships between the Clintons, defense contractors and foreign governments seeking weapons approvals is “a vivid example of a very big problem -- the degree to which conflicts of interest have become endemic.”

“It has troubled me all along that the Clinton Foundation was not being more scrupulous about who it would take money from and who it wouldn’t,” he said. “American foreign policy is better served if people responsible for it are not even remotely suspected of having these conflicts of interest. When George Marshall was secretary of state, nobody was worried about whether or not he would be distracted by donations to a foundation or to himself. This wasn’t an issue. And that was probably better.”

## Clinton Foundation Donors Get Big Weapons Deals

17 out of 20 countries that have donated to the Clinton Foundation saw increases in arms exports authorized by Hillary Clinton's State Department.

Country ▼	Donation Min. (\$)	FY2006-FY2008 (\$)	FY2010-FY2012 (\$)	Difference (%)
Algeria	250,000	649,943,709	2,431,535,005	274
Australia	10,000,000	8,030,754,085	23,953,849,391	198
Bahrain	50,000	219,718,802	630,586,020	187
Brunei	250,000	101,239,902	19,256,846	-81
Canada	250,000	20,975,621,915	24,844,128,294	18
Germany	100,000	9,147,637,319	9,839,619,231	8
Ireland	5,000,000	144,929,678	107,064,341	-26
Italy	100,000	6,195,891,571	12,274,692,168	98
Jamaica	50,000	18,572,209	11,360,582	-39
Kuwait	5,000,000	4,005,000,000	0,400,000,000	-11

UPDATE (7:38pm, 5/26/15): In an emailed statement, a spokeswoman for the Taipei Economic and Cultural Representative Office told IBTimes: "Taiwan's 2003 donation was for the fund to build the Clinton Presidential Library. This was way before Mrs. Clinton was made the U.S. Secretary of State. We have neither knowledge nor comments concerning other issues."

*This story has been updated to include an additional link to a 2010 State Department press conference about the U.S.-Saudi Arabia arms deal.*

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