

POLITICO

INVESTIGATION

Bill Clinton aides used tax dollars to subsidize foundation, private email support

Program for ex-presidents paid salaries and benefits to Clinton aides at the center of controversies.

By **KENNETH P. VOGEL** | 09/01/16 05:27 AM EDT



Former President Bill Clinton listens as former President Jimmy Carter speaks at Clinton Global Initiative meeting Tuesday, June 14,, in Atlanta. | AP Photo

Bill Clinton's staff used a decades-old federal government program, originally created to keep former presidents out of the poorhouse, to subsidize his family's foundation and an associated business, and to support his wife's private email server, a POLITICO investigation has found.

Taxpayer cash was used to buy IT equipment — including servers — housed at the Clinton Foundation, and also to supplement the pay and benefits of several aides now at the center

of the email and cash-for-access scandals dogging Hillary Clinton's presidential campaign.

This investigation, which is based on records obtained from the General Services Administration through the Freedom of Information Act, does not reveal anything illegal. But it does offer fresh evidence of how the Clintons blurred the line between their nonprofit foundation, Hillary Clinton's State Department, and the business dealings of Bill Clinton and the couple's aides.

The thousands of pages of newly uncovered records reveal sometimes granular detail about how Bill Clinton's representatives directed the spending of taxpayer cash allocated by the GSA under the Former President's Act.

The Act authorizes the GSA to fund the pensions, correspondence, support staff and travel of ex-presidents. It was passed in 1958 to "maintain the dignity" of the presidency by helping former commanders in chief avoid hard times like those that befell Harry S. Truman. He complained that, without help from Uncle Sam, he would be forced to "go ahead with some contracts to keep ahead of the hounds."

The Clintons did not have this problem.

After leaving the White House "dead broke", in the words of Hillary Clinton, they quickly raked in tens of millions of dollars from book deals, speaking fees and consulting gigs. At the same time, Bill Clinton was relying on his connections to some of the world's deepest-pocketed donors, corporations and governments to seed a global philanthropy operation that overlapped with his consulting work and speaking fees and his wife's work as secretary of state — and served as a jumping-off point for her presidential campaign.

CONGRESS

GOP establishment trounces tea party in congressional primaries

By RACHAEL BADE and ELENA SCHNEIDER

But even as the Clintons got rich and grew their foundation into a \$2 billion organization credited with major victories in the fights against childhood obesity and AIDS — while paying six-figure salaries to top aides — Bill Clinton continued drawing more cash from the Former President's Act than any other ex-president, according to a POLITICO analysis. The analysis also found that Clinton's representatives, between 2001, when the Clintons left the White House, and the end of this year, had requested allocations under the Act totaling \$16 million. That's more than any of the other living former presidents — Jimmy Carter, George H. W. Bush and George W. Bush — requested during that span.

The program supplemented the income of Clinton's staff, while providing them with coveted federal government benefits, alleviating the need for the Clinton Foundation or other Clinton-linked entities to foot the bill for such benefits. Similarly, Clinton aides got the GSA to pay for computer technology used partly by the foundation.

An analysis of the records provided by GSA, combined with Clinton Foundation tax returns, found that at least 13 of the 22 staffers who have been paid by GSA to work for Clinton's personal office also worked for the Clinton Foundation.

A Clinton aide said his boss' use of the GSA program is entirely consistent with the Former Presidents Act.

Generally, the aide explained that Clinton "wears several hats — among them being former president of the United States and the founder of the Clinton Foundation. His staffing reflects those roles."

The aide added "there is no legal prohibition that would preclude the former president's staff from receiving compensation from other sources or doing personal work for the former presidents. We are unaware of any legal prohibition that would preclude these activities."

The aide wouldn't discuss specific employees, or their sources of income, explaining "the Office of Former President Bill Clinton does not discuss personnel matters."

But using the GSA records, POLITICO pieced together a list of Clinton loyalists who at various times have had their earnings supplemented by federal payments of about \$10,000-a-year using funds from the Former Presidents Act.

The list reads like a field guide to Clinton World.

It includes longtime Bill Clinton aide Justin Cooper, who despite not having a security clearance, any apparent training in cybersecurity or a job at the State Department, in early 2009 helped set up the private email account that Hillary Clinton would use to send and receive classified information as secretary of state. Her use of that system has been dubbed "extremely careless" by the FBI director. Cooper continued working to maintain Clinton's private email system — including advising her top aides, Huma Abedin and Cheryl Mills, on attempted hacks — through at least 2012, according to emails released by the State Department.

Full text: Donald Trump immigration speech in Arizona

By POLITICO STAFF

During some of that period, Cooper was on the GSA payroll, drawing a federal government stipend from February 2011 through 2013, according to the records obtained by POLITICO.

At the same time, though, Cooper was working with Doug Band, a trusted Bill Clinton lieutenant, and Declan Kelly, a top Hillary Clinton fundraiser-turned-State Department official, to launch a global consulting firm called Teneo. It did lucrative work for foundation donors and entities with business before Clinton's State Department. And it signed a contract reportedly worth \$3.5 million with Bill Clinton to serve as a "honorary chairman" (though the former president ultimately kept only \$100,000 of that, according to his tax returns and a source familiar with the arrangement). Teneo also paid Abedin as a "senior advisor."

All the while, Band and Abedin were working together to broker meetings between Secretary of State Clinton and donors to the foundation, where Band served as an official until 2012, drawing an annual salary that in some years exceeded \$111,000.

Yet, despite the profitable consulting business and his foundation compensation, Band continued drawing a taxpayer-funded stipend from the GSA until 2013.

Also receiving a salary from both the GSA and the Clinton Foundation was Laura Graham, who remained in extremely close contact with Clinton's top aide at the State Department, swapping emails about sensitive foreign policy issues. During most of her time on the GSA payroll, Graham was earning a six-figure salary from the Clinton Foundation, which topped out at \$190,000 per year in 2014.

Cooper, Band and Graham are no longer on the GSA payroll, nor are they working for the foundation. They all either declined to comment or did not respond to questions about the overlap between their taxpayer-funded work, the foundation and the State Department.

According to several people familiar with the former president's operation, the rationale behind the interwoven payrolls is that they allow for a small team to assist Clinton in a variety of settings without having to do logistically complicated hockey-like line changes. In a given day, Clinton might deliver a paid private speech (during which time his employees' salaries could be paid by the executive services corporation) and a public speech in his capacity as a former president (during which his staff could be paid by the GSA funds). And he could attend events for the foundation (where staff time would be paid by the foundation) as well as his wife's presidential campaign (staff time would be paid by the campaign).

The records provided by GSA show that for each pay period, Clinton's office submitted to GSA a list of personnel who were eligible to receive pay or reimbursement for travel done on behalf of the former president, along with the number of hours worked by each Clinton aide.

For many years, that list included two influential Clinton confidants who were listed as having worked zero hours each pay period — John Podesta, the former Clinton White House chief of staff who served as the foundation's temporary CEO in 2011, and Bruce Lindsey, the Clintons' Arkansas confidant who served as the foundation's CEO from 2004 through mid-2013.

A spokesman for Hillary Clinton's presidential campaign said Podesta, who is the campaign's chairman, was on the list because, in 2001, he was paid less than \$500 for helping "transition President Clinton from the White House to a DC-based personal office to the Harlem office. Beyond that, he received no compensation for his work."

It's unclear whether Lindsey ever received GSA payments for work or travel on behalf of the former president. Neither he nor Podesta responded to requests for comment.

A GSA spokesperson declined to comment on specific employees, but said ex-presidents have broad discretion over how they choose to divvy up the \$96,600 they are provided each year for staffing. They can give the entire sum to a single employee or divide it among multiple employees.

George H. W. Bush has four people on his taxpayer-funded staff, while Bill Clinton has 10, which has been roughly his staffing level for most of his post-presidency, according to the GSA documents. That means that each earned about \$9,600 a year — far from a living wage in Manhattan, where both the Clinton Foundation and Clinton's personal office are located.

But most Clinton aides on the GSA payroll also earned far more from other groups in the Clinton orbit — from the foundation to Teneo to an entity financed by the Clintons' personal funds called the Clinton Executive Services Corporation, or CESC.

The aide to Bill Clinton said that the former president "personally pays the costs over and above what is provided for by GSA," adding that Clinton's contribution "far exceeds the \$96,000 provided by GSA."

The key reason for adding staffers to the GSA payroll, according to two people familiar with the Clintons' staffing arrangements, was that each employee became eligible for full federal employee benefits, including health and life insurance and pensions. The two people

familiar with Bill Clinton's staffing said the employees on his GSA payroll almost never received benefits from either the Clinton Foundation or the CESC.

Neither the CESC nor the Clinton Foundation are obligated to release their full payrolls, and GSA wouldn't release the names of the staff being paid through the Former President's Act.

So POLITICO in March 2015 filed a request under the Freedom of Information Act for GSA records detailing payments made through the Act to the offices of all former presidents from 1999 to the present. Nearly 18 months later, the agency partially fulfilled the request, this week delivering thousands of pages of emails, invoices and payroll documents covering 2009 through this year.

Correspondence related to Clinton's payroll and requested purchases of computer equipment and other office gear through GSA under the Act compose the overwhelming majority of the records provided in response to POLITICO's FOIA request.

That could be a quirk of the FOIA search process.

But Clinton's reimbursement requests also seem to generate far more back-and-forth with GSA about the justification for the spending (for instance, a GSA official asked in response to a request for a bed bug removal service, "is there currently a bed bug issue ... or is the request for some type of on-going maintenance services." The answer is not included in the documents). And Clinton's requested purchases also prompted more debate about what's allowable under the Act.

2016

Trump promises wall and massive deportation program

By **NOLAN D. MCCASKILL**

Part of that likely stems from Clinton's approach to his ex-presidency, which is far more active and public than that of his former commander in chief peers — and that's even before factoring in his wife's history-making political career. But the GSA records also reveal just how tricky it can be to separate the various entities, players and controversies that have circulated for decades around Bill and Hillary Clinton.

In several cases, GSA officials raised questions about whether requested furniture and IT equipment including servers were intended for the Clinton Foundation, rather than Clinton's personal office. In at least one instance, GSA paid to purchase and maintain a specialty Lockheed Martin database system called Intranet Quorum, the supporting systems for which were housed at one time at the Clinton Foundation's offices, and used by

both foundation staff and Bill Clinton's personal office staff to store and process his correspondence.

The Clinton aide said servers supporting the Intranet Quorum system — which is used for data storage, not email — were the only pieces of equipment purchased by GSA that were housed at the Clinton Foundation at one point, but he said it was justified by the specific circumstances around it.

“As staff needs to have the full picture of all correspondence sent by President Clinton, both staff from the Office of the Former President and the Foundation have access to, and can input into, the Intranet Quorum database,” the aide said.

The Clinton Foundation's website suggests that there's a strict wall between the foundation and the ex-president's personal office. “All Foundation employees are paid for work through the Foundation payroll,” the website says. “No Foundation staff are paid for Foundation work with taxpayer dollars.”

But the aide acknowledged “staff at the Foundation and staff at the Office of the Former President may have similar tasks, and need to coordinate this work — specifically staff that handles President Clinton's correspondence.”

That shared work is facilitated by the Lockheed Martin IQ database system, the aide said.

But the system's dual purpose raised questions among GSA officials, who pressed Clinton's representatives when they submitted an invoice in September 2011 to the GSA to purchase a \$7,700 Dell server and other IT equipment to support the Lockheed Martin IQ database.

Clinton Foundation officials explained to the GSA that they wanted the Dell server housed at foundation headquarters rather than at Clinton's personal office. They explained in an email that the foundation office had better air conditioning, allowing it to support “about 10-15 more servers,” and also it was where IT staff were based, so “trouble shooting with the servers can be done ASAP.”

Bill Clinton on possibly transitioning out of the Clinton Foundation

The GSA staff asked Graham, then serving as the foundation's COO, to demonstrate that "safeguards are in place to ensure that the servers are solely for use by" Clinton's personal office. A note affixed to the bottom of an email produced pursuant to POLITICO's FOIA request indicates that the GSA ultimately decided not to purchase the Dell server.

Asked about the reasoning this week, a GSA spokesman suggested that Clinton's representatives failed to provide sufficient evidence that the Dell server was not for use by the foundation.

"Consistent with the support we provide to every former President, GSA does not approve purchases for entities other than the offices of former Presidents," the spokesman said. "In this case, GSA staff sought clarification about the intended use of proposed purchases. Ultimately, the referenced server was not purchased."

But, perhaps highlighting the confusion caused by the overlapping spheres in the Clinton's universe, the Clinton aide offered a different recollection. "We believe that the information GSA provided you with is incomplete. Our files show that GSA purchased the Dell server that operates the IQ database in 2010."

Note: The headline on this story has been revised to reflect that GSA funds were used for IT support.

Rachael Bade, Cory Bennett and Eric Geller contributed to this report.

