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## Gorelick's Memo Impeded Probe of Clinton's China Scandal

**Scott Wheeler, CNSNews.com**

*Monday, April 26, 2004*

A senior U.S. government official has told CNSNews.com that the 1995 memo written by former Assistant Attorney General Jamie Gorelick, an issue in the 9/11 commission's investigation of U.S. intelligence failures, also created "a roadblock" to the probe of the 1996 Clinton re-election campaign's fund-raising scandal.

The memo's relevance in the investigation of the fund-raising scandal has received scant attention in the media, but four sources, including the government official, have explained and corroborated details of the connection for CNSNews.com.

CNSNews.com's sources question whether the guidelines purportedly put in place by Gorelick in 1995 for Justice Department investigations were actually intended to shield President Bill Clinton, Vice President Al Gore and top Democrat campaign fund raisers from the subsequent congressional investigations of the illegal money-raising activities.

However, there appears to be no evidence at this point that the Gorelick memo was written for that express purpose.

Because the memo created a barrier for U.S. intelligence agencies to share information with the FBI, one of its unintended consequences might have been to prevent the FBI from receiving the necessary intelligence to stop the Sept. 11, 2001 terrorist attacks, the worst in American history.

### Memo's Link to Money-Raising Scandal

The fund-raising investigation involved the Clinton campaign's alleged acceptance of donations from operatives working for the People's Republic of China as well as other foreign sources. But the Gorelick memo of 1995 prevented intelligence collected by U.S. agents overseas from being used in domestic criminal investigations.

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Peter M. Leitner, a longtime employee at the Department of Defense and currently a senior strategic trade adviser at DoD, was responsible at one point for deciding whether to issue a license to a Chinese corporation seeking to buy a McDonnell Douglas machine tools factory.

At the same time, according to congressional investigations of the fund-raising controversy, the Clinton campaign was receiving millions of dollars in donations from Chinese businessmen.

Leitner told CNSNews.com that he repeatedly saw investigations that would have led directly to foreign agents stymied by the wall erected by Gorelick in her 1995 memo.

"The Gorelick memo guidelines created a firewall that protected the [Clinton] administration" from the Justice Department's investigation into foreign campaign donations, Leitner said.

Gorelick's previously classified memo became public when Attorney General John Ashcroft sought to defend the Bush administration in recent testimony before the commission studying the intelligence breakdowns in the months leading up to the Sept. 11, 2001 terrorist attacks. Among those listening to Ashcroft's testimony about the memo he had just released was Gorelick, herself a member of the 9/11 commission.

"The simple fact of September 11th is this," Ashcroft told the commission. "We did not know an attack was coming because for nearly a decade our government had blinded itself to its enemies. Our agents were isolated by government-imposed walls."

Another DoD official, who requested anonymity, explained in an interview with CNSNews.com that the People's Liberation Army "used front companies to buy U.S. defense high technology and influence in the U.S. government." In many cases, the source said, "the operatives were dealing directly with the White House."

That type of intelligence might have been used in the prosecution of high-profile figures such as former Commerce Department official and Democratic National Committee fund raiser John Huang, as well as longtime Clinton associate Charles Yah Lin Trie, and ultimately might have led directly to Clinton and Gore, sources said.

### Bill, Al and Hillary Too

According to congressional investigations, Huang and Trie maintained close relationships with Beijing after Clinton was elected in 1992 and especially as they became major fund raisers for Clinton's 1996 re-election campaign and the legal defense

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trust fund established for the president and first lady Hillary Clinton to fend off charges associated with the Whitewater controversy.

"It was a classic spy network, nothing exotic about it," Leitner told CNSNews.com. "It included compromised public officials paid off with illegal campaign contributions." But Leitner said it was frustrating to see Huang and Trie eventually plea-bargain "for petty offenses instead of being investigated for espionage."

Leitner testified five times before congressional committees attempting to get to the bottom of what ultimately became known as the China/DNC fund-raising scandal. The Clinton administration Justice Department, headed by Attorney General Janet Reno, also conducted an investigation, even though many people accused the department of having a conflict of interest.

### Chinese Weapons Development and Smuggling

Leitner said one of the most important investigations hindered by the Gorelick memo involved a Chinese state-owned corporation's activities after it had purchased a McDonnell Douglas high-tech machine tools factory in Columbus, Ohio.

The factory, known as Plant 85, had previously been used to manufacture the bodies of U.S. Air Force C-17 strategic transport planes and MX intercontinental ballistic missiles.

In 1994, the China National Aero-Technology Import and Export Corp. (CATIC) offered to buy Plant 85 from the financially troubled McDonnell Douglass Corporation and relocate it to China where CATIC officials said it would become a civilian aircraft-production facility, according to court documents.

The sale required a government export license, which Leitner was in charge of either approving or denying. Leitner denied the license, arguing that once the machine tools from Plant 85 were exported to the People's Republic of China, they would be used to produce missiles for China's People's Liberation Army as well as nations unfriendly to the United States.

Leitner was eventually overruled, but according to court documents, within months of the plant being exported to China, U.S. officials learned that the sensitive machine tools had been diverted to a Chinese factory manufacturing Silkworm missiles.

Leitner told CNSNews.com that he informed the federal prosecutor in the case that the CATIC license was approved over his objections because of "pressure from Vice President Gore." That testimony, however, was never heard in court.

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## **Reno Again**

A criminal investigation was launched in 1995, but Reno resisted calls from congressional Republicans to appoint an independent counsel in the case. Instead, she named career prosecutor Charles LaBella to head up the Justice Department's own task force investigating Clinton and the sources of the foreign contributions.

LaBella acknowledged that the wall established by Gorelick was "cumbersome" to the investigation but that he was ultimately able to work around it.

"Clearly there was a line between the criminal and the counter-intelligence side," he said. LaBella added that one of the Senate committees was frustrated because "briefings from intelligence didn't match up with the criminal investigations."

After LaBella's work was completed, he recommended the appointment of a special prosecutor, an idea Reno again rejected. In the end, indicted suspects in the investigation, including CATIC and McDonnell Douglas, were able to plea bargain for lesser offenses. The plea bargains eliminated the need for Leitner to testify about the alleged "pressure" exercised by Gore.

In another case that spanned the mid 1990s, U.S. Customs ran a sting operation against a Chinese-owned company known as Poly Technologies. The company was attempting to smuggle thousands of AK-47 automatic rifles into the U.S.

Customs agents posed as buyers for the illegal weapons and the undercover operation eventually led to the indictment of five Chinese nationals. Senior Customs Field Agent Michael Goldsmith told CNSNews.com that "there is absolutely no doubt that Gorelick's memo "made things tighter and tighter" in "not having critical data available and not being able to use it."

"Operation Dragonfire," the name of the sting operation, ended with the indicted suspects pleading guilty to less serious weapons charges.

## **Gorelick's Alleged Conflict of Interest**

Gorelick, as a member of the 9/11 commission, is fighting the perception that she has a conflict of interest because the lack of intelligence cooperation between the FBI and the intelligence-gathering agencies has been widely cited as the reason for the U.S. government's inability to stop the attacks of Sept. 11.

In his April 13 testimony before the commission, Ashcroft said the wall was "the single greatest structural cause for Sept. 11. Government erected this wall. Government buttressed this wall. And before September 11th, government was blinded by this wall," Ashcroft told the commission.

Leitner went a step further. "What is disturbing is that that memo served to protect the administration from exposure in its dealings with the PRC and the unfortunate consequence may be the death of 3,000 Americans."

Spokesmen for Gorelick and the commission did not respond to numerous requests from CNSNews.com for comment on this story.

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