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SECTION: POLITICS; Pg. 40**LENGTH:** 2346 words**HEADLINE:** A Washington Tidal Wave;

Blackjack: Members of Congress rushed to give back money. DeLay stepped aside. Reformers pledged to fix the system. Can anything change the Capitol's money-hungry ways? Behind the **Abramoff** lobby scandal.

BYLINE: By Michael Isikoff, Holly Bailey and Evan Thomas; With Mark Hosenball and Eleanor Clift**BODY:**

First came the dinner invitations, then the tickets. Staffers in the office of former House Majority leader Tom DeLay could dine--usually, free of charge--at Signatures, the expense-account restaurant conveniently owned by lobbyist Jack **Abramoff**. Then they could sit in his skybox at Washington's MCI Center, home of the NBA Wizards and NHL Capitals. Before too long, recalled a former GOP leadership aide--who, like almost anyone on Capitol Hill these days, declines to be identified talking about his relationship with **Abramoff**--the DeLay staffers began to think that **Abramoff's** box at the arena was their box, and, in the cozy way of Washington, it might as well have been. "Jack was sort of like a drug dealer," said the former staffer. "He'd give them [DeLay's staffers] a little taste and then get them hooked."

It may be convenient for Hill staffers to think of Abramoff as insidious, subtly corrupting idealistic but naive public servants. Actually, Abramoff was about as subtle as a madam in a whorehouse. He milked (and bilked) clients exuberantly. "Guess what I just scored?" he e-mailed his old friend, former Christian Coalition director Ralph Reed, celebrating the Gulfstream jet that he had arranged to fly their party (including Congressman Robert Ney) to Scotland for a weeklong golf junket. "Fire-up the jet baby, we're going to El Paso!!" he wrote his partner--and former DeLay press aide--Michael Scanlon, announcing the acquisition of a Texas Indian tribe, the Tiguas, as a lobbying client. "I want all their MONEY!!!" replied Scanlon. "Yawzah!" chimed in Abramoff.

There are, to be sure, congressional rules that require staffers to report all gifts and bar them from accepting any with a value of more than \$50. But in the world of Abramoff, compliance was, at best, spotty. Business interests in the U.S.-run Northern Mariana Islands hired Abramoff to block federal labor regulations meant to crack down on sweatshop abuses. The lobbyist led congressional staffers on a fact-finding expedition to the Western Pacific. "There were charter-fishing-boat trips, lavish dinners, massages," said the former leadership aide. "Nobody ever reported any of that stuff."

The party ended last week with Ab-ramoff, looking like a character out of a gangster movie in a black fedora and black raincoat, leaving federal court after pleading guilty to defrauding his clients and conspiring to bribe

public officials. To reduce his jail sentence, Abramoff was talking to the Feds about as many as a dozen congressmen who had been the recipients of this largesse. The panic on Capitol Hill was palpable; lawmakers scrambled to give away or return their campaign donations from Abramoff and his clients, led by House Speaker Dennis Hastert (\$67,000). All denied any wrongdoing.

Everything about Abramoff was big, grand, outrageous. He liberated various Indian tribes of a total of \$82 million for his various lobbying schemes (while referring to Indians as "troglo-dytes" in his e-mails). Anyone walking down the passageway to the courtside seats at the MCI Center could see that Abramoff had not just a locker where his friends and clients could stow their briefcases or coats, but the biggest locker--with his name surrounded by gold stars. Abramoff's tentacles reached into the White House; he could boast that his former secretary Susan Ralston had become assistant to Deputy White House chief of staff Karl Rove. (The White House joined the parade to disavow Abramoff last week.) Abramoff's prosecution and plea agreement will draw tremendous scrutiny to the influence-peddling business, though whether it will bring real reform is hard to say.

It is not clear how many (if any) solons will wind up in jail because of their friendship with Abramoff. Bribery is very hard to prove. Congressman Ney, identified in Abramoff's indictment as "Representative #1," says he was duped into performing favors for Abramoff's clients. "Members of Congress are constantly raising and receiving money all the time, and they also perform official acts," says Ney's lawyer, Mark Tuohey. "But there was no quid pro quo." In other words, business as usual on Capitol Hill.

But the Abramoff scandal will cost Congressman DeLay his post as House Majority leader. DeLay had been hoping to get out from under a weak money-laundering charge in an unrelated Texas prosecution in time to retain his leadership role for the coming year. Now, with the Abramoff inquiry likely to drag on, DeLay has announced he is stepping down.

DeLay is a casualty of a system he helped create. When the Republicans took over the House in 1994 for the first time in 40 years, they postured as reformers. But they were soon lapping at the trough just as greedily as the Democrats--only with better discipline. DeLay, nicknamed "the Hammer" for his ability to whip Republicans into line, joined with his old friend conservative activist Grover Norquist to create something known as the K Street Project. He put out the word that the big lobbying firms lining K Street downtown needn't bother sending anyone to see the GOP leadership unless the lobbyist was a card-carrying Republican. DeLay gave lobbying a more-partisan, brazen edge. After swinging through the revolving door at many times their Hill salary, former GOP leadership aides could be found in the back rooms of congressional committees helping their old bosses write legislation for their new clients.

It's doubtful that congressmen sold their votes any more or less than before. Most lawmakers who take money from lobbyists would vote that way regardless. The GOP tax cuts for the rich were not cooked up behind closed doors; they were a George W. Bush campaign promise. But the lobbying "profession" grew like Topsy. Between 1998 and 2004, the Washington lobbying industry nearly doubled its spending from \$1.42 billion to \$2.1 billion. There are now 37,000 registered lobbyists in Washington, roughly double the number reported back in 2000, when DeLay kicked off the K Street Project. About half of them worked on the Hill or for the federal government. Since 1998, 198 members of Congress have retired. A little less than half have become lobbyists.

The real scandal may be how lobbyists fleece their clients, conning them into believing that campaign contributions are essential to protecting their interests in Congress. Abramoff and his cronies played the game with exceptional cynicism. Hired by the Coshatta Indian tribe in Louisiana, Abramoff worked with Ralph Reed to wage a grass-roots campaign to shut down a gambling casino run by the Tigua tribe in Texas. Then Abramoff turned right around and offered his serv-ices to the Tigua Indians to lobby to get Congress to open the casino back up. "I wish those moronic Tiguas were smarter in their political contributions," Abramoff e-mailed Reed. "I'd love us to get our mitts on that moolah!! Oh well, stupid folks get wiped out." Ultimately, Abramoff persuaded the Tiguas to pay \$4.2 million to try to get Congress to reopen the casino. Congress never did--but the two men raked in hundreds of thousands in fees.

One of Abramoff's partners in crime was DeLay's former spokesman, Scanlon, who has already pleaded guilty to defrauding clients. Abramoff would urge Indian tribes to hire Scanlon's PR firm for huge sums; Scanlon, in turn, would kick back half the money to Abramoff. In Abramoff's plea agreement, a congressional aide identified as "Staffer A" is actually DeLay's former deputy chief of staff Tony Rudy. According to the Feds, Staffer A, while working for DeLay, helped Abramoff stop legislation that would have prohibited Internet gambling. Two of Abramoff's clients, eLottery, a Connecticut firm that provides Internet services to state lotteries, and the Choctaw Indians, who own casinos in Mississippi, benefited from DeLay's action. In return,

the government charges, Staffer A's wife was paid \$50,000 through a nonprofit group. (Rudy went to work for Abramoff as a lobbyist in 2001; he did not return phone calls.)

DeLay--nominally, at least, an opponent of gambling--has insisted that he never sought to help Abramoff's lobbying clients. Rather, he says, he opposed the anti-gambling measure because it was "too weak," since it contained exemptions for jai alai and horse and dog racing. Still, his opposition came just two months after he and two staffers flew off to Scotland for a \$70,000 golfing trip arranged by Abramoff--and paid for by his gambling clients, eLottery and the Choctaw Indians.

A third DeLay staffer, former chief of staff Ed Buckham, is also under investigation. The Washington Post has reported that in 2000, Abramoff and Buckham used their credit cards to pay for a trip to the United Kingdom for DeLay and his wife. Investigators are looking into Buckham's connection to DeLay's wife, Christine. She was paid \$115,000 over three years by Alexander Strategy Group, a lobbying firm run by Buckham and Rudy, to identify the favorite charities of members of Congress.

NEWSWEEK reported last spring that Abramoff hinted to a luncheon companion that if he was prosecuted he might turn on DeLay. But DeLay's lawyer, Richard Cullen, said last week: "Tom DeLay is not concerned that Mr. Abramoff is cooperating. He urges everyone involved to cooperate in the investigation and to tell the truth." Most of the influence peddling on Capitol Hill is perfectly legal: money funneled through charitable foundations or political-action committees. Occasionally, however, a congressman will apparently go overboard. Bob Ney, chairman of the House Administration Committee, seems to have particularly welcomed Abramoff's favors.

To hear Ney's friends tell it, the five-term Ohio Republican was set up. He was lulled into believing that a golfing trip to St. Andrews in Scotland with Abramoff and Reed in 2003 was perfectly acceptable because he was told, said one ally, that "it's just like the trip DeLay took" with Abramoff two years earlier. The official purpose, listed on House disclosure forms, was to give "a speech to Scottish Parliamentarians." Never mind that the Scottish Parliament was not in session and Ney never went there. He was told that, in between golf outings, he would attend a dinner with the Scottish lawmakers. But on the night of the event, he was told by Abramoff that the Scots had canceled at the last minute. A source close to Ney who did not wish to be identified discussing a federal investigation says that Ney had been lured by Abramoff into taking a lobbying junket. (Ney did have lunch with some staff members of the Scottish Parliament, this source said.)

Some of Ney's actions may be hard to explain. In 2003, Ney went to London to meet the operator of a Cyprus-based airplane firm, FN Aviation, which was seeking Ney's help in getting permission to sell U.S.-made airplane spare parts to Iran. The owner of the company, Nigel Winfield, a thrice-convicted felon who once went to prison for trying to fleece Elvis Presley, wanted a "humanitarian" exception to a ban on the sale of U.S. high tech to Iran (Iran's aging Boeings had begun crashing). Ney, his lawyers acknowledge, did talk to the State Department, though nothing came of it. (Winfield did not respond to calls from NEWSWEEK.) But on another trip to London, Ney called up Winfield's Syrian-born business partner, Fouad Al-Zayat, known in London casinos as The Fat Man, and suggested they go gambling together. Putting down a \$100 bet, Ney ended the evening \$34,000 richer, according to his financial reports. Ney says nothing improper took place; he just got lucky. It may also be a coincidence that a year earlier Ney acknowledged at least \$30,000 in credit-card debts which he paid off after his gambling windfall.

Was anyone trying to stop such shenanigans? The House Committee on Standards of Official Conduct, charged with policing ethics lapses, has been largely dormant or rent by squabbling. The congressional watchdogs have opened fewer than a dozen investigations over the past five years, thanks to what one GOP lawmaker called a "ceasefire" between Democrats and Republicans who wanted to avoid an "ethics war." The congressman, who asked not to be named discussing such a sensitive matter, says: "If they were going to investigate us, we were going to investigate them."

The committee did awaken briefly in 2004 to rebuke DeLay for his fund-raising and dealings with lobbyists. But House GOP leaders promptly signed off on new rules, making it harder for lawmakers to initiate investigations. Lately, committee members have hired new investigators and a new chief of staff. Still, many lawmakers doubt that the panel will prove to be any more aggressive than in past years.

With congressional elections coming up, the GOP is scrambling to avoid the label of Party of Corruption. Republican reformers like Sen. John McCain and former Speaker Newt Gingrich are talking about tighter lobbying rules, like barring former representatives from lobbying on the House floor and banning former aides from lobbying for two years, instead of one. The Republicans could conceivably steal a march on the Democrats, who were not exactly pure when they controlled Congress. But the public is likely to remain

appropriately skeptical of both parties. According to a Gallup poll taken last month, some 49 percent believe "most members" are corrupt and are about evenly divided over who is more corrupt, Republicans or Democrats.

Even reformers have a price. In 1993, just before the Gingrich Revolution swept the GOP to power in the House, Marshall Wittman, a right-wing activist who later turned centrist, attended a meeting of Americans for Tax Reform, an umbrella group of conservatives making common cause. On the agenda that day was regulation relief for the Mariana Islands. Wittman wondered: when did the Mariana Islands become a conservative issue? Grover Norquist, the head of Americans for Tax Reform, was close to Jack Abramoff. Abramoff would later collect \$9 million in fees smoothing the way for members of Congress to take fact-finding trips to the islands and play golf.

GRAPHIC: Playing ball: Abramoff faces about 10 years

(photos, text) The Abramoff Ripple Effect: The D.C. guessing game began the moment that Jack Abramoff pleaded guilty to three federal felony charges. Who else might sink? A guide: (graphic omitted)

(photos, text) Swimming With Sharks: Who's likely biting his nails? (Hastert, Griles, Norquist, Reed, Dorgan, Reid) (graphic omitted)

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