

# THE CONTRIBUTION OF YOGESH GANDHI

## Introduction

Yogesh Kathari Gandhi arrived in Washington, D.C., on May 13, 1996 with a bust of Mohandas K. Gandhi, an entourage of foreign spiritualists, his checkbook, and a keen desire to meet the President. Gandhi was rebuffed in his attempts to gain access to the White House, and, indeed, the White House staff concluded that Gandhi was “clearly disreputable.” Nonetheless, once the checkbook had been opened, Gandhi successfully arranged for his foreign backers to present the bust to the President at a DNC fundraising dinner. In this instance, the contributor’s dogged tenacity, paired with the complicity of some DNC fundraising officials, prevailed over attempts by White House staff to protect the President from an episode that led to the acceptance of illegal foreign contributions which were ultimately returned by the DNC.

Yogesh Gandhi is a 48-year-old citizen of India and legal resident of California who moved to the United States in 1988 and established the Gandhi International Memorial Foundation (“the Foundation”), now located in Orinda, California. Yogesh Gandhi claims to be a great grand-nephew of Mohandas K. Gandhi. He was born Yogesh Kathari and changed his surname to Gandhi only when he came to the United States. The Foundation, and Gandhi, initially focused their efforts on the erection of statues of Gandhi in major cities around the world. In recent years, however, the presentation of an award given in the name of Mahatma Gandhi (“the Prize”) has become the principal, if not sole, activity of the Foundation.

The Prize has typically consisted of both a bust of Mahatma Gandhi and a cash award. It has been presented to Mother Teresa, Nelson Mandela, and Mikhail Gorbachev, among others. The Committee has concluded that the various recipients of the Prize, the Foundation, and ultimately the legacy of Mohandas K. Gandhi have been exploited to increase the visibility and stature of Yogesh Gandhi and his magnate patrons.

Hogen Fukunaga, a 52-year-old citizen of Japan who leads a religious sect called Tensei was the beneficiary of the events of May 13, 1996. The scheme was structured as follows: Yogesh Gandhi supplied the Gandhi name, which gained Fukunaga entree to a photo opportunity with the President. Funding for the venture and the DNC contribution came from Yoshio Tanaka, a 64-year-old Japanese health products tycoon. To complete the circle, the Committee has learned -- from Barry Flint, a United States-based associate of Tanaka -- that Gandhi and Tanaka were helping Fukunaga in the ultimate expectation that he, or his sect, would make a large contribution to Tanaka's Earth Aid International Foundation.<sup>1</sup>

### **Gandhi's Statements to the Committee**

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<sup>1</sup> Memorandum of Interview of Barry Flint, April 7, 1997. Indeed, Flint informed the Committee that Gandhi, Tanaka, and Fukunaga also attended a United Nations conference in Istanbul for which Gandhi had paid \$100,000 in funds provided to him by Tanaka. *Id.*

On March 25, 1997, Committee staff met with Gandhi at the Foundation's office in Orinda, California. During the interview, Gandhi provided demonstrably false and misleading information as to the circumstances of the May 13, 1996 dinner, as well as the source of the funds contributed to the DNC in connection with that event.<sup>2</sup>

Gandhi stated in the interview that the Board of Directors of the Foundation decided to present the Prize to President Clinton in late 1995 or early 1995. Gandhi contacted the White House, which, he said, agreed to accept the bust of Gandhi but not the accompanying cash award. Although the bust was ultimately presented at a DNC fundraising dinner, Gandhi insisted that there was no connection between the opportunity to present the bust to the President and his contribution to the DNC.

Gandhi acknowledged that he had paid \$325,000 to attend a DNC fundraising dinner in Washington on May 13, 1996. He told the Committee that he wanted to go to the dinner because it was his 45th birthday and his mother was visiting from India. Gandhi brought a total of 13 guests, including Fukunaga and Tanaka, whom Gandhi identified as members of the Foundation's International Advisory Board. For his party of 14, Gandhi paid over \$23,200 per person to attend the dinner.

Gandhi further stated in the interview that he had met with Charlie Trie the afternoon of the dinner, that there was a disagreement about the price of admission, and that haggling ensued.

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<sup>2</sup> Memorandum of Interview of Yogesh Gandhi, March 29, 1997.

Gandhi thought the price for the dinner was \$12,500 for a table but told the Committee that Trie wanted \$12,500 per person. Either way, Gandhi paid more than the alleged ticket price.

Ultimately, Gandhi wrote a check for \$325,000, which was more money than he had anticipated spending. Gandhi acknowledged that he asked Trie to make sure that the check was not cashed for ten days, so that he could move money into his bank account.<sup>3</sup>

Gandhi said that while he was in Washington, it occurred to him that he could “kill two birds with one stone” and present the Gandhi Prize at the DNC dinner. He stated that he kept a spare bust of his eminent ancestor in New York, and made arrangements for an associate to fly it to Washington that afternoon. At the dinner, Gandhi further claimed, he approached the Secret Service with his request to present the Prize, and was allowed to make the presentation, with Fukunaga and Tanaka, after the dinner.

Gandhi provided a number of inconsistent explanations as to the source of the funds that he contributed to the DNC. During the course of the interview, he variously maintained that the funds were: (1) family money which had been wired in from Egypt; (2) the proceeds of a technology transfer transaction he had undertaken with a unnamed Australian firm; (3) an advance on such a deal; and/or (4) simply money that he had in the account. In the course of the

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<sup>3</sup> As is discussed below, this portion of Gandhi’s statement appears to be accurate. The DNC held Gandhi’s check until May 28, 1996, before cashing it.

interview, Gandhi agreed to provide bank records from the relevant period (April-June 1996), however, such records were never voluntarily supplied to the Committee.

Pursuant to an agreement with Gandhi, on July 1, 1997, Committee staff traveled to Orinda, California, to take his deposition. Gandhi appeared with counsel, who stated that Gandhi would decline to answer questions in reliance upon his Fifth Amendment right against self-incrimination.<sup>4</sup>

### **What the Committee's Investigation Established**

Contrary to Gandhi's vanilla description of the events of May 13, 1996, the Committee has established that the presentation of the Prize was arranged on a straightforward pay-to-play basis. Only after Gandhi was rebuffed by the White House did he turn to the DNC, which charged \$325,000 for a few moments rental of the Presidency to a disreputable con man.

In February of 1996, Gandhi wrote to the White House with the news that President Clinton had been selected to receive the Gandhi World Peace Award.<sup>5</sup> Gandhi also arranged for both Matin Royeen, a Clinton-Gore reelection campaign volunteer who wrote on campaign letterhead to the First Lady, and Senator Charles S. Robb to contact the White House in support of the invitation.<sup>6</sup> Through an examination of records produced by the White House, the

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<sup>4</sup> Gandhi's attorney confirmed this assertion of the privilege in writing by correspondence dated July 1, 1997. Letter from Peter J. Coleridge, Esq., to Matthew J. Herrington, July 1, 1997 (Ex. 1).

<sup>5</sup> Letter from Yogesh Gandhi to President Clinton, February 5, 1996, (Ex. 2).

<sup>6</sup> Letter from Matin Royeen to Hillary Clinton, February 15, 1996 (Ex. 3); Letter from Senator Charles S. Robb to President Clinton, March 26, 1996 (Ex. 4).

Committee has been able to reconstruct the events leading up to the rejection of Gandhi's proposal to present the Prize to the President.

First, the invitation was referred to the National Security Council ("NSC"). Andrew Sens, responding on behalf of the NSC, demurred, citing the fact that the Foundation was a United States entity, with the implication that the matter was outside of the NSC's jurisdiction.<sup>7</sup> After the Gandhi matter became public, Sens informed Harold Ickes that the FBI considered Gandhi "a fraud."<sup>8</sup>

Second, the White House Office of Public Liaison, and specifically Doris O. Matsui and her staff, undertook an investigation and found that Gandhi's Foundation "wasn't a reputable organization."<sup>9</sup> Indeed, the White House staff was informed that the Foundation was a "one-man organization" that Gandhi "made a living out of," and that Gandhi would "take advantage of" a meeting with the President, who would be "hurt" by the association.<sup>10</sup>

Finally, the White House staff conducted a LEXIS/NEXIS search which revealed that, in addition to the luminaries cited by Gandhi, the Prize had been given to Ryoichi Sasakawa in 1987. In an article retrieved by the search, and produced to the Committee by the White House, Sasakawa was described by the Los Angeles Times as a "billionaire former war crimes suspect

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<sup>7</sup> Memorandum from Andrew Sens to Stephanie Streett, March 13, 1996 (Ex. 5).

<sup>8</sup> Notes of Harold Ickes, October 20, 1996 (Ex. 6).

<sup>9</sup> Deposition of Ann T. Eder, May 28, 1997, p. 201 .

<sup>10</sup> Undated, handwritten notes of the White House Office of Public Liaison Staff (Ex. 7).

who made his fortune promoting motorboat gambling.”<sup>11</sup> The same article stated that Sasakawa “is known in Japan as ‘The Godfather’ because of his alleged connections to Gangsters.”<sup>12</sup>

On April 17, 1996, the White House formally regretted on behalf of the President.<sup>13</sup> There is no question that Gandhi misled the Committee as to the decision of the White House: he maintained that the White House had agreed to accept the Prize and that it was happenstance that the presentation occurred at a DNC event. In fact, the White House flatly turned down Gandhi, which is why he had to scramble to arrange a DNC venue for the presentation of the Prize and, moreover, the Fukunaga photo op.

To a less industrious huckster -- or perhaps to a huckster under less pressure to produce the President for his client -- the White House’s April 17, 1996 “no” might have been the end of the affair. In fact, it was only the beginning, and Gandhi soon found that John Huang and the DNC would oblige his request -- if the price was right. Huang has refused to answer the Committee’s questions, but the documentary record and the deposition testimony of his DNC colleagues demonstrate that he was the key DNC staffer responsible for Gandhi’s contribution.

Contrary to Gandhi’s assertion to the Committee that there was no connection between his contribution and the presentation of the Prize to President Clinton, DNC General Counsel Joe

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<sup>11</sup> Memorandum (with press clipping attachments) from Chrysanthe Gussis to Kathi Whalen, March 14, 1996 (Ex. 8).

<sup>12</sup> *Id.*

<sup>13</sup> Letter from Stephanie S. Streett & Anne Walley to Yogesh Gandhi, April 17, 1996, (Ex. 9).

Sandler testified that the two were directly linked from the start: “Huang told me that Gandhi expressed an interest in attending an event with the President and that he wanted to contribute to the Democratic Party. He also wanted to, in connection with attending an event, present this award to the President.”<sup>14</sup> When Huang had settled on the May 13 Sheraton-Carlton dinner as the appropriate venue, Huang arranged in advance with Craig Livingstone, who was the lead White House advance person for the event, for the President to receive the Prize during a private reception in a separate room at the dinner.<sup>15</sup>

On May 13, 1996, Gandhi gave Huang and/or Trie a check in the amount of \$325,000. Although Trie, like Huang, has refused to cooperate with the Committee, his involvement in the Gandhi affair is confirmed by the relevant DNC check tracking form, which lists Huang as the “DNC Contact” and Trie as the “Solicitor.”<sup>16</sup> On the evening of May 13, after the public program

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<sup>14</sup> Deposition of Joseph E. Sandler, May 15, 1997, p. 108. Huang was apparently introduced to Gandhi through Sharon Singh, a DNC activist in the Indian-American community. *Id.*, 107-108. Because Huang, Trie, and Gandhi have all declined to provide testimony, the Committee has been unable to establish the details of the involvement of Huang and Trie in the Gandhi affair.

<sup>15</sup> Sandler deposition, May 15, 1997, p. 111. Sandler’s testimony not only betrays the duplicity of Gandhi’s statements to the Committee, but also calls into question the pronouncements of DNC spokesperson Amy Weiss Tobe. Prior to the November 1996 election, Tobe told the press that the DNC had not known in advance that Gandhi intended to present the Prize to the President on May 13. See Alan Miller, “A Picture Worth \$325,000?,” Los Angeles Times, Nov. 2, 1996, p. A1. The disjunct between Sandler’s testimony and Tobe’s statements to the press is particularly jarring in that she apparently spoke with Sandler about the circumstances of the Gandhi contribution prior to speaking with the press. See Deposition of Amy Weiss Tobe, June 16, 1997, p. 22. In her deposition, Tobe claimed that Huang told her at the time of the press inquiries that he had not known about the Prize until the evening of the Sheraton-Carlton dinner. *Id.*, pp. 21-22. At best, then, Huang misled Tobe, and may have been in cahoots with Gandhi in attempting to obfuscate the pay-to-play nature of the event.

<sup>16</sup> DNC Check Tracking Form (Ex. 10).



was complete, the President was taken to an adjoining room and Fukunaga presented the bust to him. Although video and audio tapes of the May 13 event, as produced by the White House, do not capture the President's side-door acceptance of the Prize, still photographs were taken.

Within a few weeks of the event, a photo of Fukunaga presenting the Gandhi bust to President Clinton was featured on the Internet web site of Tensei, Fukunaga's religious organization.

The DNC has publicly denied that any basis existed to be suspicious of the Gandhi contribution in May of 1996, but the fact is that well before the Gandhi story hit the press in the fall of 1996 -- before the check had even been cashed -- there was concern within the DNC about the propriety of the Gandhi contribution. Richard Sullivan testified that, after the event, Huang brought Gandhi's extraordinarily large check by his office, and that Sullivan inquired to ensure that Huang would take the check personally to and review it with Sandler.<sup>17</sup> Huang told Sullivan that he was holding the check until that review had taken place, and later told Sullivan that Sandler had approved the contribution.<sup>18</sup> Sandler, however, testified that he was not consulted about the Gandhi contribution prior to the funds being accepted; he testified instead that his first discussion of it was after negative press reports.<sup>19</sup> Confronted with this contradiction between Sandler's sworn testimony and Huang's earlier statements, Sullivan weighed in on the side of

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<sup>17</sup> Deposition of Richard L. Sullivan, June 5, 1997, pp. 37-39.

<sup>18</sup> *Id.*, pp. 38-39.

<sup>19</sup> *See* Sandler deposition, May 15, 1997, p. 107.

Huang. Sullivan believed that Sandler had “lied” in an attempt “to cast his performance in a better light.”<sup>20</sup>

Although Sullivan claimed that the DNC “proactively” ran a LEXIS/NEXIS search on Gandhi,<sup>21</sup> such a search would have turned up stories relating to Gandhi’s association with Sasakawa, the 1987 recipient of the Prize.<sup>22</sup> Because it is unclear whether Sandler actually pre-screened the Gandhi contribution, the Committee cannot speculate as to whether or not this and other red flags were ignored -- or simply never uncovered -- by the DNC. During the Committee’s public hearings, Sullivan conceded that the Gandhi case was “yet another example of the DNC failing to do a sufficient job” in screening contributions.<sup>23</sup> Likewise, Sandler admitted that under the DNC’s new post-1996 election screening regimen, Gandhi, as a first-time contributor, would have been thoroughly investigated, and the contribution would not have been accepted.<sup>24</sup> When White House Office of Public Liaison staff member Ann Eder learned that Gandhi had managed to present the Prize to President Clinton at a DNC fundraising dinner, she was “surprised” because the Foundation was “clearly not a reputable entity.”<sup>25</sup>

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<sup>20</sup> Sullivan deposition, June 5, 1997, p. 39. For other contradictions between Sullivan and Sandler, *see* the section of this report on Huang’s illegal fundraising at the DNC.

<sup>21</sup> *Id.*, p. 140.

<sup>22</sup> *See* Ex. 8.

<sup>23</sup> Testimony of Richard L. Sullivan, July 10, 1997, p. 46. *See also* the section of this report on the dismantling of the DNC’s vetting process.

<sup>24</sup> Sandler deposition, May 15, 1997, pp. 118-19.

<sup>25</sup> Eder deposition, May 28, 1997, p. 202.

Finally, the extraordinary degree to which Huang and the DNC leadership were solicitous of Gandhi is perhaps explained by the sheer size of the contribution. Gandhi's \$325,000 contribution constituted more than half the funds raised at the May 13 event.<sup>26</sup> Put another way, if Gandhi had been rebuffed in his effort to get the Prize to the President and had not attended the dinner, or if Sandler had decided afterwards not to accept the Gandhi contribution, Huang would have fallen woefully short of the evening's fundraising goal.

### **Analysis of Gandhi's Bank Records**

Bank records for Gandhi and the Foundation were obtained by the Committee pursuant to subpoena. The records amply illustrate the cause for Gandhi's insistence that the DNC hold the check for a few weeks. At the time the \$325,000 check was issued on May 13, 1996, the account on which it was drawn held less than \$30,000.<sup>27</sup> Furthermore, these bank records establish beyond question that the source of the funds paid to the DNC was Yoshio Tanaka. The records show a total of \$500,000 in incoming wire transfers from Tanaka's Tokyo bank account between the time that the May 13 check was written, and when it was cashed on June 3, 1996.<sup>28</sup>

There is no question in this instance that the funds received by the DNC were both laundered and originated overseas, and thus constituted an illegal contribution.

### **The Delay in the DNC's Return of Gandhi's Contribution**

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<sup>26</sup> See Sullivan testimony, July 10, 1997, pp. 44-45.

<sup>27</sup> Bank records of Yogesh Gandhi (Ex. 11).

<sup>28</sup> *Id.*

On October 25, 1996, a \$325,000 refund check to Gandhi was drawn on the DNC's account at Nationsbank. Ten days later -- but more importantly, one day after the Presidential election -- on November 6, 1996, the DNC sent the check to Gandhi.<sup>29</sup> Sandler, who signed the cover letter transmitting the refund check to Gandhi, has improbably testified that the check was issued on October 25, 1996, as a preliminary step in an investigation that did not conclude until the day after the election.<sup>30</sup> Ickes' notes of meetings and conference calls held on October 20 and 28, however, establish that the DNC and White House knew before the election that: (1) the FBI had described Gandhi as a "fraud;" (2) Gandhi had testified in court proceedings earlier in 1996 that he was unable to satisfy a \$4000 default judgment against him; and (3) he was in arrears on his taxes.<sup>31</sup> Given that Sullivan himself has called into question the veracity of Sandler, it is difficult to credit Sandler's testimony that it was simply a wild coincidence that the Gandhi refund check -- cut days before -- just didn't get into the mail until the day after the election.

## **Conclusion**

The Committee shares the conclusion of White House lawyer Lanny J. Davis: "The professional staff at the White House checked this matter out and made a correct determination"

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<sup>29</sup> Letter from Joseph Sandler (with copy of the check, DNC expenditure request form, and UPS mailing information) to Yogesh Gandhi, November 6, 1996 (Ex. 12).

<sup>30</sup> Sandler deposition, May 15, 1997, p. 115.

<sup>31</sup> *See* Ex. 6 & Harold Ickes' notes of October 25, 1996 (Ex. 13).

as to the whether Gandhi should gain an audience with the President.<sup>32</sup> That said, however, the determination of the White House staff was either ignored or overridden when Gandhi coupled his request with a \$325,000 contribution to the DNC.

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<sup>32</sup> Glenn R. Simpson, "White House Got FBI Data on Party Donor," Wall Street Journal, June 10, 1997, p. A20.