

INTRODUCTION

Etched in the history of our great nation is a long and lamentable chapter about the exploitation of Native Americans. It began with the sale of Manhattan, and has continued ever since. Every kind of charlatan and every type of crook has deceived and exploited America's native sons and daughters. While these accounts of unscrupulous men are sadly familiar, the tale we hear today is not. What sets this tale apart, what makes it truly extraordinary, is the extent and degree of the apparent exploitation and deceit.

Opening Statement of then-Committee Ranking Majority Member John McCain, during the Committee's September 29, 2004, hearing on allegations made by Tribes against Jack Abramoff and Michael Scanlon

[J]ust speaking as an enrolled member of an Indian tribe, not the chairman of this committee, I have to tell you that for 400 years people have been cheating Indians in this country, so you're not the first one, Mr. Scanlon. It's just a shame that in this enlightened day that you have added a new dimension to a shameful legacy of what's happened to American Indians. You're the problem, buddy, of what's happened to American Indians.

Closing remarks of then-Chairman Ben Nighthorse Campbell, during the Committee's November 17, 2004, hearing on allegations made by Tribes against Jack Abramoff and Michael Scanlon

[It] [n]eeds to have a bit more about how the tribes in the past were left helpless at the whims and good will of non-tribal members. Some reference to the past and how they were always given the [short] end of the stick would be pretty important, I think.

Email from Jack Abramoff to associate Todd Boulanger, February 26, 2004 (critiquing draft letter intended for *The Washington Post* and Senate Indian Affairs Committee regarding Committee investigation)

Yes, I did wrong, but I did a hell of a lot right too. Basically, I was the best thing they had going. I knew it, they knew it. My mistake was not informing them (about Scanlon).

Jack Abramoff to contributing editor David Margolick, *Vanity Fair*, "Washington's Invisible Man," April 2006

FACTUAL BACKGROUND

On the afternoon of June 18, 2001, in Washington, D.C., racquetball was the order of the day.¹ Having brought former congressional communications director Michael Scanlon with him to

¹ Email between Michael Scanlon, Capitol Campaign Strategies, and Jack Abramoff, Greenberg Traurig (GTG-E000011945) (June 18, 2001).

the lobbying shop at Greenberg Traurig for what ended up as a brief stint, Jack Abramoff wanted to get together with Scanlon for a round.

But, Scanlon, who was now out on his own, wanted to talk shop: “A few weeks ago you mentioned something to me—I took the concept and have put together a plan that will make serious money. We also talked briefly about it in the beginning of the year but I think we can really move it now.”²

Scanlon went on to describe “the broad strokes”: “I have been making contacts with some larger Public Affairs companies in town for a few months. I have two solid relationships that will seriously consider acquiring Capitol Campaign Strategies. The problem is that there is not much in CCS right now.”³

“However,” he continued, “if we build up Capitol Campaign Strategies enough I can get it acquired by a large firm by the end of next year at 3x [sic] the firm revenue. Bottom line: If you help me get CCS a client base of \$3 million a year, I will get the clients served, and the firm acquired at \$9 million. We can then split the [sic] up the profits. What do you think?”⁴

Abramoff’s response was brief: “Sounds like a plan, but let’s discuss when we are together.”⁵

This appears to be the genesis of a partnership the two would later infamously label as “gimme five”—their secret plan “to put in \$5[million] revenue/yr [in fees from tribes, into] CCS.”⁶ Later, the term “gimme five” came to mean kickbacks to Abramoff from payments made by any of Scanlon’s Tribal clients to Scanlon.

By Spring 2003, Abramoff and Scanlon’s secret financial arrangement was apparently straining. The two had failed to get a Tribal client’s casino reopened. And Scanlon, apparently awash in cash, seemed to have outgrown the partnership and appeared more interested in putting his ill-gotten gains to work.

He offered Abramoff, “I have a few real estate developments in the pipeline—One really big one—and a couple of small ones that I may need to raise outside capital for. I can guarantee the returns on rate and time, and if you wanted to do more down the road taking a run at the upside potential you could get into some of the longer term stuff ... (I’m turning a 100% return on a one year project next month).”⁷

Abramoff responded, “OK, let’s chat when we are next together. Meanwhile, let’s get some more fucking money!”⁸

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ Email from Jack Abramoff, Greenberg Traurig, to Rodney Lane (GTG-E000011577) (March 15, 2002).

⁷ Email from Michael Scanlon, Capitol Campaign Strategies, to Jack Abramoff, Greenberg Traurig (GTG-E000012012) (March 25, 2003). Scanlon might have been referring to his resale of an expensive five-bedroom canal-front home near Rehoboth, Delaware, he had bought in November 2001, apparently with Tribal proceeds, in one of that area’s most prestigious neighborhoods—reportedly for \$1,200,000 more than he paid. See Cris Barrish, *Abramoff cohort spent millions on Sussex homes—As a Rehoboth lifeguard last year, he made \$11.35 an hour*, The News Journal, May 14, 2006. Early in 2003, Scanlon also reportedly paid \$1,600,000 in cash for a home on Baltimore Avenue (across the street from where he ran his supposed international think tank, the American International Center) where he later opened offices. *Id.*

⁸ Email between Michael Scanlon, Capitol Campaign Strategies, and Jack Abramoff, Greenberg Traurig (GTG-000012012) (March 25, 2003).

Making money was certainly nothing new to Abramoff. When he left the premier Washington, D.C. offices of the lobbying firm Preston Gates Ellis & Rouvelas Meeds in December 2000 for a relatively new Washington lobbying group at Greenberg Traurig, Abramoff brought with him a book of business worth more than \$6 million annually, according to Abramoff's own estimates.⁹ This helped Greenberg Traurig generate a 500 percent increase in lobbying fees over the previous year.¹⁰ With that increase, Greenberg Traurig reportedly vaulted into the top ten Washington lobbying firms—jumping from sixteenth place to fourth.¹¹ While Abramoff's impact on "K Street"¹² during this period is generally well-known, the precise nature of his relationship with Scanlon has been, until recently, a closely-held secret—concealed, most importantly from Abramoff and Scanlon's Tribal clients.

By February 5, 2004, time was running out for Abramoff and Scanlon's secret business arrangement. In a conference room at Greenberg Traurig, *Washington Post* reporter Susan Schmidt interviewed Abramoff on allegations that he and Scanlon may have bilked several Tribes out of millions of dollars in fees.¹³ With Abramoff were Greenberg Traurig spokesperson Jill Perry and associates Todd Boulanger, Kevin Ring, Allen Foster, and Jon van Horne.¹⁴ Things apparently heated-up quickly.

Schmidt began, "As I'm sure you know I'm working on a story about your work with some of these gaming tribes and your relationship with Mike Scanlon and his company and the work that the two of you have done in tandem for some of the tribes and so that's what I want to talk to you about ... So, I want to ask you, basically what your relationship is with his firm, well he's got several firms. As I understand it from the tribes that I've talked to, you guys work together and you recommend that they hire him."¹⁵

Abramoff deftly answered—truthfully but non-responsively: "In terms of Mike or any other third party, you know the firm does not have any formal relationship, to my knowledge, with any third party vendor used by any of the tribes for some of their activities and so probably best to have you go ahead and check directly with him and if you have specific questions again, we'll take them and we'll look at them, but in general I think we feel at liberty to discuss in general our practice, which we're delighted to do, with the tribes."¹⁶

Schmidt pushed: "Okay, but you basically recommend to these tribes that they hire him?"¹⁷

Once again, Abramoff strained to avoid answering the question, but was quickly running out of wiggle room: "We have recommended that different tribes hire different vendors for different

⁹John Bresnahan, *Jack Doubles Down*, Washington Business Forward, November/December 2002 (citing estimates provided by Abramoff).

¹⁰*Id.*

¹¹*Id.*

¹²"K Street" is a commonly used term for the numerous think tanks, lobbying firms, law firms and associations located on and around this major thoroughfare in Washington, D.C.

¹³See Email from Linsey Crisler, Greenberg Traurig, to Jack Abramoff, Greenberg Traurig (GTG-E000010599-614) (February 3, 2004) (embedding transcript of Abramoff interview with Schmidt).

¹⁴*Id.*

¹⁵*Id.*

¹⁶*Id.*

¹⁷*Id.*

needs that they might have. Again, I'm going to defer in terms of any discussion of Scanlon or his company or any specific third party vendor." ¹⁸

Schmidt pushed more: "Well, do you recommend his company and do you know what they are doing for the tribes and do you endorse what he's doing?" ¹⁹

Abramoff offered, "Well, again I think that some of this gets into the area of our confidential dealings with our clients so I'm happy, we'll go back and look at that question." ²⁰

Schmidt finally cut to the chase: "Do you have an ownership stake in Capitol Campaign Strategies or Scanlon Gould or any of Mike Scanlon's other ventures?" ²¹

Even a pregnant pause here might be looked on with some suspicion. So, Abramoff had no choice: "No. No, I don't..." ²²

As future events would soon reveal, this of course was a lie.

Perhaps mindful of his actual financial arrangement with Scanlon, which he withheld from Schmidt, Abramoff was very concerned about how the interview went. Among others, he wrote to Candace Patencio, an ally at the Agua Caliente Band of Cahuilla Indians. ²³ The next race for Chairman was the topic of conversation. Abramoff wrote, "I think you are right that we really need Richard [Milanovich] to beat [his opponent]. [His opponent] is poison. She has been feeding *The Washington Post* a hit piece about Scanlon and me. It's going to be horrible. It is so obvious it's her doing this too. Can't wait to see you on the 23rd." ²⁴

A couple of days later, on February 5, 2004, Abramoff's most senior associate, Todd Boulanger reached out to Abramoff and colleague Kevin Ring: "Someone on the [Saginaw Chippewa Tribal] council trashed us, our work, and [S]canlon ... We are going to get smoked here." ²⁵ He added, "[Abramoff] should [file suit for slander] ... after what happ[e]n[ed] a couple of months ago. We are dead." ²⁶

Likely appreciating that the thrust of the pending *Post* story was true, Abramoff could only offer, "Where are you now?" ²⁷

Boulanger answered, "Going to bed. I'm really [sic] in a terrible mood." ²⁸

Abramoff could only reply, "Me too." ²⁹

THE CONDUCT OF THE INVESTIGATION AND THE REPORT

On February 22, 2004, *The Washington Post* published Schmidt's article, entitled "A Jackpot From Indian Gaming Tribes; Lobbying, PR Firms Paid \$45 Million Over 3 Years." Based on the allegations of misconduct made by several Tribes documented in the *Post* article, then-Chairman Ben Nighthorse Campbell of the Senate Com-

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ Email from Jack Abramoff, Greenberg Traurig, to Candace Patencio, Agua Caliente of Cahuilla Band (GTG-E000057926) (February 3, 2004).

²⁴ *Id.*

²⁵ Email between Todd Boulanger, Greenberg Traurig, and Jack Abramoff, Greenberg Traurig, and Kevin Ring, Greenberg Traurig (GTG-E000028537) (February 5, 2004).

²⁶ *Id.* (ellipses in original).

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

mittee on Indian Affairs, authorized then-Ranking Majority Member John McCain to conduct an investigation of these matters. Following Senator Campbell's retirement at the end of the 108th Congress, Senator McCain continued the investigation during the 109th Congress, as Chairman of the Committee. Ultimately, the Committee examined Abramoff and Scanlon's dealings with six tribes: the Mississippi Band of Choctaw Indians, the Coushatta Tribe of Louisiana, the Saginaw Chippewa Indian Tribe, the Agua Caliente Band of Cahuilla Indians, the Ysleta del Sur Pueblo of Texas and the Pueblo of Sandia of New Mexico.

While a Department of Justice task force reportedly began a parallel inquiry into related matters, the Committee sought to answer several questions, including but not limited to the following: (1) are the Tribes' allegations of misconduct regarding Abramoff and Scanlon true; (2) if so, how much did those Tribes pay Abramoff and Scanlon's partnership, as well as third-parties at their direction, as a result of that misconduct; and (3) did those Tribes receive the intended benefit of the tens of millions of dollars that they paid Scanlon and Abramoff. With this Report, the Committee attempts to set forth definitive conclusions and the bases for those conclusions regarding each of those areas, and others.

After an intensive two-year investigation—consisting of five hearings, 70 formal requests for documents, including subpoenas, resulting in the production of about 750,000 pages; and about 60 depositions and witness interviews,³⁰ the Committee found that, as Scanlon's secret partner, Abramoff received about half of the profit that Scanlon collected from the \$66 million in fees he obtained from six of his Tribal clients from 2001 through 2003.

Principally, this Report focuses on allegations of misconduct made by the covered Tribes. Generally, those allegations relate to the activities of entities owned or controlled by Abramoff and/or Scanlon, including Capitol Campaign Strategies, the American International Center and the Capital Athletic Foundation. This Report also addresses payments that those Tribes made at Abramoff or Scanlon's direction to particular third parties—payments that were apparently used by third parties, like the Council of Republicans for Environmental Advocacy, for purposes unintended by the Tribes. While some of the Tribes have expressed concern about discreet billing anomalies, those Tribes have generally not alleged wrongdoing arising from the federal lobbying activities of Greenberg Traurig, the firm with which Abramoff was associated. Therefore, this Report does not address those activities.

Also beyond the scope of this Report is an in depth discussion of the internal political or organizational conditions within each of the

³⁰Where witnesses whom the Committee interviewed were not put under oath, they were reminded of the applicability of the False Statements Act, 18 U.S.C. sec. 1001, and the federal criminal statute prohibiting the obstruction of congressional investigations, under 18 U.S.C. sec. 1505. Because all witness interviews and depositions were conducted in executive session, the Committee will not release summaries or transcripts of those proceedings *in toto* unless said release is duly authorized.

In the course of the Committee's investigation, several witnesses declined to provide the Committee with important information under oath, citing their right against self-incrimination under the Fifth Amendment of the U.S. Constitution, or indicated that they intended to assert their Fifth Amendment right if called to testify. These witnesses include not only Abramoff and Scanlon but also former Abramoff associates Todd Boulanger, Kevin Ring, Shawn Vassell, and Neil Volz as well as former Scanlon associate Christopher Cathcart. Cathcart did, however, submit to several informal interviews with staff.

Tribes that may have rendered them susceptible to exploitation by Abramoff and Scanlon. Those are internal Tribal matters.

Part I of this Report, presented in chapters relating to each Tribe, provides the factual background as to how each Tribe came to hire Abramoff and Scanlon and discusses how Abramoff and Scanlon's representation of those Tribes caused unique harm to each of them. After these chapters, the Report explicates Abramoff and Scanlon's "gimme five" arrangement and how it injured the Tribes generally. Each chapter in Part II addresses these issues by focusing on the relevant "gimme five" entity. Part III of this Report discusses ancillary issues that have arisen during the course of the investigation, namely, the Tribes' payment of money to a non-profit called the Council of Republicans for Environmental Advocacy ("CREA"). Finally, Part IV of the Report contains the Committee's recommendations flowing from its investigation.

COMMITTEE ACTION

On June 12, 2006, the Committee invited Members and any duly designated staff to review a completed draft of the Report in anticipation of a business meeting to be convened for the purpose of voting the Report out of Committee and filing it with the Senate. It also gave Members the opportunity to accept a confidential copy of the draft in their offices on June 20, 2006. On June 22, 2006, the Committee held a business meeting, at which time it voted 13 to 0 to approve this Report and file it with the Senate. Voting with the majority were Senators McCain, Dorgan, Domenici, Thomas, Smith, Murkowski, Crapo, Burr, Coburn, Conrad, Akaka, Johnson, Cantwell. No Members voted in the negative. Senator Inouye submitted additional views.