

What— ME GUILTY?



A D E L L

Labor Secretary Alexis Herman is the latest Clintonite to have an independent counsel of her very own. White House

spinners say she's the innocent victim of a bad law. Which must mean (as indeed it does) that the Herman

investigation involves serious charges of personal corruption—with strong links to the Clinton fundraising scandal.

BYRON YORK

Janet Reno's decision to seek an independent counsel to investigate alleged kickbacks and campaign finance violations by Labor Secretary Alexis Herman seemed to signal a turning point in the debate over the independent counsel law. Reacting to the news, many journalists and commentators made it clear they had finally had enough—not of corruption, but of the law itself.

"Reno's decision," said a *Chicago Tribune* editorial, "is—at this point—more a reflection of a flawed law than Herman's guilt." A *New York Times* headline called the decision "A Difficult Call Based On the Law, Not the Evidence." A bit less eloquently, a *Boston Globe* reporter appearing on television said the Herman investigation was so unfair that "even the Republicans on Capitol Hill have just gotten to the point where they say, 'Isn't this, like, enough is enough?'"

A former associate had accused Herman of having a secret deal with a friend who owned a consulting firm; if Herman brought any business to the firm, she would pocket ten percent of the fee. The accuser also said Herman used the friend's company to elicit \$250,000 in illegal campaign contributions from a Singapore tycoon; in return for the donation, the tycoon would receive help with a problem before a government agency.

It was serious stuff. But the conventional wisdom saw the case his way: The law gave Reno just 90 days (with one extension) to decide whether to call for a counsel. Even though there was no evidence that Herman had done anything wrong, the Justice Department was unable to prove that conclusively—to dot all the *i's* and cross all the *t's*—by the deadline. So the attorney general was forced to ask for a counsel in a case that clearly did not merit one. It was, the experts said, a textbook example of the law's basic unfairness.

The Justice Department did nothing to discourage such analysis. In her referral to the court that oversees independent counsels, Reno went out of her way to suggest Herman is innocent. "Our investigation," she wrote in one widely quoted paragraph, "has developed no evidence clearly demonstrating Secretary

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Herman's involvement in these matters, and substantial evidence suggesting that she may not have been involved...." In another place she wrote, "I reach this conclusion not because we possess affirmative evidence that Secretary Herman actually received money—we do not—but because we have not been able to answer all of the questions...."

Reno's words sounded persuasive. But a careful reading of the Herman referral shows that there is another side to the story. Rather than the scarcity of proof described by Reno, investigators have actually found significant evidence to back up several of the allegations against Herman. And not only is there significant evidence, the Department says the explanations offered in Herman's defense have in some cases been contradictory and changing. And the very fact that Reno took action at all speaks more loudly than the phrasing of the referral. Remember that in recent months the attorney general has repeatedly refused to call for a counsel to investigate the campaign finance scandal, saying she had not found the "specific and credible evidence" of wrongdoing required to trigger the act. In the Herman case, Reno chose to request a counsel, meaning she *has* found specific and credible evidence of illegal acts. In short, there is a real case against Alexis Herman.

Love and Money—and Ellipso

The case involves three main players: Herman herself, Vanessa Weaver, a Maryland woman who is one of Herman's closest friends, and Laurent Yene, an African businessman who was Weaver's live-in boyfriend and business partner from mid-1995 until the two (and their company) broke up in September 1996.

Herman and Weaver have known each other for more than a decade. They met in the 1980s, when Herman owned A.M. Herman and Associates, a Washington-based firm that did "diversity consulting" for several large corporations. One of those corporations was Procter & Gamble, where Weaver worked when she got to know Herman.

In 1991, Weaver left Procter & Gamble and formed her own consulting firm, Alignment Strategies, Inc. Herman, who not only ran a business of her own but served as Chairman Ron Brown's

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right-hand woman at the Democratic National Committee, helped Weaver get started. In 1993, with the new administration moving into power, Herman got a job in the Clinton White House, becoming director of the Office of Public Liaison. Ethics rules required that Herman sell her business when she joined the White House staff, so in October 1993, nearly ten months after joining the administration, she sold A.M. Herman and Associates to Weaver for \$88,000.

The two stayed in close contact. Thanks to her friendship with Herman, Weaver became a familiar presence around the White House, visiting at least twenty-nine times during the first Clinton administration. On some occasions, Weaver took prospective Alignment Strategies clients to the White House to meet Herman for lunch and the grand tour.

Then, in the fall of 1994, Weaver met and fell in love with Laurent Yene. According to Weaver's lawyer, Lawrence Barcella, the two met at a Washington reception held on behalf of an African charity. Not long after that meeting, Weaver introduced Yene to Alexis Herman during a Halloween party at Weaver's suburban Maryland home. In July 1995 Weaver helped Yene begin a business, which they named International Investments and Business Development (IIBD). Barcella says Weaver set up and supplied the money for the new company. “Yene wanted something that he could run that would be theirs,” Barcella says. “She funded it....He basically ran it while she was maintaining her business at Alignment Strategies.”

Yene told Justice Department investigators that someone else was also involved in the business. According to the independent counsel referral, Yene said Weaver told him Alexis Herman “was to receive ten percent of any business she helped develop for International Investments and Business Development.” The referral goes on to say that Herman took an active interest in the business:

Herman met with IIBD clients and potential clients. She entertained an IIBD client at a White House luncheon, and attended a dinner, met at a reception, and planned to drive to a fundraiser with Weaver and her clients. While we developed no evidence that Herman took any steps to influence any government decision on IIBD's behalf, there is evidence that IIBD sought to and did benefit from its access to Herman, and through her, the White House, in impressing its clients.

One potential client Yene and Weaver tried to woo was Pascal Lissouba, at that time president of the Congo. In an interview last year with reporter Edward Pound of *USA Today*, Yene said he sent a business proposal to Lissouba's daughter Mireille. The letter was sent in late August 1995; several weeks later, Herman invited Mireille Lissouba, Weaver, and Yene to lunch in the White House. Barcella says the lunch was strictly social. “The discussions between Herman, Weaver, and the [Congo] president's daughter,” he says, “didn't have anything to do with business.” But Yene told *USA Today* the government of the Congo signed a \$700,000 public relations deal with International Investments and

Business Development. The deal later fell through, and no payments were ever made.

For a while, it looked as if nothing else would work out, either Barcella says Weaver poured lots of money into the business—more than \$150,000 of her own funds. It gave Yene something to do, but International Investments and Business Development had no paying clients—until May 1996, when Yene met a man named Abdul Rahman, an entrepreneur from Singapore with an interest in the global telecommunications business.

“Yene told her that he had met this fellow at a reception,” Barcella says. “Rahman was looking for a way to open up an area of the world.” Specifically, Rahman was looking for help with a business project in Africa. Details of the story are not entirely clear—Yene has disappeared from sight and could not be found for an interview, while Rahman at one point agreed to an interview, only to back out later—but it is possible to sketch the outlines of what happened, based on interviews with others involved in the case:

Rahman owns a company called Global Aero Design Center. At the time he met Yene, Rahman had a deal with a Washington company involved in establishing what is known in the telecommunications business as a global mobile personal communications system. The company, Mobile Communications Holdings, Inc., planned to launch a series of satellites—seventeen in all—that would be stationed over various strategic points of the earth, making it possible to make satellite phone calls from portable telephones anywhere on the planet. Mobile Communications called its plan the Ellipso system. To make the project go, it needed two things—money and a license from the Federal Communications Commission. It had neither.

In early 1995 the FCC turned down Mobile Communications license application. The Commission said Mobile did not have adequate financial backing for the project (at that time, the FCC granted licenses to other companies for similar systems: Loral, Motorola, and TRW). So Mobile stepped up its search for investors. At some point—a spokesman won't say precisely how—the company entered into a “finder's agreement” with Abdul Rahman; if Rahman lined up investors for Mobile, he would get a cut. If he did not find any financing, he would get nothing.

When Yene met Rahman in mid-May 1996, the Singapore businessman described his work for Mobile Communications—and the company's problem with the FCC. According to Barcella Yene introduced Rahman to Weaver a few days later, on May 21. The next night, Weaver and Yene introduced Rahman to Alexis Herman at a Black Entertainment Television reception held at the Four Seasons Hotel in Washington. Barcella says the talk was purely social. “It was a five-minute, ‘Hi, how are you’ conversation,” he says. But Yene told *USA Today* they discussed Mobile Communications' license application with the FCC. The paper also reported that Rahman promised to pay Yene/Weaver \$100,000 if they could help him get the license.

Whatever the case, after the introductions, the business deal was born. “They [Yene and Weaver] were going to be assisting him

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in marketing the Ellipso system," says Barcella, who adds that Weaver was an especially important part of the deal. "Rahman was getting her services for marketing and business introductions in sub-Saharan Africa. She has tremendous contacts down there." Rahman agreed to pay Yene/Weaver \$15,000 a month.

At about the same time—the last days of May 1996—Herman, who was still director of the Office of Public Liaison at the White House, went to see Greg Simon, at the time a White House telecommunications policy adviser. She asked Simon to meet with Mobile Communications officials about their licensing problem. Simon agreed. He later told *Radio Communications Reports*, a telecom industry newsletter, that there was nothing unusual about his actions. "I have an open door, so people can talk about all sorts of things," Simon said. "That was part of my agenda."

But the law forbids lobbying the FCC for license approval. In the *Radio Communications Report* interview, Simon said he told the Mobile Communications team, "This is a licensing process at the FCC and we don't get involved. We can't get involved." In any event, the FCC later changed its mind on Mobile's license application. In July 1997, the Commission waived the financial requirements and granted the license.

It seems unlikely that Herman's action alone could have caused the FCC to change its mind. Several other factors could also have been at work. The Commission says it had new room available for another licensee. It is also true that Mobile Communications was represented by a lawyer who is a major fundraiser for the Democratic Party. But a spokesman for Mobile says Rahman was *not* a reason for the new license, because he never brought in any new investors. "Nothing ever panned out," the spokesman says of Rahman's finder's agreement with the company. "We have never paid him any money."

But Rahman still paid International Investments and Business Development—\$45,000 in all. If Yene is to be believed, Herman got ten percent of that, or \$4,500. The Justice Department's independent counsel referral called it "an amount very difficult to trace, especially if the payments were in cash." But the Department added:

While a review of the financial records provided to us does not conclusively corroborate Yene's story, at the same time, the records are not inconsistent with what he told us. Specifically, transactions occurred at times and in amounts that could be consistent with Yene's story; while explanations for these transactions have been provided, these explanations have varied over time and either cannot be independently corroborated or doubt is cast on them because they are inconsistent with other known facts.

Less serious, in the eyes of the Justice Department, is another allegation in which Yene said Weaver gave him an envelope full of cash with instructions that he deliver it to Herman. This charge was a bit different from the others. While Yene made many of his other accusations during interviews with the press last year, he

never mentioned the in-person payoff until January of this year, when he was interviewed by ABC News reporter Brian Ross:

Yene: I went to her house and give her this envelope.

Ross: You gave her an envelope of cash?

Yene: Personally.

Ross: To Alexis Herman?

Yene: Absolutely.

Both Herman and Weaver denied the allegation, and the independent counsel referral says Justice Department officials have been unable to find any evidence to corroborate the charge. The referral makes it clear that the cash payoff allegation, even though it was Yene's most dramatic accusation and one that attracted widespread press attention, is not the most serious issue facing Alexis Herman. "Standing alone," the referral says, "this allegation would not warrant further investigation."

Barcella says the payoff accusation and all of Yene's other charges are the result of personal bitterness. Yene and Weaver broke up during the Labor Day weekend in September 1996—in the middle of all these events. It was, by Barcella's account, an ugly split, and it appears there is a large amount of enmity on both sides.

When asked to describe Yene, Barcella answers, "You mean, other than the fact that he's a lying gigolo?" And that's just the beginning. "This is a guy who had both a business and a personal relationship with Weaver," Barcella continues. "When both went sour because he was stealing money from her and philandering with other women, he vowed that he would somehow get back at her. A few months later, he told her that if she didn't give him money, he would get back at her through her friendship with Alexis Herman. Then he set out to do just that."

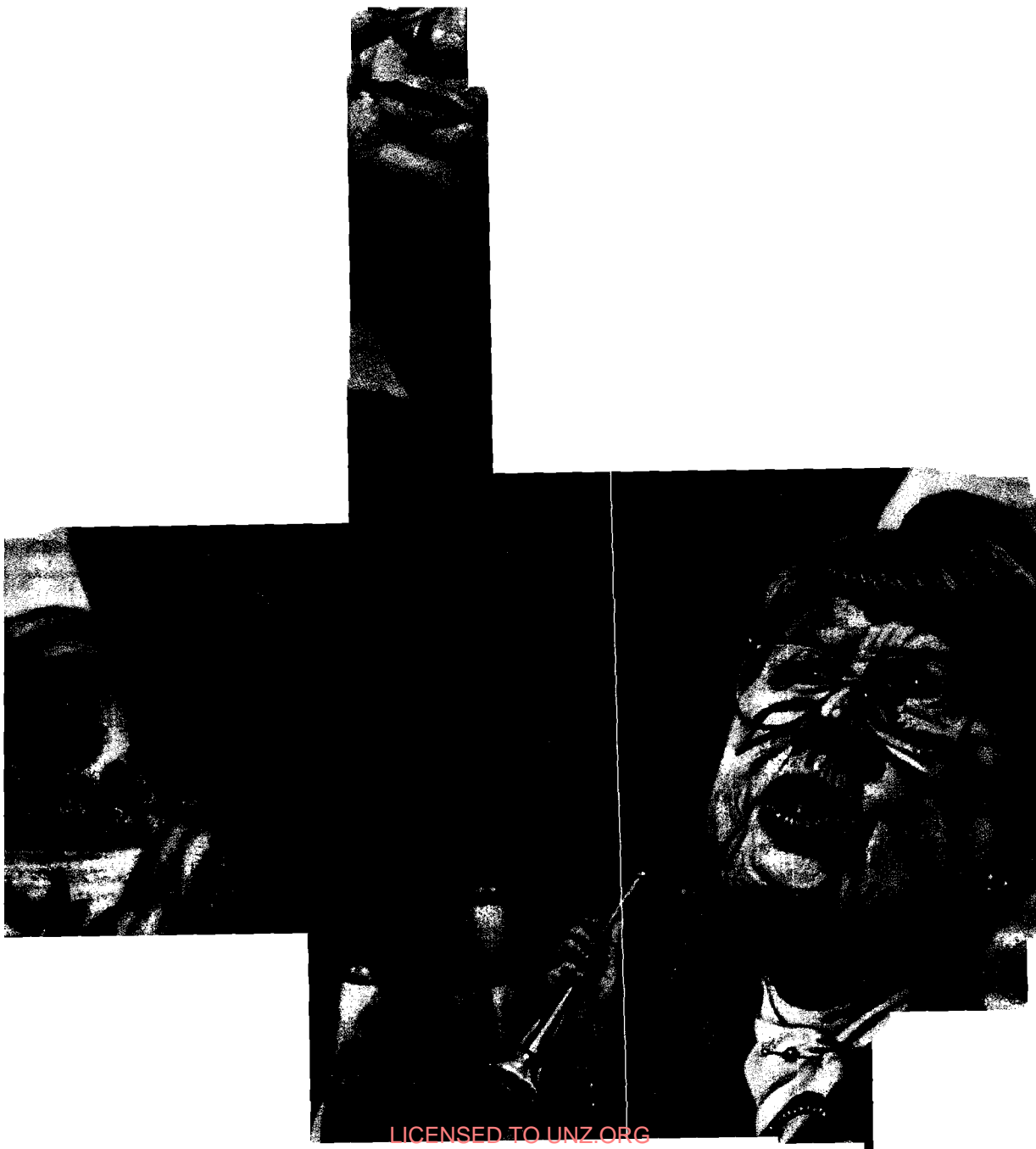
The Campaign Connection

Whatever Yene's motivation, the allegations of personal corruption he has leveled against Herman are quite serious—especially the charge that she had an interest in International Investments and Business Development. But they might ultimately prove the least of her problems. Potentially more hazardous are allegations that place Herman squarely in the middle of the Clinton/Gore/DNC 1996 fundraising scandal.

Again, they involve Vanessa Weaver. Yene told Justice Department investigators that Herman "encouraged" Weaver to solicit campaign contributions from Abdul Rahman, who is not an American citizen and is forbidden by law from contributing to U.S. elections. Yene told investigators that Rahman "paid \$250,000 in political contributions through Weaver's primary business, Alignment Strategies, Inc., to help with obtaining a Federal Communications License and to meet President Clinton."

Many of the questions center around a fundraising dinner held on October 23, 1996. The event was held at Merrywood, a McLean, Virginia mansion that was once the childhood home of Jacqueline Kennedy Onassis and is now owned by millionaire

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