

## *Congress: America's Criminal Class - Part I*

# Rep. Corrine Brown and her long trail of lies, deceit and unpaid bills

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**By the staff of  
Capitol Hill Blue**

*August 16, 1999*

**America, Mark Twain once said**, is a nation without a distinct criminal class "with the possible exception of Congress."

If anything, the Congress of today is even worse than it was in Twain's time more than a century ago.

The 535 men and women who make up the House and Senate of the United States include, at best, a collection of rogues, con artists, scofflaws and bad check artists. At worst, they comprise, as Twain once observed, a distinct criminal class.

Over the past several months, researchers for *Capitol Hill Blue* have checked public records, past newspaper articles, civil court cases and criminal records of both current and recent members of the United States Congress (since 1992). We have talked with former associates and business partners who have been left out in the cold by people they thought were friends.

Using a scoring system developed by American Express, we ran credit checks on members and applied the financial and criminal record scoring procedures used by the Department of Defense to determine eligibility for a Top Secret security clearance.

All checks were made through public records. Our researchers were not allowed to break any laws or misrepresent themselves to obtain this information.

What emerges from this examination is a disturbing portrait of a group of elected officials who routinely avoid payment of debts, write bad checks, abuse their spouses, assault people and openly violate the law.

They include current Rep. Corrine Brown (D-Fla), whose trail of bad debts, lies to Congress and misstatements to the Internal Revenue Service have spawned a number of investigations. Then there is Rep. James Moran (D-Va) whose wife has charged him with abuse, who has assaulted other members of Congress on the floor of the House and is a former stockbroker whose judgment in trades is so bad he is broke from poor investments. The list also includes Joe

Waldholtz, a con man and husband of former Rep. Enid Greene Waldholtz (R-UT) who kited more than a million dollars in bad checks and ended up in prison.

Others, like former Ohio Senator John Glenn, have driven creditors into bankruptcy because of unpaid debts left over from aborted Presidential campaigns. Even millionaire Senator Ted Kennedy has left a trail of unpaid debts from past campaigns.

In recent years, members of Congress have gone to jail for child molestation, fraud and other charges.

Our research found 117 current and recent members of the House and Senate who have run at least two businesses each that went bankrupt, often leaving business partners and creditors holding the bag. Seventy-one of them have credit reports so bad they can't get an American Express card on their own (but as members of Congress, they get a government-issued Amex card without a credit check).

Fifty-three have personal and financial problems so serious they would be denied security clearances by the Department of Defense or the Department of Energy if they had to apply through normal channels (but, again, as members of Congress they get such clearances simply because they fooled enough people to get elected).

Twenty-nine members of current and recent Congresses have been accused of spousal abuse in either criminal or civil proceedings. Twenty-seven have driving while intoxicated arrests on their driving records. Twenty-one are current defendants in various lawsuits, ranging from bad debts, disputes with business partners or other civil matters.

Nineteen members of current and recent Congresses have been accused of writing bad checks, even after the scandal several years ago, which resulted in closure of the informal House bank that routinely allowed members to overdraw their accounts without penalty. Fourteen have drug-related arrests in their background, eight were arrested for shoplifting, seven for fraud, four for theft, three for assault and one for criminal trespass.

Over the next five days, *Capitol Hill Blue* will take a closer look at some of the more notorious members of *America's Criminal Class - the Congress of the United States*. We will not run lists of every member who has written a bad check, punched somebody out or been charged with slapping a spouse. Rather, we will examine those whose pattern of behavior suggests a blatant disregard for both law and propriety.

### **Part I: Rep. Corrine Brown - running on a record of fraud**

**In just seven years in Congress**, Rep. Corrine Brown has eluded creditors, filed false financial disclosure reports and lied to the Internal Revenue Service.

"She cons people, pure and simple," says Sheryl Wilson, a former travel agency owner in Tallahassee who knew Brown. "I don't think she has an honest bone in her body."

Rep. Brown has a poor memory when it comes to remembering her business dealings. The financial records that every member of Congress is required to file shows the Jacksonville, Florida Democrat failed to disclose the \$40,000 sale of her Tallahassee travel agency and improperly reported the sale of her Gainesville agency. And she has omitted other required details from her reports.

Brown has left a trail of unpaid bills from businesses she owned in Gainesville, Jacksonville and Tallahassee during the early 1990s.

In 1994, a consortium of airlines sued Brown for \$94,000 because her company, Springfield Travel Agency Inc., falsified sales reports and did not pay its bills. Delta Air Lines revoked her authority to write tickets because of an unpaid \$7,237 bill. She also owed \$5,697 to the University of Florida and tried to pay part of the bill with a bad check.

The IRS also went after Brown for \$14,228 in unpaid taxes and the Whirlpool Corp. had to go to court to try and collect \$10,227 in unpaid bills for appliances.

In addition, the House ethics committee is investigating Brown over her dealings with an African millionaire who was imprisoned on bribery charges. Two committee investigators went to Miami recently to interview witnesses for that case.

Brown not only avoids personal responsibility for her financial dealings, but also routinely violates congressional rules and the law.

Members of Congress are required to file reports to reveal any potential conflicts of interest. As a member of the House aviation subcommittee, Brown oversees the very airlines that sued her for unpaid bills.

But Brown not only fails to truthfully report transactions involving her travel business, she also spends money she never reports and buys expensive homes and other items even though she is deeply in debt. Although she recently paid \$25,000 for a down payment on a \$300,000 townhouse, those who know her say they have no idea where she got the money.

"Somebody is always bailing her out," says a former staff member. "You can bet the money came from sources nobody wants to discuss."

Members who file incomplete or false reports face criminal charges under federal law. Republican George Hansen of Idaho went to prison for 11 months in 1984 and paid a \$40,000 for failing to report more than \$300,000 in loans and profits.

Last year, Brown's daughter received a \$50,000 car from a close associate of the African millionaire who faces bribery charges.

Brown's financial dealings show a long, consistent record of deceit.

In 1985, she started a travel agency, Springfield Travel, while serving as a Florida state legislator. Papers she filed with the Florida Department of State, listed two prominent state legislators as her vice presidents-Reps. Doug "Tim" Jamerson of St. Petersburg and James Hargrett of Tampa.

But Jamerson or Hargrett say didn't know they were affiliated with her company until years later.

"I was somewhat surprised to learn I was even on the board," said Jamerson, now a Tallahassee lobbyist. "It would have been nice to have been asked."

Brown opened the agency's first office in her hometown of Jacksonville and started a second office in Tallahassee where she spend most of her time while serving in the Legislature.

Brown often used the agency to take advantage of the free trips offered to travel agents.

"She was always getting tickets to Aruba and places like that," former employee Ed Curry told *The St. Petersburg Times*.

But while Brown was running off to Aruba on free trips, creditors were calling to ask why they weren't getting paid.

Brown occasionally paid her employees in cash or wrote personal checks to cover payroll, Curry said. More than once, the paychecks bounced.

Brown also failed to pay unemployment taxes to the state. The State Department of Labor filed a \$353 state tax lien against the company. As of last week, the lien had not been paid.

Even though she couldn't pay her bills, Brown sought to expand her company in 1991.

Barnett Bank gave her a \$10,000 loan, but could never get a full accounting of how it was spent. At the same time, Brown started a new company, Springfield Enterprises, which she said would resell appliances and seafood.

Whirlpool Corp. filed suit against Springfield Enterprises for an unpaid \$10,227 bill, saying Brown bought more than a dozen large appliances and didn't pay for them. Brown finally paid the bill after the company obtained a judgment.

But Brown was busy opening other businesses. In February 1992, she opened Gator Travel at the University of Florida in Gainesville.

Seven months later, she was five months behind in her rent and owed the university \$7,066. The IRS also filed a lien against Springfield Travel for \$14,228 in unpaid taxes. Brown, who was running for her first term in Congress, was busy looking for someone to buy the travel agency.

Two buyers-Melvin Stith, dean of the Florida State University business school, and Edward Scott II, a Tallahassee dentist, paid her \$40,000 for the agency, according to a contract filed with the state. Brown did not report the sale on her mandatory congressional disclosure, which required her to list sales of all assets worth more than \$1,000.

The cash allowed her to make payments on some of her debts. The University of Florida got a personal check for the overdue \$8,479 bill. The IRS withdrew the lien against her in March 1993.

But Brown was soon in trouble again

In February 1993, she wrote the University of Florida a check for \$1,413 - partial payment for a \$5,600 bill.

The check bounced.

A month later, Delta Air Lines revoked her authority to write tickets because of an unpaid \$7,237 bill, a move that effectively put her travel agency out of business (Delta was the primary airline serving Gainesville).

Enter three Miami businessmen who were willing to take over her failing travel agency.

Emilio F. Torres and his partners at Douglas Executive Travel agreed to pay Brown's overdue rent to the university and take over the agency, but the transition to Torres' company took more than six months because Brown owed the airlines so much money. Finally, the airlines seized Brown's official ticketing plates and Torres was allowed to take over the lease.

Brown, however, lied about the transaction on her financial disclosure reports to the House of Representatives. Her 1993 report claims Torres bought her agency for an amount between \$50,000 and \$100,000. Since then, her reports claim she is owed \$50,000 to \$100,000 by Torres and his partners.

But Torres never bought Gator Travel. He just assumed the lease.

"We didn't buy anything from her," he says. "I don't owe her anything."  
State records support his claims.

Torres also did not pay Brown's overwhelming unpaid debts to the airlines.

The Airlines Reporting Corp., a consortium of the airlines that handles ticket transactions with travel agencies, filed a lawsuit against Brown in U.S. District Court in Washington in September, 1994 (while Brown was running for her second term), saying Brown failed to pay about \$94,000 for plane tickets and lied about her financial transactions.

Brown eventually paid the \$94,000 and the suit was dismissed.

But Brown never reported the debts on her disclosure forms. Florida state records show she signed a contract in 1992 taking personal responsibility for the bills.

Her disclosure forms also fail to show where she got the \$94,000 to pay off the airlines. Her 1994 form said she didn't have enough money to make the payment.

Her latest report shows no savings accounts, no money market funds and no stocks that she could redeem. The only asset she listed is a Jacksonville condo that she rents.

Yet she still hasn't paid back the money she borrowed from Barnett Bank in 1991 and has mortgages on a \$110,000 waterfront house in Jacksonville and the \$300,000 Alexandria, Va., townhouse she recently bought with her daughter.

Nobody seems to know where Brown got the \$25,000 down payment for the townhouse. Brown's daughter, a political appointee for the Environmental Protection Agency, said in her financial disclosure report that she didn't have any assets over \$1,000.

"She's always pulling a scam on someone," says Oliver Roster of Jacksonville, who has known Brown for years. "Somebody, somewhere, got the money for her. What we don't know yet is what she had to do or promise to get it."

Brown also forgot to disclose a \$10,000 check she received in 1996 from a secret Wisconsin bank account Baptist leader Henry J. Lyons allegedly used for money laundering.

The money came from a secret account in Milwaukee that is a focus of charges against Lyons. Federal prosecutors say Lyons, president of the National Baptist Convention USA, hid more than \$1 million in the account.

Brown's office did not return phone calls seeking comment on this report.

*(The report was coordinated and written by Capitol Hill Blue editor Jack Sharp with assistance from researcher Marilyn Crosslyn and private investigator James Hargill.)*

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## Virginia's bombastic Congressman Jim Moran: "I like to hit people"

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**By the staff  
of Capitol Hill Blue**

*August 17, 1999*

**Neighbors in the prosperous** Del Rey residential area of Alexandria weren't surprised earlier this year when police cars showed up at the home of Democratic Congressman James Moran and his wife of 11 years.

It wasn't the first time the cops had shown up.

"There was always a lot of screaming going on there," said one neighbor. "They fought like cats and dogs."

Mary Moran called the Alexandria police that June night and said her husband was attacking her. The police came, talked to both, and left.

No charges were filed.

The next day, Mary Moran filed for divorce, saying - among other things - that the five-term Congressman had abused her.

Moran claimed the charges were "trumped up" and filed a counter suit for divorce the following month.

But the incident is just the latest violent act by the bombastic Virginia congressman who has a history of bar brawls, physical assaults, threats, intimidation and even fistfights on the floor of the House of Representatives.

And he has a history of getting away with it.

Jay Armington remembers his first and only encounter with Moran, then mayor of Alexandria, in a bar near the Potomac River in 1988.

"He and another guy went from arguing to shouting to fists in just a few minutes. One of my buddies pulled the other guy away and I grabbed the mayor," Armington recalls.

Moran, he said, wheeled around and slammed him against the bar.

"His cheeks were bulging and he was snorting like a bull," Armington said. "I realized I was looking into the eyes of a madman."

Arne Wilkens tended bar in Alexandria, where Moran served as mayor of the city from 1985-1990. He says the Mayor often got into fights.

"He was a bully and a thug," Wilkens said. "We'd call the cops, but they wouldn't do anything."

Jonathan Schnapp, a former Alexandria resident, tried to file a criminal complaint with the Alexandria police after the Mayor threatened him following an argument outside a city council meeting. The cops just laughed.

"They said they weren't going to risk their jobs by trying to arrest the Mayor," Schnapp said. Schnapp said he moved out of Alexandria because he felt both the Mayor and the police department were corrupt.

Alexandria police refuse to discuss Moran's tenure as Mayor publicly, but several officers admitted privately that his behavior would have led to the arrest of "ordinary citizens."

"The Mayor was clearly guilty of assault on more than one occasion," said one officer, who refused to be identified out of fear for his job. "But the word came down. The Mayor was off limits. Ordinary citizens go to jail. Not the Mayor."

Winning a seat in Congress in 1990 didn't change Moran's violent ways. He got into more than one shoving match with other members of Congress, including Indiana Republican Dan Burton and California Republican Randy "Duke" Cunningham.

Moran was an amateur boxer in his youth and told *Washingtonian* Magazine that had he not become a politician, he might have tried professional boxing because "I like to hit people."

Supporters of the temperamental Congressman say he is just a "typical Irish rogue," charming one minute, belligerent the other.

"Alexandria likes rogues," says one political supporter. "The city has a long, colorful history of flamboyant politicians."

But political opponents say Moran is a "violent man, a time bomb who is always ticking and ready to go off."

"He's always boiling," says Sam Asrets, a former Alexandria activist who opposed Moran on many issues during his term as mayor.

"He knows he can get away with this because there's never any accountability," Asrets says. "He gets breaks that ordinary people don't get. Had he learned early on that there would be punishment for his behavior, he would have been a lot better off."

Supporters say Moran deserves a break because his daughter, Dorothy, was diagnosed with brain and spinal cancer six years ago. The daughter, now 8, has gone into remission, but the Morans spent more than \$15,000 on alternative care on top of \$200,000 in insured treatment.

However, Moran, who was also a stockbroker before becoming mayor of Alexandria, is nearly a million dollars in debt from failed investments and out-of-control spending patterns that go far beyond what the couple spent on their daughter.

The financial problems have become a central part of the increasingly nasty divorce proceedings between Moran and his wife. Mary Moran, 44, went heavily into debt buying gifts and antiques the year her daughter was diagnosed with cancer.

Moran also lost \$120,000 in high-risk stock options and futures contracts in 1995 and 1996, according to his financial disclosure forms on file in Congress. Two years later, he reported increasingly heavy debts

Alexandria public records show Moran more than doubled the mortgage on his home, from \$202,000 to \$447,000, and is frequently late with payments. Moran earns \$136,700 a year as a Congressman, but has more than \$7,000 a month in housing and loan payments.

Ironically, the Congressman sits on the powerful House Appropriations Committee, which controls the finances of the nation. He serves on subcommittees overseeing defense and interior expenditures.

But the Congressman shows little ability to control his own finances and increasingly taps his campaign funds to pay personal bills.

In her divorce petition, attorneys for Mary Moran say the congressman has a history of "wasting the family assets on his stock market gambling." Mrs. Moran seeks \$25,000 in support and possession of their home. She says her husband "has wasted marital funds on the excessive purchases for unnecessary items."

Moran played the stock market and lost. He wiped out earlier stock holdings and used income tax refunds as seed money, losing \$34,000 in more than 80 trades in 1995. In 1996, he lost another \$93,000 in more than 100 failed trades.

Even though the stock market was booming, Moran risked his money on high-risk, potentially lucrative futures and options trading, seeking higher profits by trading on the direction of general market index funds, as well as on an array of U.S. and foreign technology and industrial stocks. He lost it all.

As his losses mounted, Moran borrowed heavily against both his Alexandria home and a vacation home in King George County, VA. The two mortgages amount to more than \$600,000.

Both loans came at above-market rates from MBNA Consumer Services Inc., a finance operation that makes high interest loans to high-risk customers.

Moran has tried, and failed, to sell both of his houses over the past 18 months. Public appraisals put the value of both homes below the amount that the Congressman owes on his loans.

Congressional disclosure forms also show the Morans tripled their credit card debt from 1993 to 1997 and now owe more than \$45,000 on the cards. Moran also has borrowed the maximum against his congressional retirement fund -- \$20,000.

Moran sold his car in 1996 and turned to his campaign fund to lease a car for his personal use, according to his campaign financial statements. While other members of Congress use campaign funds for a car in their districts far from Washington, Moran's actions have raised eyebrows in Congress.

He also tripled his reimbursement requests from the campaign in 1997--an off year for elections--for meals and gifts, increasing the amount the campaign pays from \$4,000 in 1995 to more than \$12,000 in 1997. Aides say he is increasing his use of campaign funds to pay such expenses.

"The campaign now pays for a lot of his personal expenses," says one former staff member. "It has to. He's broke."

Although the Morans refuse to discuss their finances or personal lives, attorneys for Moran told *The Washington Post* earlier this month: "The Morans, like millions of Americans, made investments. Mr. Moran used the knowledge he acquired as a stockbroker during the 1980s. Unfortunately it didn't work out."

Moran has moved out of his home and is renting a residence in Alexandria. He plans to run for a sixth term in Congress in 2000.

*(This report was coordinated and written by Capitol Hill Blue editor Jack Sharp with assistance from researcher Marilyn Crosslyn and private investigator James Hargill.)*

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## Congress: America's Criminal Class - Part III

# After promising accountability, Speaker Newt Gingrich took care of his own

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**By the staff  
of Capitol Hill Blue**

August 18, 1999

**In March of 1998**, a casual observer might have thought California Republican Congressman Jay Kim's career was over.

Kim had admitted to committing the largest amount of campaign violations ever by a member of Congress. More than one-third of the contributions to his 1992 primary campaign, which he won by only 889 votes, were illegal.

"Jay Kim probably stole a congressional election in 1992 by this fraudulent campaign financing scheme. If the House is serious about the meaning of elections and democracy, they'll expel him, and soon," said Gary Ruskin, who directs the *Congressional Accountability Project*. "In my view, Jay Kim's presence cheapens the moral authority of every other member there."

After pleading guilty to accepting more than \$250,000 in illegal corporate and foreign campaign contributions, Kim was sentenced to two months of "house arrest," restricted to his suburban Virginia home and the halls of Congress.

But he kept his job, and all the perks that went with it. The following month, House Speaker Newt Gingrich (R-Ga.) appointed Kim to the House-Senate group negotiating the budget-busting highway bill.

"He's a very active member," said House Transportation Committee Chairman Bud Shuster.

"His plight has not diminished his effectiveness here in Congress," said fellow California Republican David Drier.

Kim's estranged wife, June, was less charitable.

"It's really frustrating that our law is not tough enough to get him out right away," she said. "He's humiliated us enough."

Despite her wishes, and the demands of others, the law did not require Kim to quit and Congressional leaders, as a rule, usually find a way to accommodate, not punish, fellow members who break the law.

Other House members have kept their seats even while serving in prison: Rep. Thomas Lane (D-Mass.) went to jail from May 7 to Sept. 7, 1956, for tax evasion and Rep. Matthew Lyon (R-Vt.) was imprisoned for violating the Sedition Act in 1798 but returned to Congress after a mob broke him out of jail.

Kim announced immediately after his conviction and sentencing that he would run for re-election to a fourth term.

"His plan is to win the primary, win the general election and move ahead," spokesman P.J. O'Neil said at the time.

California Republicans rallied to Kim's defense. Rep. Jerry Lewis, predicted Kim would defy the predictions of his political demise.

"Jay, I expect, will be with us for a long time," Lewis said.

He wasn't. Kim was creamed in the California congressional primary just two months later.

Gingrich told fellow Republicans he saw no reason to punish Kim or exclude him from Congressional business.

"He's been punished by the court," Gingrich said. "That's enough."

Kim "punishment" was two months home detention and a \$5,000 fine. He could have been sent to prison for three years and fined more than \$100,000. His problems came right when committees in both the House and Senate were getting ready to probe illegal campaign contributions to the President's 1996 re-election campaign.

When it comes to members who break the law, leaders of both the House and Senate usually rally around those in their own party and call for the heads of those on the other side of the aisle.

When punishment is demanded, the motivation is almost always political revenge, not justice.

At the time Gingrich showed such leniency to Kim, he was himself making payments on a \$300,000 fine by the ethics committee, the worst ever levied against a member of Congress. The fine grew out of charges filed by Michigan Democrat David Bonior, who openly admitted he was getting even with Gingrich for the Georgia Republican's role in bringing down former Democratic Speaker Jim Wright of Texas.

"It's called payback," Bonior told reporters.

It's been that way for years in Congress within both parties. When the Republicans took control of the House and Senate in the 1994 elections, new Speaker of the House Gingrich promised to put an end to such practices.

Yet during his four years as Speaker, Gingrich often looked the other way when members of his own party crossed the legal line.

As both the House and Senate prepared to investigate illegal foreign contributions to the Democratic National Committee and the 1996 Clinton presidential campaign, a number of Republicans urged Gingrich not to allow Government Reform Committee Chairman Dan Burton of Indiana to chair the inquiry.

Burton, they said, was damaged goods. Stories were circulating on the Hill that the fiery Hoosier Republican, a known womanizer, had fathered a child out of wedlock and that it was only a matter of time before it surfaced in the media.

Gingrich dismissed the allegations as trivial and unimportant. The Speaker was engaged in an illicit affair of his own with a House Agriculture Committee staff member and had little stomach to punish another member of his own party for extra-marital dalliances.

But Burton had a more serious problem. He had approved nearly \$500,000 in payments and salary to a former model named Claudia Keller, who was also listed as his campaign manager, and who appeared simultaneously on his political and official House payrolls. It is against the law for lawmakers to use their office budgets to subsidize their campaigns, or vice versa.

In Burton's case, the dual payments to Keller, mostly over a nine year span, were often made during the same periods of time, according to federal records. In one year, according to House Finance office documents and FEC records, Keller received almost \$22,000 for working at Burton's Indianapolis and Greenwood district offices an average of two days a week, along with nearly \$44,000 for her full-time campaign job.

The Burton campaign had also paid Keller \$250 a month to rent office space in her Lawrence, Ind., home, which is outside Burton's district, by declaring it the campaign headquarters. And Keller also received more than \$50,000 in campaign-related expenses, including payments for appearances by her clown service, FEC records show.

Keller was well known in Burton's district as a longtime girlfriend. Denise Range, a neighbor, said she often saw Keller wearing lingerie when Burton came to visit. Melissa Bickel, another neighbor, said Keller would send her daughter over to their house when Burton came calling, which was three or four times a week. When asked about this at the time, a Burton spokesman said he was not sure what Keller's duties were, but would "look into it." Keller later moved to Washington to become the Congressman's scheduler.

Burton eventually went public about his out-of-wedlock child just before the *Indianapolis Star* was about to break the story. Even reluctant Democrats agreed he handled the issue well, admitting the affair and expressing regret about the damage it inflicted on his marriage.

But he has not dealt as effectively with the Claudia Keller issue. The U.S. Attorney in Indianapolis is investigating the Congressman's possible use of "shadow" employees on the Congressional payroll.

When Gingrich's staff discussed Burton's problems, the Speaker dismissed it with a wave of his hand.

"Old news," he said. "No big deal." Burton was a loyal soldier, a made man. He would be protected.

"Newt ran the House like a Godfather," says former GOP staffer Jonathan Luckstill. "His soldiers were protected at all costs."

Some say Gingrich was reluctant to deal with problem members because he had too many skeletons in his own closet. His affair with the Agriculture Committee Staff Aide Callista Bisek, 33, was in full bloom. Details of the relationship are only now surfacing as part of a nasty divorce battle between Gingrich and his estranged wife, Marianne.

But Gingrich was also having trouble finding enough clean members of his own party to run the investigations not only into campaign fundraising abuse, but the impeachment of President Bill Clinton.

"Every time the Speaker looked at a potential candidate to lead the charge, they would have problems," said one former staff member. "It seemed like everyone had a secret to hide."

Even grandfatherly House Judiciary Committee Chairman Henry Hyde had legal and ethical problems.

Hyde served on the board of directors of Clyde Federal Savings and Loan Association in Illinois from 1981-84. Regulators seized Clyde S& L in 1990, and the ensuing taxpayer bailout cost \$67 million. In 1993, the Resolution Trust Corporation (RTC) brought a civil action against Clyde's board, including Hyde, seeking damages of \$17.2 million for "gross negligence in mishandling the thrift."

Minutes of Clyde's board meetings show Hyde played an active role in some of the S&L's most foolhardy adventures. He approved participation in a loan for a Texas luxury beachfront condominium project that defaulted, costing Clyde \$3.7 million.

Clyde had no experience in out-of-state construction loans, and it made the loan based on information provided by a loan broker who "stood to receive a substantial fee" if the loan was approved. (Ironically, the lead lender was Guaranty S&L, of Harrison, Arkansas -- the same S&L of Bill Clinton's Whitewater scandal.) Hyde also approved a risky options trading program, and purchase of Grand Cayman Island Eurodollar securities.

The U.S. District Court refused to dismiss gross negligence claims, noting the gravity of the RTC's charge that Clyde's directors failed to "heed regulatory criticisms as set forth in [Federal Home Loan Bank Board] Examination reports, correspondence, and supervisory meetings."

Hyde tried to avoid paying his share of the judgment, claiming, "I'm a victim of a lawsuit that never should have been brought. I'm not paying a nickel."

Hyde claimed Congressional immunity, but finally agreed, reluctantly, to pay after two federal courts told him such immunity does not exist and that he, as a Congressman, was not above the law.

Gingrich was aware of Hyde's problems, but still decided the silver-haired Illinois Congressman was the man for the job.

"Right now, Henry has less baggage than many of the others," Gingrich told his senior staffers. "He can handle the job."

But it wasn't Hyde's ethical problems with the S&L that would haunt him during the impeachment inquiry. It was a 30-year-old affair back in Illinois. The media, it turned out, was also more obsessed with sex than ethics.

Some critics feel Hyde mishandled the impeachment inquiry into Clinton's perjury and obstruction of justice from his affair with a former White House intern.

Gingrich's determination to protect his soldiers was not unique to his job or his party. Speakers from both sides of the aisle have used their office to protect their own. Former Democratic Speaker Tom Foley ignored calls from Democrats and Republicans alike to remove power Illinois Rep. Dan Rostenkowski from his powerful committee posts after the Congressman was caught converting official funds to personal use. Foley did everything he could to protect his friend from Illinois.

Both Foley and Rostenkowski lost their bids for re-election in the 1994 elections that swept the Democrats out of power and put the Republicans in charge of the House and Senate. Rostenkowski later went to prison for his crimes, but is out now and back in Washington working as a lobbyist.

And it was after those 1994 election that Republicans elected Newt Gingrich as the new Speaker of the House. He promised, after his election, to "return accountability to Congress."

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## *Congress: America's Criminal Class - Part V*

### **A long tradition of corruption and ambivalence**

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*August 20, 1999*

[From the time they arrive](#) in Washington, newly elected members of Congress are told they are something special, an elite class.

"You have reached a special place in life and in American history," Senate Majority Leader Trent Lott of Mississippi told a recent class of freshmen Senators and Congressman. "Treat it with respect."

But too many members of both the House and Senate treat their "special place in life and in American history" as a license to steal, living large at taxpayer expense, ignoring laws that apply to ordinary Americans and betraying the trust of the public that put them there.

Does the heady atmosphere of Congress turn honest men and women into a criminal class? Or is elected office simply a magnet for those who lie, cheat and steal for a living?

It could be a little bit of both, say political scientists and Constitutional scholars.

Congress has always had its share of rogues and scoundrels:

- Adam Clayton Powell, the fast-talking Harlem Congressman who was re-elected even after Congress expelled him in 1967. Powell had survived charges of income-tax evasion (with a hung jury) even before his first election to Congress.
- Wes Cooley, the Oregon Congressman who lied about serving in the Korean War, quit Congress under a cloud in 1996, and was later convicted of falsifying VA loan applications.
- California Congressman Walter Tucker, who quit Congress in 1996 just before his conviction for accepting \$30,000 in bribes and sentenced to 27 months in the federal pen.

Congressmen have gone to jail for child molestation, bribery, fraud, misuse of public funds and various crimes and misdemeanors. Some have resigned in disgrace: Wayne Hayes because he put his mistress on his payroll as a secretary (she couldn't type) or Wilbur Mills because he messed around with a stripper.

Yet Gary Studds of Massachusetts seduced a young male House page, defied the House when it censured him and was re-elected several times. But Dan Crane of Illinois had sex with a female page, cried and begged forgiveness on the floor of the House and lost his next election.

Rep. Barney Frank, also of Massachusetts, is the most openly-gay member of Congress and shared his Washington townhouse with a male prostitute who ran a homosexual whorehouse out of the residence. But that didn't stop him from winning re-election easily or serving as the primary Democratic defender of Bill Clinton during the Monica Lewinsky scandal.

"Congressional corruption has no party, no ideology and no gender," says Constitutional Scholar Alan Baker. "It's bipartisan and soaked in history and tradition. It also often defies logic."

Sociologist Sandra Reeves believes public perception of widespread corruption among elected officials is one of the reasons for the widespread ambivalence over Bill Clinton's sex and money scandals.

"If the public felt Congress was an honest institution, there might have been more outrage over the Clinton-Lewinsky scandal," Reeves says. "But many people felt that the people investigating the President were just as dirty."

Congress is nearly always slow to act against its own. It took the Senate three years to investigate and finally get rid of serial sexual harasser Senator Bob Packwood of Oregon. Many of Packwood's Republican colleagues defended him right up until the end.

"The leadership of both Houses of Congress needs a serious wake up call," says Baker. "You can't preach morality and family values while you wink and look the other way when one of your own breaks the law."

Andrea Wamstead knows far too well how Congress works. She worked on the Hill for nearly 20 years before leaving to get married earlier this year.

"It's a game to a lot of members," she says. "Under the House rules, a Congressman doesn't have an expense account, per se. But he can be reimbursed for constituent expenses, so he simply tabs his regular meals as 'meals with constituents' and gets his office budget to pay for them. The game is all about how to get around the rules."

House rules also prohibit the paying of bonuses to employees, but Members get around this by raising staff member's salaries by 100 percent or more for one or two months.

In 1983, California Congressman Bob Dornan went to Grenada with a delegation to review the American military intervention of the Caribbean island. He tried to leave the island with a stolen Russian AK-47 in his suitcase, but the weapon was discovered by U.S. Military Personnel and confiscated.

"He threw a royal hissy fit," says retired Army Sgt. Andy Mackie, who was on Grenada at the time. "He kept ranting and raving about how he was a Congressman and if he wanted an AK-47 we had no right to take it from him." The Army kept the weapon and destroyed it.

In 1982, former New York Congressman Norman Lent tried to have 50 counterfeit Rolex watches sent to him from Taiwan. When customs officers in Baltimore seized the shipment, Lent

called the Director of the Customs Service on the carpet and demanded to know why his watches were taken. The director stood his ground and the watches were destroyed.

"We're talking about a culture of 'I'm better than everyone else' and 'I don't have to answer to anyone,'" says Baker. "It is pervasive and it has been part of the Congressional culture for a long time. You may hear a lot of talk about accountability and reform, but it simply is not happening."

Even when a new member of Congress arrives in Washington, full of idealism about doing a good job, he or she is soon sucked into the system.

"When members get together in the Republican and Democratic cloakrooms, they don't talk about legislation or issues," says former GOP House staff member Jonathan Luckstill. "They brag about how much money they have raised for their campaign or how they conned a trade association into an speech invitation to a convention in Hawaii and turned it into a weeklong vacation. I've had more than one boss come back to me and want to know why I wasn't getting him a speech invitation to Hawaii."

Luckstill says the indoctrination also teaches new members that a crime is only a crime when the other party commits it.

"If a Democrat is caught breaking the law, that's justice," he says. "But when a Republican is charged, it's politics."

*Capitol Hill Blue* asked political scientists, Constitutional professors and sociologists if they thought the system could be changed. All agreed it would take drastic steps.

Baker says candidates for Congress should have to be screened like any prospective employee.

"They should have to undergo extensive background checks as a requirement for candidacy, both criminal and financial. Financial disclosure requirements should be strengthened," he adds. "Voters shouldn't be asked to hire somebody on a promise."

Baker would also like to see an independent Congressional ethics committee that has the power to investigate members without control by either party in Congress or the White House.

"Have the committee answer directly to the Supreme Court," he says.

Baker admits his ideas would drive other Constitutional experts up the wall because they violate the checks and balances system that is supposed to exist between the executive, legislative and judicial branches of government, but adds that the Supreme Court already exercises control over Congress through its ability to declare laws unconstitutional.

"It would require some changes in constitutional definition, but that might be what is needed to bring the system under control," he adds.

Reeves advocates term limits for both members of Congress and their staffs.

"Some of the staff members on the Hill have been there longer than any member of Congress," she says.

Most members of Congress claim term limits isn't the answer. The voters, they say, impose term limits. But they also know that nine out of all ten incumbents will be re-elected in any given election.

Term limits was part of the "Contract with America" that Newt Gingrich and the Republican used to help win control of Congress in the 1994 elections.

However, the GOP soon forgot about term limits when they took control and several members who vowed to serve only three terms in 1994 are running for fourth terms in 2000.

"There's a good reason they call it Potomac Fever," says Baker. "It's contagious and leads to all kinds of problems."

Many on Capitol Hill feel the system must be changed, but few agree on how it should be done.

As Winston Churchill once said: "Democracy is the worst form of government imaginable - except for all other forms."

*(Capitol Hill Blue editor Jack Sharp, researcher Marilyn Crosslyn and private investigator James Hargill contributed to this report.)*