

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

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SENATOR MITCH McCONNELL, <u>et al.</u> ,	)	
	)	
Plaintiffs,	)	Civil Action No. 02-0582 (CKK, KLH, RJJ)
	)	
v.	)	
	)	<b><u>CONSOLIDATED ACTIONS</u></b>
FEDERAL ELECTION COMMISSION, <u>et al.</u> ,	)	
	)	
Defendants.	)	

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DECLARATION OF ROBERT ROZEN

1. My name is Robert Rozen.
2. I provided a sworn declaration in *Federal Election Commission v. Colorado Republican Federal Campaign Committee*, Civ. No. 89-N-1159, in the United States District Court for the District of Colorado. The statements I made in that declaration are reproduced in Exhibit A.
3. I reaffirm that the statements I made in the prior declaration are true and correct.
4. From 1995 until 1997, I worked as a lobbyist for various interests at the law firm Wunder, Diefenderfer, Cannon & Thelen. For the last six years, I have been a partner in a lobbying firm called Washington Counsel; now Washington Council Ernst & Young. It was a law firm until two years ago, when it became part of the accounting firm Ernst & Young. We represent a variety of corporate, trade association, non-profit, and individual clients before both Congress and the Executive Branch. Our firm's primary focus is lobbying on tax issues, but we

also lobby on financial services, health care, and other issues. Our work includes preparing strategic plans, writing lobbying papers, explaining difficult and complex issues to legislative staff, and drafting proposed legislation. We also organize fundraisers for federal candidates and from time-to-time advise clients on their political contributions. Our firm includes both Democrats and Republicans. On the Democratic side, we host approximately six fundraisers per year where we raise hard money for federal candidates.

5. I sometimes advise Washington Council clients with respect to their political contributions. Most of our clients have PACs, and they occasionally ask for advice on who to make contributions to.

6. Clients sometimes ask me for advice on whether to give non-federal money to political party and other committees. I have been approached by elected officials or their staff seeking assistance with raising soft money.

7. Some clients don't want to be major players in the political money system so they only contribute hard money to candidates. They are not interested in playing a bigger role, usually because they know it is difficult to draw the line and once they participate at any level expectations are raised for increasingly larger contributions. Those companies and associations that do give soft money typically contribute to both parties in Congress because they want access to Members on both sides of the aisle.

8. In some cases corporations and trade associations do not want to give in amounts over the hard money limits, but they feel pressured to give in greater amounts and end up making soft money donations as well. They are under pressure, sometimes subtle and sometimes direct, from Members to give at levels higher than the hard money limits. For example, some Members

in a position to influence legislation important to an industry naturally wonder why a company in that industry is not participating in fundraising events.

9. There is a spectrum of reasons people and organizations contribute soft money. Some obviously give for ideological purposes. Others feel the need to give at a level above the hard money limits as part of their public policy strategy. Finally, some feel pressured to give above the hard money levels as a result of direct or indirect pressure from Members.

10. I know of organizations who believe that to be treated seriously in Washington, and by that I mean to be a player and to have access, you need to give soft money. As a result, many organizations do give soft money. While some soft money is given for ideological purposes, companies and trade associations working on public policy for the most part give to pursue their economic interests. In some cases, that might limit their contributions to one political party. More often, they give to both. They give soft money because they believe that's what helps establish better contacts with Members of Congress and gets doors opened when they want to meet with Members. There is no question that money creates the relationships. Companies with interests before particular committees need to have access to the chairman of that committee, make donations, and go to events where the chairman will be. Even if that chairman is not the type of Member who will tie the contribution and the legislative goals together, donors can't be sure so they want to play it safe and make soft money contributions. The large contributions enable them to establish relationships, and that increases the chances they'll be successful with their public policy agenda. Compared to the amounts that companies spend as a whole, large political contributions are worthwhile because of the potential benefit to the company's bottom line.

11. When organizations give greater amounts of money through soft money contributions, they get better access to Members. While hard money contributions also provide some access, larger soft money contributions get you significantly greater access, and of course soft money contributions built around sporting events such as the Super Bowl or the Kentucky Derby, where you might spend a week with the Member, are even more useful. At the events that contributors are entitled to attend as a result of their contributions, some contributors will subtly or not-so-subtly discuss a legislative issue that they have an interest in. Contributors also use the events to establish relationships and then take advantage of the access by later calling the Member about a legislative issue or coming back and seeing the Member in his or her office. Obviously from the Member's perspective, it is hard to turn down a request for a meeting after you just spent a weekend with a contributor whose company just gave a large contribution to your political party.

12. From the perspective of the donor, the difference between hard and soft money is just the amount of money that you are allowed to give. Once an organization's PAC has given up to the hard money limit, then it's simply a matter of how much more the organization wants to give. From their perspective, what account the money goes into or how it's used is not important. When it actually comes time to make out the check, you just make it out to whatever account they indicate. A Member or their agent will raise the money and someone will eventually tell you whether the money should go to a soft money leadership PAC, a national party committee, or a state party, but that's generally not a thought for the giver. Corporations and trade associations, including the ones I am familiar with, are not usually giving to help the Republican Party or the Democratic Party. Even though the original purpose of allowing the national parties to have soft money was to let them raise money to be used on state elections and

general party-building, it would be the height of naïveté to think that donors have motives consistent with that purpose. Donors to the national parties understand that if a federal officeholder is raising soft money--supposedly "non-federal" money--they are raising it for federal uses, namely to help that Member or other federal candidates in their elections. Many donors giving \$100,000, \$200,000, even \$1 million, are doing that because it is a bigger favor than a smaller hard money contribution would be. That donation helps you get close to the person who is making decisions that affect your company or your industry. That is the reason most economic interests give soft money, certainly not because they want to help state candidates and rarely because they want the party to succeed.

13. Members understand and appreciate the difference between smaller hard money contributions and larger soft money contributions. Members are raising both hard and soft money. A PAC can give \$5000 per election to a candidate and that is appreciated. But the organization sponsoring the PAC can also give an unlimited amount of soft money; for example a \$100,000 or \$250,000 contribution to the political party at the request of a candidate. That is a contribution of an entirely different dimension, and it naturally is appreciated more by the Member who raises it. The bigger soft money contributions are more likely to get your call returned or get you into the Member's office than smaller hard money contributions.

14. You are doing a favor for somebody by making a large donation and they appreciate it. Ordinarily, people feel inclined to reciprocate favors. Do a bigger favor for someone--that is, write a larger check--and they feel even more compelled to reciprocate. In my experience, overt words are rarely exchanged about contributions, but people do have understandings: the Member has received a favor and feels a natural obligation to be helpful in return. This is how human relationships work. The legislative arena is the same as other areas of

commerce and life. It is similar to a situation that has been in the news recently: an investment banking firm made shares of hot initial public offerings available to the officers of Worldcom Inc., while Worldcom Inc. executives were giving the firm tens of millions of dollars in investment-banking business. There doesn't have to be a specific tie-in to achieve the result.

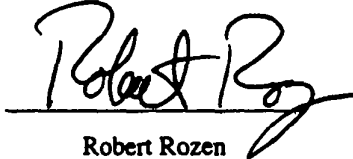
15. Even though soft money contributions often go to political parties, the money is given so that the contributors can be close to, and recognized by, Members, Presidents, and Administration officials who have power. Members, not party staffers or party chairs, raise much of the large soft money contributions. Party chairs do not have that much power because the DNC and the RNC by themselves don't have power to do anything. So people are not giving to be close to the party chairs. The Members of Congress and the President are the heart of the national parties. The elected officials are the ones who are really raising the money, either directly or through their agents.

16. The soft money system has allowed big money from private interests to get into the federal election system. The system works in a very pernicious way that undermines public trust. As I mentioned in my earlier declaration, campaign finance reform was one of the issues that I handled while working for Senator Mitchell. In fact, the DSCC did not raise and spend soft money while Senator Mitchell was Majority Leader because he thought it appeared improper. I have also seen the system at work through my job as a lobbyist over the last seven years. Although there are nominal limits on what individuals and PACs can contribute to federal candidates, that law has now become a fiction because of the soft money contributions that candidates have been able to raise through their political party. The general public does not even begin to understand the degree to which moneyed private interests are able to influence public policy through their campaign contributions. The effect of \$15,000 or \$20,000 contributions on

some Members that I discussed in paragraph 10 of my earlier declaration is even more true with respect to larger \$100,000 or \$500,000 contributions. As I noted there, based on human relationships, you are grateful to people who want to help you and naturally you want to be responsive to them. When people have tried to help you—that is, an elected representative—in the more substantial ways permitted through soft money contributions, you are even more grateful to them and naturally more responsive.

17. If you're a chairman of a committee, you are expected to raise more for the party than more junior Members are. In spite of the seniority rules, you have the chairmanship at the sufferance of the caucus and you are expected to help the party by raising money for a party committee or through a leadership PAC that then distributes money to federal candidates of the party in need. Some of this money is raised in large increments as soft money. Published reports indicate that candidates for chairman have raised money in amounts as high as \$500,000 in their drive to become chairman of a Congressional committee. They are able to in part because they will have so much power if they become chairman. Donors especially want to develop relationships with these Members who will have a lot of power and are therefore in a position to help the contributors achieve their public policy objectives.

18. Pursuant to 28 U.S.C. 1746, I declare under penalty of perjury that the foregoing is true and correct.

  
Robert Rozen

Executed on this 3<sup>rd</sup> day of October, 2002

## EXHIBIT A

1. My name is Robert Rozen.

2. I began working for Sen. Wendell Ford after I graduated from law school in June 1980. I was responsible for all issues before the Senate Finance Committee, and from the spring of 1984 until early 1985 I handled his work with the Rules Committee, on which he was Ranking Minority Member.

3. From January 1985 until January 1995, I worked for Sen. George Mitchell. I handled a variety of legislative issues for Sen. Mitchell, including tax, trade, banking, and other financial issues, including campaign finance reform.

4. Sen. Ford chaired the Democratic Senatorial Campaign Committee (DSCC) in the 1981-1982 election cycle. Sen. Mitchell held this position in the 1985-1986 cycle. My experience was that both Senators kept their DSCC work separate from the office, in the sense that no legislative staff was involved with DSCC campaign activities. I had no direct involvement in DSCC work, although I did gain general knowledge about DSCC operations from my proximity to the Chairmen. Additionally, my extensive work from 1987 through 1994 on campaign finance reform legislative efforts exposed me to DSCC issues. It is my sense that Administrative Assistants know who has contributed both to their Senator's campaign and to the DSCC, although some of them keep closer track of this than others.

5. At least on the Democratic side, the Majority Leader is heavily involved with the Senate campaign committee. The Majority Leader picks the Chair of the DSCC, and is also involved in candidate recruitment, a primary responsibility of the DSCC. Even if other Senators or DSCC staff members make the initial contacts, the Majority Leader wants to size up potential candidates and be helpful in encouraging potentially strong candidates to run for office. Oftentimes, the candidates want to close the deal with the leader of their party in the Senate.

6. Other than recruiting candidates, the DSCC's main responsibility is raising money for Senate campaigns. Especially during the last 15 months of an election cycle, the Committee is very active. Many weekends, four or five Senators will be out on the road, raising money at DSCC events. Certain Senators are bigger draws than others, and the Majority Leader usually is the biggest draw of all. So he probably attends as many of these events as anybody else other than the Chairman.



7. Under the DSCC's tally system, all Senators are expected to help raise money for the party. Some do it more enthusiastically than others, but the expectation is there. Senators can solicit contributions directly, or sponsor fundraising events on behalf of the DSCC. The DSCC also sponsors its own events, using Senators to draw contributors.

8. Sen. Mitchell took an especially active role with the DSCC after he was elected Majority Leader in Nov. 1988. For example, it was his decision that the DSCC did not raise soft money during his six years as Majority Leader.

9. It is only natural that most individuals and PACs want to make sure that they get maximum recognition for whatever money they contribute. Of course, some expect nothing in return, while others are more aggressive in trying to get a lot of mileage out of their contributions. I would expect most of the largest PACs give the maximum allowed, or close to it, to party committees, and then send their members to party events or otherwise attempt to meet personally with Senators. They may buy a table at an event for \$10,000 and invite staff or a Member to sit at the table. Other events are stand-up receptions where this sort of close interaction is more difficult. But the idea for anyone who goes to any of these events is to be seen by Members of Congress.

10. Contributors believe this interaction has an effect on Members, whether it does or not. Certainly, it does have an effect on some Members. If you are raising money for your campaign, or you have a tally and you're raising money for the party, and you have solicited a \$15,000 or \$20,000 contribution, oftentimes this is going to have some effect. This is just based on human relationships, you are grateful to people who want to help you and naturally want to be responsive to them.

11. The bottom line is that there is a symbiotic relationship between contributors and candidates. A contributor gives to have the opportunity to influence a Member, and the Member is willing to provide this opportunity in order to raise more money. While this is usually subtle, it can be extremely direct. For example, I know of a company that was recently involved in a legislative battle critical to its bottom line. One Senator in particular was working on this issue. The company, which was known to be a financial supporter of the other party, was asked by the Senator, "Well, where have you been?" and the Senator's representatives later told the company that they had to "be at the table," to contribute, if they wanted their views to be heard. This was a

shakedown, pure and simple. And it worked -- the company wound up contributing to the national Senatorial Campaign Committee of the Senator's party, as requested.

12. Very little money that does not come through the mail is what I would call "detached" money. Typically, a contributor gives money to establish relationships, to be able to lobby on an issue, to get close to Members, to be able to have influence. While an elected official of course does not have to do something because somebody gave, a contribution helps establish a relationship, and the more you give the better the relationship. It is not that legislation is being written in direct response to somebody giving a lot of money. Rather, it is one step removed: relationships are established because people give a lot of money, relationships are built and are deepened because of more and more money, and that gets you across the threshold to getting the access you want, because you have established a relationship.