

EXECUTIVE SUMMARY AND FINDINGS

After (or at the same time when) several Tribes hired Abramoff as their federal lobbyist, Abramoff urged some of them to hire Scanlon to provide grassroots support. Abramoff, however, failed to disclose that he and Scanlon were partners. Evidence obtained over the course of a two-year investigation indicates that Abramoff and Scanlon had agreed to secretly split, between themselves, fees that the Tribes paid Scanlon from 2001 through 2003. Abramoff and Scanlon referred to this arrangement as “gimme five.”

As a general proposition, the scheme involved the following: getting each of the Tribes to hire Scanlon as their grassroots specialist; dramatically overcharging them for grassroots and related activities; setting aside for themselves an unconscionable percentage of what the Tribes paid at a grossly inflated rate—a rate wholly unrelated to the actual cost of services provided; and using the remaining fraction to reimburse scores of vendors that could help them maintain *vis-a-vis* the Tribes a continuing appearance of competence. One example of this fee-splitting arrangement arises from a payment of \$1,900,000 from the Saginaw Chippewa Tribe of Michigan. On or about July 9, 2002, Scanlon assured Abramoff, “800 for you[,] 800 for me[,] 250 for the effort the other 50 went to the plane and misc expenses. We both have an additional 500 coming when they pay the next phasem [sic].” Indeed, on July 12, 2002, after that payment arrived, Scanlon made three payments to Abramoff, including a payment of \$800,000.

In some cases, Abramoff and Scanlon obtained lobbying and grassroots contracts by insinuating themselves into Tribal Council elections and assisting with the campaigns of candidates who were calculated to support their proposals. In other cases, Abramoff and Scanlon were even more aggressive, for example, helping to shut down the casino of one Tribe, only to pitch their services—for millions of dollars—to help that same, now desperate Tribe reopen its casino.

Typically, the most expensive element of Scanlon’s proposals to the Tribes related to a purportedly elaborate political database. But, in all cases, it appears that the degree to which Scanlon marked-up his actual costs was unconscionable. For example, while Scanlon told the Coushatta Tribe of Louisiana that their “political” database would cost \$1,345,000, he ended up paying the vendor that actually developed, operated and maintained that database about \$104,560. The dramatic mark-ups were intended to accommodate Scanlon’s secret 50/50 split with Abramoff.

In total, six tribes paid Scanlon’s companies, in particular a company called Capitol Campaign Strategies (“CCS”) (which also did business as Scanlon Gould Public Affairs and Scanlon Public Affairs), at least \$66,000,000 over the three-year period. By the Committee’s reckoning, each Tribe paid CCS as follows: the Mississippi

Band of Choctaw Indians (“Choctaw”), \$14,745,650; the Coushatta Tribe of Louisiana (“Louisiana Coushatta”), \$26,695,500; the Saginaw Chippewa Tribe of Michigan (“Saginaw Chippewa”), \$10,007,000; the Agua Caliente Band of Cahuilla Indians (“Agua Caliente”), \$7,200,000; the Ysleta del Sur Pueblo of Texas (“Tigua”), \$4,200,000; and the Pueblo of Sandia of New Mexico (“Pueblo of Sandia”), \$2,750,000. Of that \$66,000,000, Abramoff secretly collected from Scanlon, through (among other entities) an entity called Kaygold, about \$24,000,000. This constituted about one-half of Scanlon’s total profit from the Tribes.

The \$66,000,000 figure includes only those payments made by the Tribes to Scanlon for grassroots activities. The total cost of doing business with Abramoff and Scanlon was actually much higher. To determine that cost, one must add to the \$66,000,000 figure, payments made by the Tribes to the lobbying firms with which Abramoff was associated and payments made by the Tribes directly to other entities owned or controlled by Abramoff, such as the Capital Athletic Foundation (“CAF”), or by Scanlon, such as the American International Center (“AIC”).³¹

Most of the money that the Tribes paid Scanlon appears to have been used by Scanlon and Abramoff for purely personal purposes—purposes unintended by the Tribes. Generally, Abramoff seems to have used his share of the proceeds he received from Scanlon to float his restaurant ventures and, through CAF, operate his Jewish boys’ school in Maryland. Likewise, Scanlon seems to have used his share to purchase real estate and other investments. The Committee, therefore, finds that most of the Tribes received little of the intended benefit for the significant sums they paid to Scanlon and that most of the money paid by the Tribes was used for purposes unintended by the Tribes. Against that backdrop, understanding under what circumstances the Tribes paid Scanlon becomes important.

Probably Abramoff’s most valued Tribal client was the Choctaw. Since 1995, when the Choctaw first hired Abramoff, a history of dramatic victories emerged, with Abramoff successfully advocating the Tribe’s sovereignty and anti-tax interests before Congress. In many instances, Abramoff had the Tribe use conduits to conceal its grassroots activities from the world—activities often conducted by former Christian Coalition Executive Director Ralph Reed. After this history of success, in early 2001, things changed. Following Abramoff’s guidance, the Tribe hired Scanlon. And, to implement its grassroots strategies, the Tribe, at Abramoff and Scanlon’s direction, paid to or through conduits owned or controlled by Abramoff and Scanlon. As an example of how much Scanlon sought from the Choctaw, he had the Tribe pay him \$4,500,000 for efforts related to a single program—a grandiose idea Scanlon called “Operation Orange.” During the relevant period, Abramoff manipulated the Tribe into funding, among other things, a much reported golfing trip to Scotland. The Tribe thought that its money, which it

³¹ According to records in the Committee’s possession, two of Abramoff’s Tribal clients made payments to the AIC: the Choctaw, \$2,655,654 and the Coushatta, \$3,653,200. So, the total that all of Abramoff’s Tribal clients paid the AIC was \$6,308,854. During the relevant period, Scanlon paid Abramoff through the AIC a total of \$991,000 and an additional \$950,000 through another entity that he controlled, called Atlantic Research & Analysis.

paid to a non-profit on whose board Abramoff sat, would be used for anti-tax and other policy work. At the end of the day, having collected about \$15,000,000 from the Choctaw during the relevant period, Scanlon secretly kicked back to Abramoff about \$6,364,000—about 50 percent of his total profit from the Tribe.

Specifically citing the work he had done for the Choctaw, Abramoff subsequently secured contracts for himself and Scanlon from the Louisiana Coushatta. Regrettably, of all the Tribes that hired Scanlon, the Louisiana Coushatta ended up paying Scanlon the most. Initially, the Tribe hired Scanlon to help with its compact renegotiations with the State of Louisiana. But, after having successfully done so, Scanlon dramatically expanded his scope of work, which ranged from squelching supposedly ubiquitous threats to the Tribal casino's customer market share to supposedly getting the "right" candidates elected to the Louisiana State Legislature. To its detriment, the Tribe trusted Abramoff and Scanlon's expertise in Indian gaming and were captured by their lure of making the Coushatta "the Choctaw of Louisiana." Accordingly, it deferred to Abramoff and Scanlon's judgment when they recommended that it fund very expensive grassroots campaigns. Ultimately, having collected about \$30,000,000 from the Louisiana Coushatta during the relevant period, Scanlon secretly kicked back to Abramoff about \$11,450,000—about 50 percent of his total profit from the Tribe. This includes a payment of \$1,000,000 that Abramoff and Scanlon manipulated the Tribe into paying to Abramoff's private charity, the Capital Athletic Foundation ("CAF").

Abramoff and Scanlon's efforts to sign on the Saginaw Chippewa and the Agua Caliente as clients are notable. With both Tribes, Abramoff and Scanlon insinuated themselves into Tribal Council elections to maximize their chance of getting hired afterwards. In particular, they provided, among other things, strategic advice and material support to some of the candidates. Those who ran in the Saginaw Chippewa election called themselves the "Slate of 8." The weight of evidence obtained by the Committee indicates that, in both the Saginaw Chippewa and Agua Caliente cases, those candidates who were elected to the Council with Abramoff and Scanlon's assistance ultimately supported Abramoff and Scanlon's contract proposals because of, or in exchange for, the assistance that Abramoff and Scanlon provided them.

Key to Abramoff and Scanlon's success in getting contracts with the Saginaw Chippewa and the Agua Caliente was the assistance of non-Tribal Members Christopher Petras and Michael Chapman, respectively. In the course of the Tribe's dealings with Abramoff and Scanlon, Abramoff and Scanlon apparently provided each things of value. Evidence indicates that, over the course of Abramoff and Scanlon's representation of the Saginaw Chippewa, Abramoff and Scanlon provided Petras with a great deal of attention during his frequent trips to Washington, D.C. (which, with private cars, tickets to sporting events and concerts, meals at posh restaurants, and meetings with prominent personalities, one former Abramoff associate described as a "dog and pony show") and some favors. Likewise, for the services that Chapman provided Abramoff and Scanlon over the course of the Agua Caliente retainer, Chapman received about \$271,482.

From June 2002 through October 2003, the Saginaw Chippewa paid Scanlon about \$3,500,000 for among other things “a strategy for making [the Tribe] the most dominant political entity in Michigan” that Scanlon called “Operation Redwing.” Of those proceeds, Scanlon secretly kicked back to Abramoff about \$540,000—about 50 percent of his total profit from the Tribe during this period. Similarly, from the Agua Caliente, Scanlon collected about \$7,200,000 from the Agua Caliente during the relevant period and appears to have secretly split about 50 percent of his total profit from that Tribe with Abramoff.

How Abramoff and Scanlon had the Tigua hire them was particularly aggressive. In late 2001 through early 2002, (largely with the assistance of Ralph Reed) Abramoff and Scanlon successfully helped Texas authorities shut the Tigua’s casino down, as violating federal law. Despite the fact that the Louisiana Coushatta’s casino was in southwest Louisiana and the Tigua’s was in El Paso, Texas, Abramoff and Scanlon succeeded in persuading the Louisiana Coushatta that the Tigua posed a threat to its customer market share. So, the Louisiana Coushatta largely funded the grassroots effort to help close their casino.

Having succeeded in helping shut down the Tribe’s casino, Abramoff and Scanlon then pitched their services to help reopen it. In pitching their services, Abramoff offered to represent the Tribe on a *pro bono* basis if it hired Scanlon for millions of dollars to provide grassroots support for his federal lobbying effort. He did so without telling the Tribe of his financial arrangement with Scanlon.

After they signed the Tigua on as a client, Abramoff and Scanlon promised to, among other things, insert language allowing the Tribe to re-open its casino. Cumulatively, Scanlon called this plan “Operation Open Doors.” Abramoff and Scanlon were ultimately unsuccessful, despite that they collected (and split between themselves) millions of dollars from the Tribe. Having collected about \$4,200,000 from the Tigua during the relevant period, Scanlon secretly kicked back to Abramoff about \$1,850,000—about 50 percent of his total profit from the Tribe.

The Pueblo of Sandia hired Abramoff and Scanlon to help them with the lobbying aspects of a legal dispute related to Sandia Mountain, revered by the Tribe as sacred. Abramoff pitched his and Scanlon’s services as a “package deal,” actually insisting that the Tribe hire Scanlon as its public relations specialist. He even offered to reduce Greenberg Traurig’s retainer in contemplation of the Tribe’s hiring Scanlon, but insisted that Scanlon’s asking price could not be reduced further because his “10 percent profit margin” was “locked in.” After having paid Scanlon about \$2,750,000 for grassroots work intended to support Abramoff’s federal lobbying effort, the Tribe became dissatisfied with the quality of Scanlon’s effort and ceased the representation. From those proceeds that Scanlon collected from the Pueblo Sandia during the relevant period, on information and belief, Scanlon secretly split about 50 percent of his total profit from the Tribe, with Abramoff.

A couple of “gimme five” entities—entities owned or controlled by Abramoff or Scanlon that they used in their kickback scheme—are especially worth noting. One is an “international think tank” called

the American International Center (“AIC”). With two of Scanlon’s beach buddies sitting on its board, AIC’s purpose was actually to collect fees associated with activities conducted by others and, in some cases, divert those fees to entities owned or controlled by Scanlon or Abramoff. In other words, AIC was a sham. From 2001 through 2003, the Choctaw and the Coushatta paid AIC about \$6,308,854. While much of this money went to vendors such as Reed as intended (to conduct grassroots activities supportive of several Tribes’ gaming interests), millions did not.

CAF, Abramoff’s private charity, is a particularly interesting “gimme five” entity. In total, four of the Tribes paid CAF about \$2,075,000. The totals for each Tribe is as follows: the Louisiana Coushatta, \$1,000,000; the Choctaw, \$1,000,000; the Saginaw Chip-pewa, \$25,000; and the Alabama Coushatta, \$50,000, which was not even a client. Evidence obtained by the Committee indicates that Abramoff treated CAF as his own personal slush fund, using CAF for a number of activities wholly unrelated to its charitable mission and tax-exempt status. Such activities included, for example, evading taxes, financing lobbying activities and purchasing military-related equipment.

In 2001, the single largest contributor to CAF was the Louisiana Coushatta, supposedly giving CAF \$1,000,000. However, the Tribe never intended to make a charitable contribution to CAF. While it thought that its money was going to fund its grassroots activities, the money simply padded the coffers of CAF for Abramoff’s discretionary use.

In 2002, Abramoff and Scanlon manipulated the Choctaw into sending directly and indirectly \$2,000,000 to CAF, making the Choctaw CAF’s largest donor that year. However, the Choctaw never intended to contribute to CAF. The Tribe thought that its payments to CAF were going to pass through to grassroots organizations working to oppose the expansion of gaming in the Tribe’s customer market. The Tribe’s money was not used for its intended purpose.

As described above, Abramoff also deceived the Saginaw Chip-pewa into paying \$25,000 to CAF that year. While the Tribe was led to believe that CAF “create[d] programs that teach leadership skills to disadvantaged youth in the D.C.-area in an effort to keep them off the streets and enhance their educational opportunities” and was a charity important to an important Member of Congress, the Tribe’s “donation” was used to partially fund a widely publicized golf trip to Scotland for Congressman Bob Ney and others.

For 2003, CAF’s tax records do not list any Tribe as a donor. However, substantial evidence indicates that a \$47,891 contribution to CAF listed as having been made by Abramoff’s corporate alter ego, Kaygold, and a \$950,000 contribution from a Scanlon-controlled entity called Atlantic Research & Analysis (“ARA”) were actually funds from some of the Tribes, paid as a result of Abramoff and Scanlon’s manipulation.

Among the third parties that Abramoff had some of his Tribal clients pay money was an environmental organization called the Council of Republicans for Environmental Advocacy (“CREA”). From 2001 through 2003, Abramoff managed to have these Tribes “contribute” at least \$250,000 to CREA, sometimes under false pre-

tenses. The Coushatta, for example, paid CREA \$25,000 to help the Department of the Interior with a “national park study,” which was apparently never conducted. Likewise, the Saginaw Chippewa made a \$25,000 donation, having been told that former Interior Secretary Gale Norton was “involved” with and supported CREA and that supporting such “a project” that the Secretary was involved with would “look good” for the Tribe. In both cases, the Tribes were deceived.

In any event, with the possible exception of the Choctaw, the Committee has found no evidence that those Tribes that gave to CREA did so because of any interest in CREA’s mission. In fact, Abramoff apparently had his clients contribute to CREA, described by CREA president Italia Federici as a “mom and pop” operation, because he believed that Federici would help him possibly influence tribal issues pending at the Department of the Interior. Ample evidence indicates that she repeatedly told Abramoff that she would talk with a particular senior Interior official to help ensure that the concerns of Abramoff’s clients were addressed. However, what she, or her working contact at Interior, former Deputy Secretary J. Steven Griles, actually did at Interior for the benefit of Abramoff’s Tribal clients, remains unclear.