

Statement of Senator John McCain  
Senate Committee on Indian Affairs  
Oversight Hearing on Lobbying Practices Involving Indian Tribes  
November 17, 2004, 3:00 p.m.

“Is life great or what!!!” exclaimed Jack Abramoff in an e-mail to his friend and business partner Michael Scanlon on February 19, 2002. Few would have quibbled with Mr. Abramoff at the time. As we learned during the Committee’s September 29<sup>th</sup> hearing, the two men shared a secret partnership that connived to collect at least \$66 million from six American Indian tribes across the nation. When Mr. Abramoff sent his February 19<sup>th</sup> e-mail, he had already received approximately \$3 million from Mr. Scanlon’s companies. Over the next couple years, he would receive almost \$18 million more. The two, however, kept their partnership hidden from the tribes and hidden from the world. For these two men it was seemingly all about the money. In February 2002, the money flowed; so, life was indeed great for Jack Abramoff and Michael Scanlon.

At the same time, life was not so good for the Ysleta del Sur Pueblo of El Paso, Texas. Also known as the Tigua, the Tribe was fighting for its financial life in the Texas courts and state legislature. According to a September 26, 2004 article in *The Washington Post*, the State of Texas had sought a judicial order closing the Tribe’s Speaking Rock Casino. *The Post* article also reported in some detail how Mr. Abramoff and Mr. Scanlon had worked behind the scenes to support Texas’s efforts to close the casino. They had participated in a grassroots and public relations campaign that was designed, in part, to lend political cover to Texas’s legal efforts. Evidence suggests that Mr. Abramoff and Mr. Scanlon also worked behind the scenes in Texas to quash the Tigua’s attempts at a legislative solution. In an internal e-mail, Mr. Abramoff boasted to a colleague in 2003:

A bill is moving (HB809) in the Texas state house which will enable the Indians in Texas to have totally unregulated casinos. It passed out of the House Criminal Jurisprudence Committee by a 6-2 vote.

The current Republican Speaker Tom Craddick is a strong supporter. Last year we stopped this bill after it passed the house using the Lt. Governor (Bill ratcliff) to prevent it from being scheduled in the state senate.

Former Texas Lt. Governor Ratliff did refuse to schedule the legislation for a floor vote, the state's legal efforts were successful, and the Tigua closed its casino on February 12, 2002.

It was a low point for the Tribe. According to tribal representatives, the revenue generated from the Speaking Rock Casino had helped the tribe lift its members out of poverty, had enabled the Tribe to provide education for its children and health care for its elders, and had given them hope where there was none before. The closure of the casino, according to the Tribe, threatened the promise of a new and better tomorrow for future generations.

In the Tigua's desperation and despair, Mr. Abramoff and Mr. Scanlon found opportunity and hope, not for the Tribe, but for themselves. In the Tribe's misery Jack Abramoff and Michael Scanlon saw money. "I'm on the phone with Tigua! Fire up the jet baby, we're going to El Paso!!" wrote Jack Abramoff in a February 6, 2002 e-mail. Responding, Michael Scanlon summarized their objective: "I want all their MONEY!!!"

When Mr. Abramoff and Mr. Scanlon approached the Tribe, they painted themselves as sympathetic to the Tribe's plight. In a February 18, 2002 e-mail to Tribal consultant Marc Schwartz, which we have blown up onto a poster board, Mr. Abramoff wrote:

Our motivations for this representation are manifold, including the critical importance of not allowing tribal sovereignty to be eroded by the actions of the State of Texas. While we are Republicans, and normally want all Republicans to prevail in electoral challenges, this ill advised decision on the part of the Republican leadership in Texas must not stand, and we intend to right this using, in part, Republican leaders from Washington.

Mr. Abramoff downplayed his primary motivation by writing that "it would be insincere of me to not note that our other motivations include the hope and expectation that, if we succeed, we can expect to have a long term relationship with the tribe by representing their interests on the federal level."

Mr. Abramoff's statement was the height of hypocrisy, the pinnacle of deception. The very injustice he decried, he and Mr. Scanlon had helped to create. With a straight face and without expressed remorse, Jack Abramoff and Michael Scanlon solicited the Tribe to retain them to help reopen the Tribe's casino. According to witnesses interviewed by my investigators, neither Mr. Abramoff nor Mr. Scanlon ever disclosed their role in the lobbying and public relations campaigns waged to close the same Tigua casino. They certainly never disclosed the lucrative partnership they shared.

Their duplicity was pervasive. At the same moment they solicited the Tribe, Jack Abramoff wrote "I wish those moronic Tiguas were smarter in their political contributions. I'd love us to get our mitts on that moolah!!" That's exactly what Jack Abramoff and Michael Scanlon set out to do. The very next day, on February 12, 2002, they traveled by private jet to the Tigua reservation in El Paso. There, they made their pitch.

According to witnesses at that meeting, Jack Abramoff offered to help the Tribe for free. He would later repeat that promise in his February 18 e-mail to Mr. Schwartz. But, Mr. Abramoff insisted that the Tribe had to retain Michael Scanlon for the effort to be successful. Jack Abramoff claimed that Michael Scanlon was the preeminent expert in grassroots lobbying. Michael Scanlon wasn't cheap, Mr. Abramoff told the Tribe, but he was the best there was in the business. Mr. Scanlon's asking price: \$5.4 million. Of course, from the last hearing we know that when Mr. Abramoff advocated Mr. Scanlon's interests, he was advocating his own financial interests. Make no mistake: Jack Abramoff was not going to work for free.

On February 18, 2002, Jack Abramoff submitted to the Tribe a document entitled "Operation Open Doors", a proposal prepared by Michael Scanlon. Mr. Abramoff endorsed the proposal wholeheartedly: "The proposal Mike Scanlon has prepared is, in our view, the best chance the tribe has to overcome the gross indignity perpetuated by the Texas state authorities." Operation Open Doors supposedly entailed a

massive undertaking fueled by a nation-wide political operation. This political operation will result in a Majority of both federal chambers either becoming close friends of the tribe or fearing the tribe in a very short period of time. . . Simply put, you need 218 friends in the U.S.

House and 51 Senators on your side very quickly, and we will do that through both love and fear.

Scanlon said his firm promised to build two customized databases for the Tribe, conduct numerous polls, and wage a grassroots and grasstops campaign. While he did not guarantee success, Mr. Scanlon wrote “under no circumstances do we believe it could be classified as high risk either.”

Mr. Scanlon’s promises have so far proven empty. Witnesses interviewed by my staff have confirmed that the database was not customized. Scanlon Gould did not even construct it; they sub-contracted out the work for less than \$100,000, a small sum that pales in comparison to the \$1.8 million he charged the Tribe for it. And, it seems Scanlon Gould failed to provide the vast majority of services to implement the “massive undertaking” the Tribe was told would occur.

On February 19, 2002, *El Paso Times* newspaper reported that the Tribe had to lay off 450 employees as a result of shutting down its casino. It was not enough the two men sought to capitalize on the Tribe’s plight, they actually reveled in it. Mr. Scanlon forwarded the article to Mr. Abramoff advising him “this is on the front page of todays paper while they will be voting on our plan!” It was in response to Mr. Scanlon that Mr. Abramoff dashed off his “Is life great or what?” e-mail. Jack Abramoff and Michael Scanlon smelled money. In fact, nineteen minutes later, Mr. Abramoff e-mailed Mr. Scanlon again: “1 hour 45 minutes and counting my friend.” The Tribal Council ultimately decided to move forward with the plan, believing Mr. Abramoff’s representation that he already had “a couple of Senators willing to ram this through initially.”

Key to Mr. Abramoff and Mr. Scanlon’s plan was secrecy. No one was to know about their involvement in the effort to assist the Tigua. According to witnesses interviewed by my staff, Mr. Abramoff would take no money from the Tribe to avoid having to register under the Lobbying Disclosure Act. In meetings and telephone conversations with witnesses, Jack Abramoff maintained his role was simple. He would have one or more Representatives or Senators slip into a conference report very discrete language allowing the Tigua to re-open their casino. After passage of such an amendment, Michael Scanlon and his company would then run a public relations campaign to beat back any attempts to repeal the language.

Almost immediately, Mr. Abramoff's cover was nearly compromised when he was included on an e-mail list from a tribal representative. Mr. Abramoff was furious. In an e-mail to Mr. Scanlon, Mr. Abramoff wrote, and I will try to redact the profanity so I do not offend anyone,

That f - - - ing idiot put my name on an email list. what a f - - - ing moron. He may have blown our cover!! Dammit. We are moving forward anyway and taking their f - - - ing money.

That the secrecy and hence the effort may have been compromised could not dissuade Mr. Abramoff from taking the Tribe's money. He was resolved to take the Tribe's money, whether he could help them or not.

Even before the Tigua signed a formal contract with Scanlon Gould Public Affairs, Mr. Abramoff could not wait for the money to arrive. On March 3, 2002, he asked Mr. Scanlon "did we get Tigua money?" Even after the Tribe sent a check for \$2.1 million, the two could not contain their insatiable greed. On March 19, 2002, Michael Scanlon e-mailed Jack Abramoff asking "Is he [Marc Schwartz] happy? Where is our f - - - ing money!" Abramoff responded ten minutes later, instructing Mr. Scanlon to call Mr. Schwartz and "ASK HIM FOR OUR DAMN MONEY!!!" By the end of March, the Tribe had paid Scanlon Gould a total of \$4.2 million for what was supposedly going to be a massive public relations campaign. And, on April 8, 2002, Capitol Campaign Strategies, the alter ego of Scanlon Gould, paid \$2.1 to Mr. Abramoff's company Kay Gold.

During this time, Jack Abramoff and Michael Scanlon identified election reform as the vehicle into which they would insert the Tigua's provision. Of course, only after the Tribe had paid Scanlon Gould millions of dollars did Michael Scanlon reassess the likelihood of success. In an April 12, 2002 report to the Tribe, Mr. Scanlon wrote that "with political cover generated we feel pretty good about our prospects of tacking the legislation on and getting it through. But please be advised – we are taking the most high-risk approach to this by using election reform as a vehicle." Mr. Scanlon's words stand in stark contrast to his earlier opinion that his efforts could in no way be classified as high risk. Of course, he now had the luxury of being less optimistic, since he had the Tribe's money in his pocket.

Despite receiving \$4.2 million from the Tribe, Jack Abramoff and Michael Scanlon wanted more. From mid- to late- 2002, Jack Abramoff hounded the Tribe for contributions to the Capital Athletic Foundation, his private charitable foundation that he used to support the all boys school he had founded and operated in Maryland. He asked the Tribe to contribute \$50,000 to a golf trip to Scotland sponsored by his Foundation. Ultimately, the tribe declined.

That did not deter Mr. Abramoff and Mr. Scanlon, however. In a September 18, 2002 e-mail, Mr. Abramoff reminded himself “we need more \$ for backlash” after the “Tigua launch.” Two and half hours later, Mr. Abramoff wrote to Mr. Scanlon:

Did you speak with Marc Schwartz? I have a great idea. Let’s tell him that we are launching all missiles to get the bill a vote and, therefore, are using all our resources, so that, once the bill passes, we immediately need more money!! OK?

Approximately one month later, Election Reform became law without the Tigua’s provision. To this day, the Tribe remains unclear on where the \$4.2 million it paid Scanlon went, because it appears it was not used for the purportedly massive P.R. campaign Mr. Scanlon had promised to wage on their behalf.

Mr. Abramoff’s pursuit of more money from the Tribe did not end in 2002. Only last year, Mr. Abramoff attempted to convince the Tribe to take out life insurance on its elders, and make Eshkol Academy, the all boys school he founded, the sole beneficiary. Mr. Abramoff claimed that the proceeds of the policies would go to his school, which would then pay Greenberg Traurig for the lobbying fees incurred by the Tigua. I again direct everyone’s attention to the poster, which reflects Mr. Abramoff’s e-mail to Mr. Schwartz on the subject:

Marc, per our discussion, the following short memo describes the opportunity to obtain lobbying funds via the insurance program. This will also greatly benefit our school, which means the whole world to me. If it can work, it’s truly a win-win.

\* \* \*

On behalf of a registered non-profit charity (such as a school) CFS will enroll Native American elders, 75 years and older, in term life insurance. The premiums will be entirely financed (with both debt and equity) using the insurance policies (no obligation of any kind to the Tribe or Native Americans, or the charity) and repaid by the proceeds of the policy at the demise of the insured. Any remaining funds at that time will accrue to the charity.

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From these funds, the school shall pay Greenberg Traurig its fees and any out of pocket costs for a new Washington representation.

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The Washington representation work done by Greenberg Traurig made possible as a consequence of this program shall be for the sole benefit of the tribe, including efforts to obtain federal appropriations, grants and other legislative and administrative assistance for the tribe.

After brief consideration, the Tigua rejected it, because “it just wasn’t right.”

The story I just shared with you and which we will learn more about today is tragic. Jack Abramoff and Michael Scanlon preyed upon the Tribe and its members when they were most vulnerable. They played upon their hopes and fears. They went to El Paso selling salvation and instead delivered snake oil. Those two men walked away with money that would have gone and should have gone to the children and elders of the tribe. Why? Because Jack Abramoff and Michael Scanlon were all about the money.

In closing, I just want to thank the Tigua Tribe, Lieutenant Governor Hisa, and Mr. Schwartz for their invaluable assistance and continuing cooperation in the investigation, and for their participation in today’s hearing. Mr. Schwartz told my investigators that after *The Washington Post* articles broke earlier this year about the other tribes, Mr. Abramoff called him and said don’t worry, no one will ever know about the Tigua. Well, Mr. Abramoff, the Committee knows, and now the rest of the world knows too, about the gross indignity it seems you and Mr. Scanlon perpetrated against the Tribe. And I pledge, as a member of the Committee on Indian Affairs, that we will not stop until the complete truth is told.