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June 25, 2001

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Mr. Alberto R. Gonzales
Counsel to the President
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. Gonzales:

As you know, press accounts have reported that Karl Rove, Senior Advisor to the President, met with executives of companies in which he owned stock and was involved in issues that are important to these companies.

Specifically, there are allegations that Mr. Rove:

- met with Intel executives seeking federal support for a merger at a time when Mr. Rove owned more than \$100,000 of Intel stock;¹
- “has spoken frequently about energy policy” with the chief executive of Enron, a company in which Mr. Rove owned more than \$100,000 of stock;²
- was involved in shaping the Administration’s policy on a patient’s bill of rights, despite owning more than \$200,000 of stock in Pfizer and Johnson & Johnson;³ and
- discussed the Administration’s energy plan with nuclear power executives, despite owning significant stock in General Electric, which has a nuclear power division.⁴

¹*Intel Pitched Proposed Merger to Rove*, Associated Press (June 14, 2001).

²*Taking Stock of Karl Rove*, Newsweek (June 25, 2001) (available on www.msnbc.com).

³*Id.*

⁴*Intel Pitched Proposed Merger to Rove*, *supra* note 1.

The Honorable Alberto R. Gonzales

June 25, 2001

Page 2

These allegations appear to be at odds with President Bush's statements about the importance of maintaining a high standard of ethics in the White House. At the beginning of the Administration, President Bush told his staff: "I expect every member of this administration to stay well within the boundaries that define legal and ethical conduct. This means avoiding even the appearance of improper conduct."⁵ The President also instructed his staff to consult your office on ethical matters and to confront colleagues if they see questionable behavior, adding: "No one should hesitate to confront me as well."⁶

As I understand it, 18 U.S.C. §208 prohibits an executive branch official such as Mr. Rove from participating "personally and substantially" in a "decision, approval, disapproval, recommendation, [or] the rendering of advice," if the official has a financial interest in the matter.⁷ An exception is made when the official discloses the financial interest and "receives in advance a written determination . . . that the interest is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from such officer or employee."⁸

Moreover, even if there is not a direct conflict of interest, the mere appearance of a conflict may require an executive branch official to recuse himself or seek a waiver "[w]here an employee's participation in a particular matter involving specific parties . . . would raise a question in the mind of a reasonable person about his impartiality."⁹ A waiver will be granted only if "the interest of the Government in the employee's participation outweighs the concern that a reasonable person may question the integrity of the agency's programs and operations."¹⁰

In light of these ethical guidelines, I am interested in learning the following:

Has Mr. Rove ever sought a waiver pursuant to either of these provisions?

⁵*President Orders Staff to Fall in Line*, USA Today (Jan. 23, 2001).

⁶*Id.*

⁷18 U.S.C. §208(a); *see also* Principles of Ethical Conduct for Government Officers and Employees (Executive Order 12674 of Apr. 12, 1989 (as modified by E.O. 12731)), Sec. 101(b) ("Employees shall not hold financial interests that conflict with the conscientious performance of duty").

⁸18 U.S.C. §208(b)(1).

⁹5 C.F.R. §2635.502(d) (emphasis added).

¹⁰*Id.*

The Honorable Alberto R. Gonzales

June 25, 2001

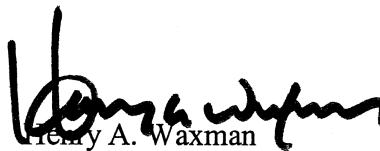
Page 3

- Has your office or any other office in the White House ever granted him such a waiver? If so, please provide me with copies of any waivers pursuant to 18 U.S.C. §208(d)(1), which states that “[u]pon request, a copy of any determination granting an exemption . . . shall be made available to the public.”
- Has your office or any other office in the White House ever determined that Mr. Rove should not be granted a waiver or that Mr. Rove did not require a waiver? If so, please provide information about each such determination.

Finally, in a letter that Chairman Dan Burton wrote me today, he points out instances in which the Department of Justice investigated senior Clinton Administration officials for potential conflicts of interest and imposed civil fines on the officials. In 1997, for example, National Security Advisor Anthony Lake and his successor Sandy Berger paid \$5,000 and \$23,000, respectively, in civil fines after they failed to promptly sell stocks in energy companies. I am interested in knowing whether any investigation is being conducted of Mr. Rove that is similar to those that were conducted by the Department of Justice of Mr. Lake and Mr. Berger.

I would appreciate a response to these questions by July 9, 2001. Thank you for your prompt attention to this matter.

Sincerely,



Jerry A. Waxman
Ranking Minority Member

cc: Members of the Government Reform Committee