

The Judicial Watch Verdict

Because no one is above the law!® A News Publication from Judicial Watch • October 2009 • Volume 15 • Issue 10

JW Sues Treasury Department to Obtain Fannie Mae and Freddie Mac Bailout Documents

What is the Obama administration trying to hide? That's a question the American people have had to ask themselves quite a bit during the last six months as the Obama administration continues to stonewall the release of documents related to the government's response to the financial crisis.

On July 29th, Judicial Watch was forced to file yet another Freedom



Treasury Secretary
Tim Geithner

of Information Act (FOIA) lawsuit against the Obama Department of Treasury to obtain documents concerning the taxpayer bailouts of mortgage

giants Fannie Mae and Freddie Mac. Judicial Watch is seeking the following records:

- a. Documents concerning the U.S. Government's intervention (bailout, capital injection, conservatory formation, etc.) for Freddie Mac (records include but are not limited to legal framework, consideration and documentation of foreign investors' concerns, correspondence, etc.)
- b. Documents concerning the U.S. Government's intervention

See Fannie Mae and Freddie Mac Bailout page 2

Judicial Watch Sues Treasury for Records on TARP Funds Distributed to Boston Bank after Intervention by Rep. Barney Frank

Did Massachusetts Rep. Barney Frank improperly intervene to obtain government bailout funds for his homestate bank? That is the question at the center of a new Judicial Watch investigation into potential misuse of TARP (Troubled Asset Relief Program) funds.

Judicial Watch recently filed a lawsuit against the U.S. Treasury Department to obtain records related to evaluation procedures used to by the government to determine which financial institutions received funds from TARP. Of particular interest to Judicial Watch, however, is a \$12

million TARP cash injection provided to the Boston-based OneUnited

Bank at the urging of Massachusetts Rep. Barney Frank, the powerful

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Congressman
Barney Frank
(D-MA)



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(bailout, capital injection, conservatory formation, etc.) for Fannie Mae (records include but are not limited to legal framework, consideration and documentation of foreign investors' concerns, correspondence, etc.).

The bailouts of Fannie and Freddie have already cost taxpayers \$86 billion and are expected to reach as high as \$200 billion by the end of next year. Judicial Watch is fighting hard so the American people can know the truth about how and why these massive bailout deals were made behind closed doors. Unfortunately, the Obama administration does not share Judicial Watch's desire for transparency.

Judicial Watch filed its initial FOIA request on February 5, 2009. By law, Treasury had until March 6, 2009, to respond. Instead, Treasury officials requested a 10-day extension to conduct a document review. However, since that time, the Treasury Department has provided no documents and no indication when documents will be forthcoming. And that is why Judicial Watch filed the lawsuit.

This is not the first FOIA lawsuit filed by Judicial Watch against the Obama Treasury Department over the financial crisis (and likely won't be the last).

Earlier this year, *Verdict* readers may recall, Judicial Watch was forced to sue the Obama Treasury



Department in order to obtain documents regarding an historic meeting held by former Treasury Secretary Henry "Hank" Paulson with top bank executives. The documents show that Paulson and other officials, including then-NY Federal Reserve Bank head and current Treasury Secretary Timothy Geithner forced the executives to take the government's \$250 billion "investment" (and resulting government control).

On his first day in office, President

Obama promised that "transparency and the rule of law will be the touchstones of this presidency." The President further declared that "the Freedom of Information Act is perhaps the most powerful instrument we have for making our government honest and transparent, and of holding it accountable."

Such promises look good on paper and sound great on television, but this has not been the Obama administration's policy. Not by a long shot.

"We shouldn't have to fight tooth and nail to obtain important information from the Obama administration related to the federal government's response to the economic crisis," said Judicial Watch President Tom Fitton. "When is the Obama administration going to start keeping its promises of transparency?"

JW

► Judicial Watch Members Speak Out

Good for you and your team in suing for what Speaker Pelosi knew and when she knew it. It's about time someone took [Pelosi] to task. You can be sure that Congress would never shoot at one of their own and investigate her. This one action has made my contributions worthwhile.

Terry W.

I'm a long-haul trucker from Tennessee...

I recently learned of [your] organization via a radio program while in Iowa. Consequently, I visited the Judicial Watch website and read some of the information there.

Needless to say I was very impressed and have decided to become a regular supporter; the amount is small, but I trust will be helpful.

Thank God for dedicated people like you folks... I am telling others about Judicial Watch and hope your work will continue...

Jimmy B.



**Judicial
Watch**
Because no one
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501 School Street, SW Suite 700
Washington, DC 20024
Tel: (202) 646-5172 or 1-888-593-8442
FAX: (202) 646-5199
Email: info@judicialwatch.org
www.JudicialWatch.org



Judicial Watch Court Report

JW Files Lawsuit Against CIA for Documents On Terrorist Interrogation Briefings of Speaker Nancy Pelosi and Congress

As you may recall, in April, House Speaker Nancy Pelosi found herself in hot water for allegedly lying about whether she was briefed on the CIA's use of so-called "enhanced interrogation techniques."

Pelosi admitted she was briefed on the use of "enhanced interrogation techniques," including waterboarding, but supposedly was not told they had already been used. The CIA contradicted Pelosi's claim, pointing to a briefing they held with the Speaker on September 4, 2002 and a subsequent briefing to her top staffer.



House Speaker
Nancy Pelosi
(D-CA)

Judicial Watch filed a Freedom of Information Act (FOIA) request with the CIA to get to the truth in the matter. And when the agency stonewalled, Judicial Watch filed a lawsuit.

Following is Judicial Watch's requested list of documents:

1. Records detailing dates when the CIA briefed congressional leaders (to include, but not limited to Rep. Nancy Pelosi and/or her aide, Michael Sheehy) on matters relating to "enhanced interrogation techniques" and/or "harsh interrogation techniques" and suspected and/or known terrorists.
2. Briefing materials presented to Rep. Nancy Pelosi and/or her aide, Michael Sheehy, relating to "enhanced interrogation techniques" and/or "harsh interrogation techniques" and suspected and/or known terrorists.
3. Records detailing the names of all Members of Congress (and/or Congressional Aides) briefed on "enhanced interrogation techniques" and/or "harsh interrogation techniques" and suspected and/or known terrorists.
4. Records and briefing materials from a reported September

See CIA Terrorist Interrogation Briefings page 6

Sotomayor Confirmed

Judge Sonia Sotomayor was confirmed by the U.S. Senate by a vote of 68-31 on August 6, 2009. Following is a statement by Judicial Watch President Tom Fitton reacting to the vote:

"Judge Sotomayor's confirmation to the Supreme Court is a Pyrrhic victory for President Obama. The president's nomination of Judge Sotomayor has helped erode his popular support. Obama's nominee proved an unpopular choice among the American people, including Hispanics, given her race-conscious and activist judicial philosophy. Even Judge Sotomayor was forced to disavow Obama's lawless 'empathy' standard in her quest for a seat on the High Court.

"Republicans may finally understand that conservatives expect them to oppose activist judges who don't respect the U.S. Constitution. And Democrats are surely hoping President Obama does not have any more Supreme Court nominations – especially any which would upset the Court's current ideological make-up. All in all, this confirmation fight is a 'job well done' by the conservative voters and activists who made their voices heard."



U.S. Supreme Court
Justice Sonia Sotomayor

STACEY ILYS



Corruption Chronicles

U.S. Senators Dodd and Conrad Knew They Were Getting Sweetheart Mortgage Deals from Countrywide

Need more evidence that the congressional ethics process is compromised?

In August, the Senate Ethics Committee gave Senators Dodd (D-CT) and Conrad (D-ND) a free ride despite clear evidence that the two powerful Senators received preferential treatment from mortgage giant Countrywide Financial.

According to *The Associated Press*:

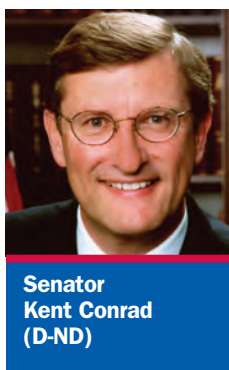
“Despite their denials, influential Democratic Sens. Kent Conrad and Chris Dodd were told from the start they were getting VIP mortgage discounts from one of the nation’s largest lenders, the official who handled their loans has told Congress in secret testimony.

Both Senators have said that at the time the mortgages were being written they didn’t know they were getting unique deals from Countrywide Financial Corp., the company that went on to lose billions of dollars on home loans to credit-strapped borrowers. Senator Dodd still maintains he received no preferential treatment.”

Robert Feinberg, who worked in Countrywide’s VIP program, contradicted the repeated denials by Dodd and Conrad regarding their knowledge of the program. When asked directly whether the



Senator
Christopher Dodd
(D-CT)



Senator
Kent Conrad
(D-ND)

two Senators were aware they were receiving special VIP treatment, Feinberg simply said, “Yes.”

The program was known as “Friends of Angelo,” named after Countrywide’s chief executive at the time, Angelo Mozilo, who was recently charged with civil fraud and illegal insider trading. Dodd used two sweetheart mortgage loans in 2003 to refinance residences in Connecticut and Washington, DC, while Conrad took two loans the following year to refinance his beach house in Delaware and an apartment building in North Dakota.

Aside from Feinberg’s testimony regarding the senators’ knowledge of the program there is the documentary evidence as well.

In Dodd’s case, two documents entitled “Loan Policy Analysis” clearly prove Countrywide allowed Dodd to obtain the loan without paying “origination fees,” when Countrywide’s general policy is to collect these fees, also called “mortgage points.”

And as far as Conrad is concerned,

the North Dakota Senator sought to obtain a residential loan for his 8-unit apartment building when Countrywide’s residential loan limit is for buildings with no more than 4 units. “...See if the [loan executive] can make an exception due to the fact that the borrower is a senator,” Martinez instructed Feinberg in an email obtained by *The New York Times*. The email string indicates Conrad was aware of the 4-unit restriction.

Dodd and Conrad went into spin/disinformation mode, with Conrad going so far as to compare his sweetheart mortgage/bribe to an airline “frequent flyer” program.

Of course none of this mattered to the Senate Ethics Committee, which merely scolded the Senators for not being more careful in their dealings. (The vote was bipartisan, lending more evidence to the charge that the ethics “cease fire” on Capitol Hill is still in effect, with members of both parties ignoring misconduct on the part of their congressional colleagues to protect themselves.)

As *Verdict* readers may recall, Dodd is embroiled in a separate real estate scandal. Judicial Watch filed a Senate Ethics Complaint against Dodd for undervaluing a property he owns in Ireland on his Senate Financial Disclosure forms.

Judicial Watch’s complaint forced Dodd to amend the forms. However,

TARP Special Inspector General: Program is Massive, Corrupt and Lacks Transparency

The Special Inspector General for the Troubled Asset Relief Program (SIGTARP) released its quarterly report to Congress recently on the federal government's massive TARP program. And it isn't pretty. Among the conclusions of the report: TARP is far more massive than originally planned. The program is rife with corruption. And the Obama Treasury Department has violated its pledge of transparency and refuses to require TARP fund recipients to report how the funds are being used.

The following are a few excerpts from the report:

- "TARP, as originally envisioned in the fall of 2008, would have involved the purchase, management, and sale of up to \$700 billion of "toxic" assets, primarily troubled mortgages and mortgage-backed securities ("MBS"). That framework was soon shelved, however, and TARP funds are being used, or have been announced to be used, in connection with 12 separate programs that...involve a total (including TARP funds, loans and guarantees from other agencies, and private money) that could reach nearly \$3 trillion." The report goes on to note that "TARP is just a small part of the federal government's overall scheme to bailout the financial system, valued by SIGTARP at \$23.7 trillion."
- "Through June 30, 2009, SIGTARP has 35 ongoing criminal and civil investigations. These investigations include complex issues concerning suspected accounting fraud, securities fraud, insider trading, mortgage servicer misconduct, mortgage



TARP Inspector General Neil Barofsky

fraud, public corruption, false statements and tax investigations."

- "Although Treasury has taken some steps towards improving transparency in TARP programs, it has repeatedly failed to adopt recommendations that SIGTARP believes are essential to providing basic transparency and fulfill Treasury's stated commitment to implement TARP 'with the highest degree of accountability and transparency possible.'"
- "Unfortunately, in rejecting SIGTARP's basic transparency recommendations, TARP has become a program in which taxpayers (i) are not being told what most of the TARP recipients are doing with their money, (ii) have still not been told how much their substantial investments are worth, and (iii) will not be told the full details of how their money is being invested. In SIGTARP's view, the very credibility of TARP (and thus in large measure its chance of success) depends on whether Treasury will commit, in deed as in word, to operate TARP with the highest degree of transparency possible."

This is pretty tough language for

sure. But did anyone actually believe this was going to go down any differently? Did anyone really expect the government to keep the scope of the program modest, or to be able to manage the massive amount of corruption that always seems to accompany big government programs? Did anyone expect Treasury to care about the American taxpayer and their right to know what is being done with their hard-earned money?

The government's massive bailout of our financial institutions does not lead to corruption. It is corruption. Judicial Watch has said this from the beginning. The federal government has no business meddling in the private sector in this overwhelming fashion.

And even Democrats in Congress are critical of the Obama Treasury Department. In hearings with TARP Inspector General Neil Barofsky about his report, House Oversight and Government Reform Committee Chairman Edolphus Towns (D-NY) said, "The taxpayers now have a \$700 billion spending program that's being run under the philosophy of 'don't ask, don't tell.'"

Judicial Watch is committed to securing as much transparency as possible for the government's bailout scheme and has already uncovered some important documents related to the government's mob-style "deal" made with the nation's banks. Judicial Watch's investigation of "bailout nation" is perhaps the most comprehensive in its 15 year history. As this newsletter goes to press, there are at least 36 pending Freedom of Information Act requests by Judicial Watch on the \$24 trillion government takeover of our nation's economy. **JW**

Records on TARP Funds continued from page 1

head of the House Committee on Financial Services.

Judicial Watch filed its original FOIA request on January 23, 2009, seeking access to the following records:

- a. Any and all records concerning evaluation procedures for federal banking agencies and the Treasury Department to distribute/award TARP Funds.
- b. Correspondence with Congressman Barney Frank or any representative of his office concerning TARP Funds and/or any bank in Massachusetts.
- c. Any and all records concerning OneUnited Bank in Boston, Massachusetts, (including correspondence from any lobbyist, correspondence from any other government agency, correspondence with any elected government official, correspondence directly with the Bank, the Bank's application for TARP funds, etc).

The Treasury Department has acknowledged receipt of Judicial Watch's FOIA request, but has provided no documents and has failed to inform Judicial Watch when a response to its request will be forthcoming.

TARP has created a whole new form of earmarking, where politicians lobby to receive mass cash infusions for special interests in their states.

Why is the OneUnited Bank grant questionable?

According to *The Wall Street Journal*, the Treasury Department indicated the purpose of TARP was to provide funds to healthy banks to jump-start lending. Not only was OneUnited Bank in massive financial turmoil at the time it received the TARP grant, but it was also "under attack from its regulators for allegations of poor lending practices

and executive-pay abuses, including owning a Porsche for its executives' use." Congressman Frank admitted he spoke to a "federal regulator" on behalf of OneUnited and Treasury granted the funds.

"TARP has created a whole new form of earmarking, where politicians lobby to receive mass cash infusions for special interests in their states. OneUnited Bank did not appear to be a suitable candidate for federal assistance until Barney Frank intervened and shook loose a \$12 million TARP grant. Indeed, OneUnited recently fell behind in its dividend payments to Treasury as required under TARP," said Judicial Watch President Tom Fitton. "The American people deserve to know if Congressman Frank's intervention improperly colored the decision to give precious tax dollars to his hometown bank. That's why we're pursuing this information so aggressively." JW

Sweetheart Mortgage Deals continued from page 4

press reports suggest the property is still undervalued. Judicial Watch also alleges in the complaint that Dodd obtained a sweetheart deal for the property in exchange for his assistance in obtaining a presidential pardon for a long-time friend and business associate. The false financial disclosure forms were part of the cover-up. Judicial Watch is still waiting to hear from the Senate Ethics Committee about this complaint.

Despite these scandals, Dodd continues to head the Senate Banking Committee and Conrad is in charge of the Senate Budget Committee. Think about that the next time you hear these committees talk about banking ethics or balanced budgets! JW

CIA Terrorist Interrogation Briefings continued from page 3

- 4, 2002 briefing of Rep. Nancy Pelosi (and/or her aide Michael Sheehy) concerning waterboarding detainees.
5. Records detailing all instances when the CIA has provided briefings to Members of Congress under the provisions of the National Security Act from September 11, 2001 to present.

On June 23, the CIA notified Judicial Watch that it would not be able to respond to the FOIA request within the statutory mandated 20 working days but failed to indicate when a response would be forthcoming. Moreover, the CIA noted in its letter: "You have a right to consider our honest appraisal as a

denial of your request and you may appeal... A more practical approach would permit us to continue processing your request and to respond to you as soon as we can." JW

"We appreciate the guidance from officials at the CIA. But after filing these FOIA requests over the last 15 years we know what the government means when it says 'as soon as we can,'" said Judicial Watch President Tom Fitton. "That's why we filed our lawsuit. I suspect the Obama administration is stonewalling the release of these documents to protect Speaker Pelosi from further embarrassment. Once again, it appears Obama's promises of transparency were nothing more than empty rhetoric." JW



Government Uncovered

Obama Snagged in Digital Television Controversy

There are more broken promises to report in this edition of the *Verdict* related to the Obama White House and the issue of transparency.

On August 6, Judicial Watch filed a Freedom of Information Act (FOIA) lawsuit against the Federal Communications Commission (FCC) to obtain documents related to the government's decision to delay the transition to digital television. The FCC refused to respond to Judicial Watch's initial FOIA request until "we receive instructions from the White House."

This response is not only highly unusual, but it is also extremely troubling given that Judicial Watch's FOIA request actually involves alleged corruption inside the Obama White House!

On February 13, 2009, Judicial Watch filed a FOIA request with the FCC seeking access to the following records: "Any records concerning the decision to delay the transition to digital television until June 12, 2009...Any and all records of communication between the Federal Communications [Commission] and the White House concerning the delays in the transition to digital television."

Why was Judicial Watch interested in the digital television transition?

At the time, press reports indicated that a donor and advisor to President Obama on digital television issues, Gerard Salemmé, is an executive with Clearwire, a telecommunications company that stood to benefit from

the delay. The digital transition delay allegedly allowed Clearwire (and its partner, Sprint) to maintain an edge over its competitor Verizon. The delay in the digital transition also had the effect of delaying Verizon's launch



President Barack Obama

of a new broadband wireless network to compete with a network currently operated by Clearwire/Sprint.

On May 8, 2009, the FCC reported to Judicial Watch that it had uncovered documents related to the first part of Judicial Watch's request and that the FCC would soon release some documents while withholding others. With respect to the second part of Judicial Watch's request, involving communications with the Obama administration, Joel Kaufman, Associate General Counsel for the FCC, indicated that the agency was required to "consult with the White House." The FCC "is unable to respond to this part of your FOIA request until we receive instructions

from the White House," Kaufman wrote in his response letter.

On June 16, 2009 Judicial Watch received a number of documents related to the first part of its request. However, a large portion of these documents were heavily redacted without explanation. No documents have been received to date related to the FCC's communications with the White House.

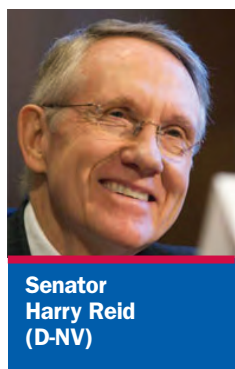
So here is the key question. Why is the Obama White House interfering in a routine FOIA request?

There is no provision of FOIA law that allows the White House to screen requests for potentially damaging information. The FCC, however, does have an obligation to abide by the law and either release the documents or provide a justification for withholding them. **JW**

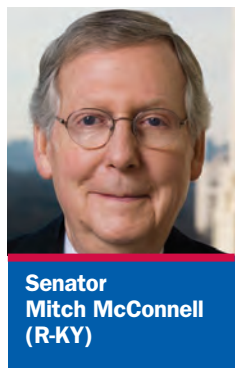
"If the Obama White House cares a whit about transparency, as the president has claimed on numerous occasions, White House operatives will stop impeding the open records process," stated Judicial Watch President Tom Fitton.

Judicial Watch Investigation Exposes Wasteful U.S. Senate Requests for Military Travel

Verdict readers may recall in March that Judicial Watch uncovered documents exposing House Speaker Nancy Pelosi's multiple (and excessive) requests for military air travel. These documents included internal Department of Defense (DOD) email correspondence detailing attempts by DOD staff to accommodate Pelosi's numerous requests for military escorts and military aircraft as well as the speaker's last minute cancellations and changes.



Senator
Harry Reid
(D-NV)



Senator
Mitch McConnell
(R-KY)

As a result of Judicial Watch's work, a media firestorm erupted in August when it was reported by *Roll Call* that House appropriators sought to force the Pentagon

to spend \$500 million dollars on luxury jets (which are used, in part, for the congressional junkets that Judicial Watch highlighted with Nancy Pelosi.)

The Wall Street Journal, *Time*, the *Fox Business Channel* and other media outlets latched on to Judicial Watch's Air Pelosi investigation. (*The Journal*, in particular, provided excellent reporting on the increased use of military airplanes for congressional junkets, including a trip during which a congressman went scuba-diving to investigate so-called global warming.)

In the midst of all of the controversy, Judicial Watch turned up the heat on its investigation of waste and abuse related to congressional military travel. In August, Judicial Watch released a fresh batch of documents from the Department of Defense (DOD) and the United States Air Force (USAF) related to repeated requests for military aircraft made by members of the U.S. Senate.

The following are just a few of the highlights:

- A January 2, 2009 internal DOD email related to a military travel request from Senate Majority Leader Harry Reid's Office. A DOD official responding to the request wrote: "...I was under the impression that they really only had small a/c (aircraft). Regardless, with Sen Reid being the lead, they would definitely want a vip configured bird. Right now approval is only for one a/c. It's amazing how fast these things grow."
- A March 12, 2009 internal DOD email related to a military travel request involving a seven-country tour from Senate Minority Leader Mitch McConnell. The DOD official responding to the request wrote: "As I expected, the McConnell group wants their C-40 not a C-9...This is the only group that would not shift their dates to be in one half of the month and thus are taking up an asset that could have been used twice but now is being used once. That drove the aircraft decision...it was better to have a C-9 used once than a C-40 (greater range and passenger capability)..."

The Congressional Travel Scandal Deepens...



"Frequent flying by Congress is a growth industry...House members last year spent some 3,000 days overseas on taxpayer-funded trips, up from about 550 in 1995...The total cost for congressional overseas travel is never made public because the price tag for State Department advance teams and military planes used by lawmakers are folded into much larger budgets. Members of Congress must only report the total per diem reimbursements they receive in cash for hotels, meals and local transport...They don't have to itemize expenses—a convenient arrangement since most costs are covered by the government or local hosts... Total per diem allowances (per person, including staff) can top \$3,000 for a single trip. Unused funds are supposed to be given back to the government, but congressional records show that rarely happens."

John Fund, *The Wall Street Journal*, August 12, 2009

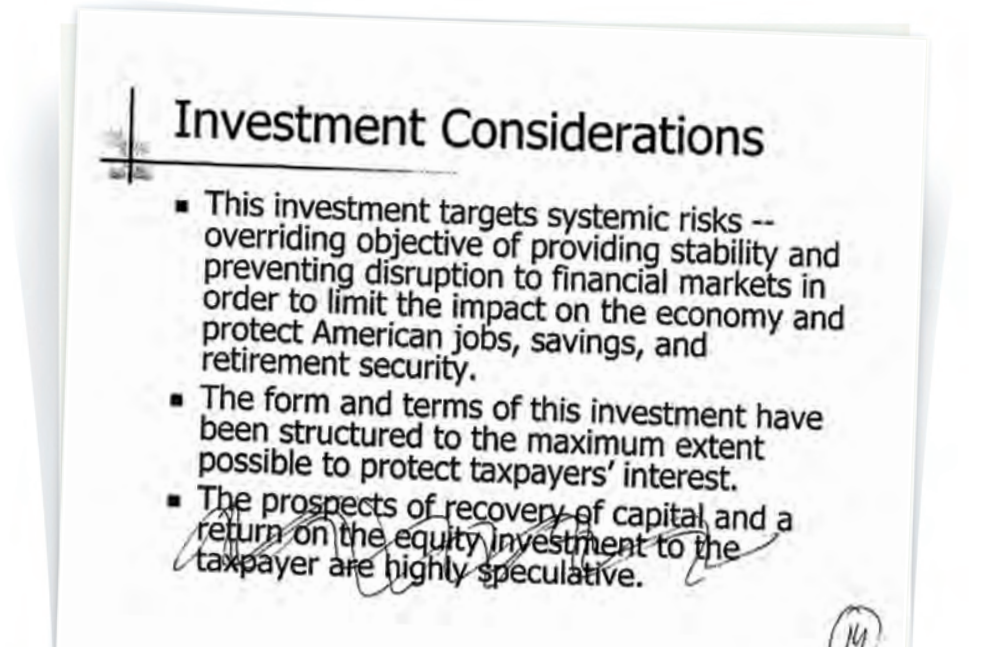
Treasury Documents Uncovered by Judicial Watch Reveal Details of AIG Bailout

Judicial Watch recently obtained documents from the Treasury Department related to the government's bailout of insurance giant American International Group (AIG). Among the most shocking discoveries is that...the Treasury Department knew well American taxpayers would never recover their "investment" in AIG and apparently attempted to conceal that fact from the American people.

The documents, obtained through the Freedom of Information Act, include internal Treasury Department emails and a series of notes, presentation slides and articles outlining the details of the government's AIG bailout, which at the time totaled as much \$152 billion.

The following are highlights from the documents:

- A series of presentation slides detailing the terms of the AIG bailout. Included among the items is a slide entitled "Investment Considerations." On the slide the words, "The prospects of recovery of capital and a return on the equity investment to the taxpayer are highly speculative" are crossed out by hand.
- An outline that describes the strict measures of control "imposed" on AIG as a condition of the cash infusion, including those related to private executive compensation and corporate expenses. One document notes with respect to corporate expenses: The government's corporate expense policy "...shall remain in effect at least until such time as any of the shares of the Senior Preferred are owned by the UST (United States Treasury). Any material



Documents obtained from the Treasury Department by Judicial Watch indicating that Treasury officials believed the prospects of the American taxpayer recovering their investment in TARP to be "highly speculative." This talking point, however, was crossed out by hand.

- amendments to such policy shall require the prior written consent of the UST until such time as the UST no longer owns any shares of Senior Preferred."
- A December 15, 2008 Treasury Department internal email from Jonathan Fletcher, Chief Interim Risk Officer for TARP (Troubled Asset Relief Program), revealing the existence of an internal government program to track the effectiveness (or lack thereof) of the AIG bailout. Fletcher writes: "As you know, we are obligated by EESA (Emergency Economic Stabilization Act) to determine the effectiveness of TARP investments... We would propose to follow up on the TARP investment

by preparing a risk assessment note that spells out the objectives... and then create both a benchmark for AIG today and then establish metrics to track AIG's progress (or lack thereof) in coming months." No documents related to this government tracking program have been released to the public.

"Although some government officials recognize their responsibility to measure the effectiveness of their TARP investments, the American people have been misinformed and remain in the dark about how their money is being spent," said Judicial Watch President Tom Fitton. "That's why we are so persistent in pressuring the government to release bailout documents. One of the only ways government officials will ever tell the truth to the American people about the bailout is if Judicial Watch forces the issue." JW

...the Treasury Department knew well American taxpayers would never recover their "investment" in AIG

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Wasteful Military Travel continued from page 8

The group is also the only group with a large aircraft who only has four members (McConnell, Chambliss, Barasso, Risch + spouses) all others have 5, 6, 7, or 10 members...”

- A date-redacted internal DOD email related to the McConnell request. The DOD official responding to the request wrote: “Tell OSD (Office of the Secretary of Defense) that Sen McConnell and Secretary Gates have already discussed this trip at some length. What I need to have ready for the McConnell office is ‘why’ the Republican leader of the Senate has been assigned this type of aircraft. They will view this type of aircraft assignment as not appropriate for such a high-level delegation. I understand the requirements for safe and efficient DOD provided transportation, but they will not. I at least want to be able to tell the McConnell office, ‘we asked.’”
- Request on behalf of at least one congressional spouse (“for protocol purposes”), **for military travel**, including to war zones such as Afghanistan. The emails suggest that this issue raised security concerns.
- Military assets were used to transport dozens of Senators, their spouses, and others to the funerals of retired Senators Claiborne Pell and Jesse Helms.

“The military has more important things to do than having to cater to the travel whims of Congress. These new documents show that congressional military travel is a colossal waste of taxpayer dollars,” said Judicial Watch President Tom Fitton. “When will Members of Congress stop treating the United States Air Force as their own personal airline?”

As a result of the controversy sparked by Judicial Watch’s Pelosi investigation, money for congressional luxury travel is being pared back by the Senate. This is a clear demonstration of how Judicial Watch investigations and lawsuits can lead to real change and reform in Washington. But Congressional junkets will not stop entirely. Your Judicial Watch will continue to expose and hold to account Congress over this issue. **JW**

Get the latest corruption news and commentary from Judicial Watch President Tom Fitton delivered right to your in-box every Friday. Sign up for Tom Fitton’s weekly email news update. Visit www.JudicialWatch.org today.

Illegal Immigration Update

JW Petitions California Supreme Court to Review Taxpayer Challenge to LA's "Special Order 40" Illegal Alien Sanctuary Policy

As *Verdict* readers will recall, on June 17th, the California Court of Appeals refused to allow Judicial Watch's taxpayer lawsuit against the LAPD's illegal alien sanctuary policy termed "Special Order 40" to go to trial. Obviously, in Judicial Watch's view, the court got it completely wrong. And for this reason, Judicial Watch petitioned the California Supreme Court to review the case in July.

Judicial Watch filed this lawsuit on behalf of a taxpayer back in 2006 because in our view, "Special Order 40," which impedes communication between local law enforcement agencies and federal immigration officials, is not only illegal, but extremely dangerous. The policy is a clear violation of both federal immigration law and California State law, while also subjecting law-abiding citizens to violent illegal alien criminals.

With respect to the specific legal challenges, there are two main legal issues Judicial Watch is pursuing before the California Supreme Court.

First, Judicial Watch disagrees with how the lower courts addressed California Penal Code 834b, which was approved by the voters in 1994 as part of Proposition 187. This state law says, among other things that "Every law enforcement agency in California shall fully cooperate with the United States Immigration and Naturalization Service (now Immigration and Customs Enforcement) regarding any person who is arrested if he or she is suspected of being present in the



California Supreme Court

Judicial Watch petitioned the California Supreme Court to review Los Angeles' "Special Order 40" illegal alien sanctuary policy in July.

United States in violation of federal immigration law." The statute also prohibits local government entities from limiting the cooperation between local law enforcement officers and federal immigration officials.

The appellate court failed to apply 834b, finding that the provision was preempted by federal law and represents an "impermissible regulation of immigration."

Judicial Watch lawyers dispute this, noting in the petition that: "It is ironic, to say the least, that a statute enacted by California voters to promote cooperation and information sharing between state, local and federal law officials on immigration matters would be dismissed so easily as an impermissible regulation of immigration when federal law so obviously seeks to promote these very same goals."

As Judicial Watch also notes, the federal Illegal Immigration Reform and Immigrant Responsibility Act of 1996 promotes the free flow of information between state and local officials and federal immigration authorities.

In fact, earlier this year, the

California Supreme Court itself found that a California statute allowing juveniles to be declared wards of the court based on violations of federal immigration laws was *not* preempted by the Supremacy Clause or any other federal law. The Court had recognized that "a regime of cooperative federalism, in which local, state and federal governments may work together to ensure the achievement of federal criminal immigration policy."

Judicial Watch's second principal argument relates to the unreasonable burden of proof put on our taxpayer client. Judicial Watch is challenging the appellate court's decision to force a taxpayer challenging an administrative policy to satisfy the same heavy burden as a person bringing a "facial" challenge to a statute or ordinance. A "facial" challenge requires a litigant to prove that an *ordinance* or *statute* is always and under all circumstances unconstitutional. As Judicial Watch notes in its complaint, there is no statute or ordinance at issue in this lawsuit.

See "Special Order 40" on page 12



Judicial Watch In the Media

Judicial Watch in the News

Did Treasury Lie About Its AIG “Investment?”

BusinessInsider.com

August 14, 2009

That AIG is a giant sink-hole for taxpayer dollars is no secret now. But that’s not what Washington communicated last year, maintaining that the bailout of AIG was an investment that would be paid back.

New documents show, however, that Washington never really believed what it was saying, and that the “this is an investment” rhetoric was just to make the gigantic bailout more palatable. Conservative watchdog group **Judicial Watch** just dug up some juicy Treasury documents on Washington’s bailout of AIG.

The documents, obtained through a FOIA request, include internal Treasury emails, presentation slides and articles outlining the details of the government’s “investment” in AIG, which at the time totaled as much \$152 billion.

“Clearly Treasury Department officials felt strongly

that the \$152 billion ‘investment’ in AIG would not be recovered by the taxpayers. And it appears someone at Treasury did not want the risky nature of the deal to be relayed to the American people,” said **Judicial Watch President Tom Fitton** in a statement. “These documents show that some government officials recognize their responsibility to measure the effectiveness of their TARP investments. Yet the American people are misinformed and remain in the dark about how their money is being spent.”

Spotlight: Congressional Aircraft

Time.com

August 13, 2009

It was one spending proposal that never got off the ground. Almost as quickly as the U.S. House of Representatives could add \$330 million to the budget to bolster the government’s luxury-jet fleet, public outcry prompted House leaders to strip the four proposed new aircraft from next year’s defense-spending bill.

While some lawmakers dismiss congressional travel as a needless burden on taxpayers, the hidden tug-of-war over the planes reveals just how comfortable others have become in such friendly skies. In March the nonprofit group **Judicial Watch** obtained e-mails from House Speaker Nancy Pelosi’s office urging that more military airplanes be made available for congressional use. “It is my understanding there are NO G-5s available for the House during the Memorial Day recess,” a May 2007 message said. “This is totally unacceptable.”

Air Congress Hits Turbulence

The Wall Street Journal (John Fund)

August 12, 2009

You’d think House Speaker Nancy Pelosi would be wise to the poor symbolism of a jet-setting Congress. But she’s part of the problem. No one objects to her ability to fly on a government jet from time to time. But last March the watchdog group **Judicial Watch** obtained embarrassing internal Pentagon correspondence: “Any

“Special Order 40” continued from page 11

“Special Order 40 and the even more restrictive, unwritten practices and procedures by which the LAPD has implemented Special Order 40 most definitely are not statutes, ordinances or legislative enactments,” Judicial Watch noted in its petition. Considering Judicial Watch’s taxpayer lawsuit as a “facial challenge” is inappropriate, therefore, “because, by definition, a practice does not have a ‘face.’ This is especially the case in legal challenges to unwritten practices such as Plaintiff has asserted here. There simply is no text to be analyzed.”

“Special Order 40 is a dangerous and unlawful ‘don’t ask, don’t tell’ policy that puts law-abiding citizens at risk,” said Judicial Watch President Tom Fitton. “There is no question Special Order 40 frustrates the free flow of communication between law enforcement officers and federal immigration officials in violation of federal immigration law. Let’s hope the California Supreme Court considers the serious legal issues at the center of this taxpayer lawsuit.” **JW**

JW in the News continued from page 12

chance of politely querying [Pelosi's team] if they really intend to do all of these or are they just picking every weekend?" one such email read. "[T]here's no need to block every weekend 'just in case.'"

Other emails show intermediaries for Mrs. Pelosi frustrated when told transportation demands couldn't be met. "It is my understanding there are no [Gulfstream] 5's available for the House during the Memorial Day recess. This is totally unacceptable... The speaker will want to know where the planes are," wrote aide Kay King. In a separate email, when told a certain type of aircraft wouldn't be available, Ms. King wrote, "This is not good news, and we will have some very disappointed folks, as well as a very upset Speaker." A Pelosi spokesman said the Judicial Watch report seemed to be based on "a few emails."

House Pencils in Millions for Jets the Air Force Did Not Request

FoxNews.com

August 6, 2009

Congress is supposed to be taking a knife to the federal budget. But when it comes to new military equipment, they've traded their knife for a spoon -- tossing in scoops of cash that the Pentagon hasn't even requested. The latest example comes with the House approving more than \$500 million for eight passenger jets, when the Air Force only asked for four.

FOX Business Network Program

Judicial Watch President
Tom Fitton on the FOX
News Channel's FOX
Business Network
Program



Tom Fitton, president of the watchdog group **Judicial Watch**, said members of Congress are abusing the military by using their jets too often for travel. He said that except for trips to war zones, members should fly commercial and expense it. He surmised the latest funding for more jets reflects members' personal interest in being able to fly in style.

"Congress wants to be ferried around as if they're kings and queens and they want to do it on taxpayer dime," he said.

Feds Mysteriously Order Sheriff to Release 25 Illegals

Newsmax.com

Friday, July 31, 2009

Immigration and Customs Enforcement (ICE) officials

See JW in the News on page 14

Judicial Watch on Television and Radio

Radio			TV		
7/18	KFTK	St Louis, MO	7/13	ABC	Nightline, digital
7/14	Mark Larson	National	7/8	Fox News	National, mention
7/13	KPCC	Pasadena, CA	7/8	KBAK	Bakersfield, CA, (mention)
7/13	WPFW	Washington, DC	7/8	KBAK	Bakersfield, CA, (mention)
7/10	WBAL	Baltimore, MD	7/8	KDAF	Kansas City, KS, (mention)
7/9	KTRH	Houston, TX	7/8	KKFX	Santa Barbara, CA, (mention)
7/9	WMUZ	Detroit, MI	7/8	KBFX	Bakersfield, CA, (mention)
7/6	WFLA	Orlando, FL	6/30	Voice of America	International
7/2	Jerry Doyle	National	8/7	Fox Business News	National (Mention)
6/30	EWTN	National	8/7	Fox Business News	National (Mention)
6/30	WTMA	Charleston, SC	8/13	Fox Business News	National (Mention)
6/30	Mark Larson	National			
6/29	KFI	Los Angeles, CA			

Judicial Watch Celebrates Fifteenth Anniversary



Judicial Watch President Tom Fitton and staff celebrate Judicial Watch's 15th year fighting corruption in Washington and around the country.

Judicial Watch celebrated its fifteenth birthday recently. Founded on July 29, 1994 -- during the dark, scandalous days of the Clinton administration -- Judicial Watch has since grown into the nation's largest and most effective government watchdog organization.

We have taken on Democrats and Republicans over the principle (and our motto): "Because no one is above the law!"

Special thanks to all of you who made our success possible with your financial and other support. We are truly a grassroots organization and have gained the support of over 850,000 people over the years. The growth of government and the Obama administration's radical and fundamentally corrupt ways have created new challenges for our legal and investigative teams.

So if you'd like to make a special "birthday" gift to Judicial Watch or join our anti-corruption cause outright, please send your contribution in the enclosed envelope. Or feel free to make a secure online donation at www.JudicialWatch.org/donate. Thank you for your continued support!

JW

Summer Intern Seminar: How to Fight Corruption in Washington



On July 23, 2009, Judicial Watch held a special educational workshop entitled, "How to Fight Corruption in Washington." A group of summer interns from around Washington, DC gathered at Judicial Watch's national headquarters to learn strategies for holding corrupt politicians accountable to the rule of law.

JW in the News continued from page 13

ordered a Maricopa County, Arizona sheriff to release dozens of illegal immigrants arrested during a recent sweep...

...According to a report from **Judicial Watch**, this constituted a violation of the partnership agreement, known as 287(g), that the Maricopa County Sheriff's Department has had with ICE for two years. The mystery order resulted in at least 25 of those caught in the sweep being detained for a few days -- only to be released without being deported by ICE.

Under the partnership program, ICE gets notified by the local authority to take custody and begin deportation proceedings. The highly successful program has come under fire by immigration advocates who succeeded in getting the feds to launch a racial profiling investigation of Maricopa Sheriff Joe Arpaio.

Lawsuit Seeks CIA Records for Pelosi Briefings

The Associated Press

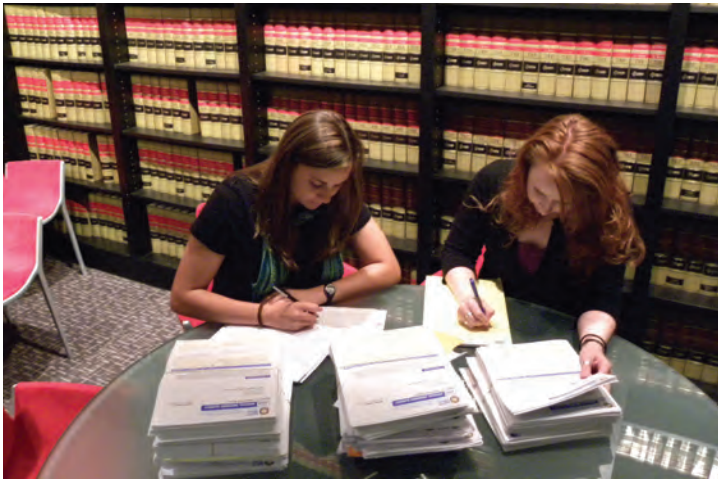
July 23, 2009

The conservative group **Judicial Watch** has filed a lawsuit to get access to the CIA's records of congressional briefings on terrorism interrogation techniques.

Judicial Watch says it's trying to discover the truth about House Speaker Nancy Pelosi's allegation that the CIA lied about briefing Congress on the program. The group's president, **Tom Fitton**, accused the Obama administration of withholding the documents to protect Pelosi from embarrassment.

The suit, filed Wednesday, asks for records of dates that CIA officials met with Pelosi and her staff about the interrogation program and copies of materials given her office. It also asks for a list of all lawmakers and aides briefed on the program. **JW**

Judicial Watch Members Express Strong Support for JW Programs



Judicial Watch 2009 Summer Interns Candice Nazaroff and Meg Smith tabulate results from Judicial Watch's latest member survey. Judicial Watch surveyed its members on two hot-button issues: Illegal Immigration and the Financial Crisis.

Judicial Watch values input from its members regarding Judicial Watch's wide-ranging government corruption investigations and lawsuits. In June, Judicial Watch surveyed its members on a range of issues, including two of our most important campaigns – the fight against illegal immigration and the effort to force transparency related to the federal government's financial bailout. The following are the final responses. Our thanks to all who participated.

1. Judicial Watch made history with its successful lawsuits that led to the closing of Herndon, Virginia's publicly funded "day laborer site" and that most recently overturned a key police sanctuary policy in San Francisco. Do you support Judicial Watch's current legal efforts seeking to overturn the "granddaddy" of illegal alien sanctuary policies, "Special Order 40" in Los Angeles, which prevents local police from cooperating with federal immigration authorities and is the model that dozens of other liberal jurisdictions have used to violate and undermine our federal laws against illegal immigration?

YES 96% NO 0% UNDECIDED 0% NO OPINION 4%

2. Judicial Watch launched Freedom of Information Act (FOIA) requests for documents that shed light on the politically-driven fiscal mismanagement and corruption at Fannie Mae and Freddie Mac. Documents received by Judicial Watch show how liberal friends

of the corrupt managers of "Fannie" and "Freddie," like Barney Frank and Chris Dodd, ignored warnings about what was happening and even blocked Bush administration attempts to clean up these institutions. Do you support continued Judicial Watch efforts to hold corrupt politicians on Capitol Hill and in the Obama White House accountable for their failure to protect the American people from the catastrophic collapse of Fannie Mae and Freddie Mac?

YES 80% NO 0% UNDECIDED 1% NO OPINION 19%

3. Judicial Watch has also filed FOIA requests for documents related to the \$700+ billion in taxpayer funds used in the "Troubled Asset Relief Program" (TARP) bailouts last year. Some documents have been received but many document requests have gone unanswered. If the Obama administration fails to respond to our TARP document requests as required by law, would you support Judicial Watch filing lawsuits to force release of these documents?

YES 95% NO 0% UNDECIDED 0% NO OPINION 5%

4. Judicial Watch has been closely following and investigating internal U.S. government efforts to compromise and weaken our national sovereignty, most notably the "Security and Prosperity Partnership for North America." On a variety of fronts, the Obama administration is dramatically ramping up U.S. participation in these "progressive transnational" efforts, especially at the United Nations. Would you support the expansion of Judicial Watch's investigations into our government's involvement in programs and negotiations that could result in the loss of our national sovereignty to foreign governments, foreign business interests and globalist organizations?

YES 95% NO 0% UNDECIDED 0% NO OPINION 5%

► CALL TO ACTION:

Call TARP Inspector General Neil Barofsky at (202) 622-1419 to let him know you support his many efforts to bring more transparency and accountability to TARP.

Message from the President

Obama's Healthcare Gameplan: Lies, Smears, Secrecy

In politics, past is prologue. Remember back in 1993 when Hillary Clinton attempted her government takeover of the nation's healthcare system? Of course, she failed miserably. But in watching the



Judicial Watch
President
Tom Fitton

Obama administration's healthcare reform pressure campaign, it is clear that not only is Obama pushing Hillary-style government-run healthcare, he has also resorted to the same low-ball tactics used by Hillary in 1993.

In the last few months, the Obama administration refused to make public a list of health industry officials who visited the White House, spread disinformation on proposed plans and mobilized a mob of minions to attack opponents of the proposed government healthcare takeover under the ironic moniker "fight the smears."

Most recently, we learned of a White House campaign that has the effect of establishing an "enemies list" by asking supporters to send along any "fishy" information on the healthcare debate disseminated by opponents of the Obama administration. The White House even set up a special email hotline for its cadre of snitches.

Does any of this sound familiar to you? It certainly does to me.

In July 2008, Judicial Watch released documents obtained from the Clinton Presidential Library related to Hillary Clinton's healthcare campaign

back in 1993. The following are just a few examples of what we discovered:

- A June 18, 1993, internal Memorandum entitled, "A Critique of Our Plan," authored by someone with the initials "P.S.," makes the startling admission that critics of Hillary's health care reform plan were correct: "I can think of parallels in wartime, but I have trouble coming up with a precedent in our peacetime history for such broad and centralized control over a sector of the



President
Barack Obama

Secretary of State
Hillary Clinton

economy...Is the public really ready for this?... none of us knows whether we can make it work well or at all..." (Some guessed that the author of this memo is Paul Starr, who served as head of Hillary's Health Care Task Force staff.)

- A "Confidential" May 26, 1993, Memorandum from Senator Jay Rockefeller (D-WV) to Hillary Clinton entitled, "Health Care Reform Communications," which criticizes the Task Force as a "secret cabal of Washington policy 'wonks'" that has engaged in "choking off information" from the public regarding health care reform. The memorandum suggests that Hillary Clinton "use classic

opposition research" to attack those who were excluded by the Clinton Administration from Task Force deliberations and to "expose lifestyles, tactics and motives of lobbyists" in order to deflect criticism. Senator Rockefeller also suggested news organizations "are anxious and willing to receive guidance [from the Clinton Administration] on how to time and shape their [news] coverage."

- A February 5, 1993, Draft Memorandum from Alexis Herman and Mike Lux detailing the Office of Public Liaison's plan for the health care reform campaign. The memorandum notes the development of an "interest group data base" detailing whether organizations "support(ed) us in the election." The database would also track personal information about interest group leaders, such as their home phone numbers, addresses, "biographies, analysis of credibility in the media, and known relationships with Congresspeople."

Lies, smears, and secrecy. All of these were hallmarks of Hillary Clinton's efforts in 1993. Obama hired many Clinton hacks to work in his White House (such as Rahm Emanuel). So it is no surprise that the Clinton gang's despicable tactics (some of which may be illegal) are being used by the Obama administration in their aggressive drive for socialized healthcare.

The more things "change" in Washington.... JW