

Ohio 'Pay-for-Play' Scandal Probed

by Richard Freeman

In a move tightening the noose around the Karl Rove network in Ohio that may have illegally financed the theft of the 2004 Presidential election, Congressmen John Conyers (D-Mich.) and Marcy Kaptur (D-Ohio), on Aug. 1, called on the Justice Department to appoint a special prosecutor to investigate the Ohio Bureau of Workers' Compensation (BWC) "funding" scandal.

Conyers, the ranking Democrat on the House Judiciary Committee, played a leading role in exposing the massive voter suppression carried out in Ohio, under the George Shultz, Dick Cheney, Karl Rove apparatus, which stole the Presidential election in that state. Ohio's electoral votes gave Bush-Cheney the 2004 election. Conyers has closely followed the Ohio funding scandal, to ensure that it is not covered up, or misdirected.

The Ohio BWC scandal is called the "pay-for-play" scandal: As a result of a change in the law in 1998, for the first time, the BWC contracted the management of its funds to outside investment managers. The BWC funds exist solely to compensate workers who are injured on the job. However, under play for pay, the managers who were awarded contracts, skimmed off a portion of the fees that they earned from managing BWC funds and put the money into Republican Party slush funds. These funds were used to ensure that Ohio was held as a Republican state, under a monetarist/neo-con agenda.

Thus far, it has been disclosed that investment managers of BWC funds *have recorded losses or are unable to account for more than \$320 million of BWC funds*. At the center of the scandal is Tom Noe. A rare-coin dealer, Noe is under multiple investigations by Federal and state authorities. Earlier this year, Noe, who is Karl Rove's man in Ohio, told authorities, that of the \$50 million in BWC funds that he had been entrusted to manage, he "could not account for" \$12 million. On July 21, Ohio Attorney General James Petro, who is investigating Noe, stated that Noe had stolen outright at least \$4 million in BWC funds. Newly released records show that on May 31, 1998, the day that Noe received his first \$25 million contract from the BWC, he immediately diverted \$1.38 million into his private account.

Equally important is what Noe did with the funds: A Federal investigation is looking into allegations that Noe "conducted" tens of thousands of dollars of contributions illegally into the 2004 Bush-Cheney election campaign, at an Oct. 30,

2003 dinner in Columbus—an act which is a felony. Were these conduited funds stolen BWC money, compounding the crime?

Given Noe's reported close ties to Rove, if the investigation is handled properly, it could lead straight to the heart of the Shultz-Cheney-Rove apparatus.

The chief prosecutor for this Federal probe is Gregory White, the U.S. Attorney for the Northern District of Ohio, who received his position in March 2003. Conyers became concerned that White might not be prosecuting the case properly. In a July 5 letter addressed to White, Conyers stated that White had been informed of the allegations of Noe's illegal conduiting of funds to the Bush-Cheney campaign on Oct. 13, 2004, three weeks before the 2004 Presidential election, but did not announce a probe then; such a probe might have affected the election's outcome. Conyers also said that White delayed until April 2005 to open an investigation of Noe, and did not convene a grand jury into the matter until June of this year, seven and a half months after learning of the illegality.

Help from Rove?

Then, e-mails released three weeks ago, from Gov. William Taft's office, shed new light on the case. The e-mails concerned the manner in which Gregory White had risen to the key post of U.S. Attorney for the Northern District of Ohio: by lobbying for the job based on his Republican Party credentials. In one e-mail to Governor Taft's then-Chief of Staff Brian Hicks, White, who had been an Ohio Republican County chairman (Lorain County), wrote, "I believe that my record speaks for itself, and I doubt that there are too many county chairs for the Bush campaign (in 2000) that worked harder." After White intervened with Brian Hicks, to get Taft to appoint White to the coveted U.S. Attorney's position, Hicks contacted Karl Rove himself to attempt to secure White's appointment. Obviously, the intervention succeeded.

Conyers and Kaptur assert in an Aug. 1 letter to U.S. Attorney General Alberto Gonzalez, that White cannot objectively handle the Noe case, which would involve, among other things, passing judgment on people who put him in office. They ask that he be removed from the case.

Conyers and Kaptur state:

"We write to request that the U.S. Department of Justice immediately appoint an outside special counsel to assume the Department's investigation into alleged illegal contributions by Mr. Thomas Noe to federal and state political campaigns. In light of recent disclosures that Governor Taft's office, which is a subject of the investigation, made a direct political appeal to Karl Rove for Gregory White, the U.S. Attorney for the Northern District of Ohio, there is little doubt that this is a textbook case for the appointment of a special counsel."

Conyers and Kaptur cite the appropriate features of the Special Counsel law that have specific application in this case. (See *Documentation*.)

On July 29, Brian Hicks—the man whom Gregory White

asked to intervene to secure him the post of U.S. Attorney—was convicted in a Columbus court on charges that he accepted improper gifts (i.e. bribes), from Tom Noe, while serving as the governor's chief of staff.

Meanwhile, two new grand juries were convened, one on Aug. 1 in Lucas County (which includes Toledo), and the other on Aug. 3, in Cleveland. The grand juries will examine matters pertaining to Tom Noe and "broader issues" concerning the manner of awarding BWC investment contracts, and how BWC funds were misinvested and lost. Counting the grand jury headed by Gregory White, discussed above, this brings to three the number of grand juries that are charged with getting to the bottom of the illegalities of the widening Ohio funding scandal.

Documentation

From John Conyers's and Marcy Kaptur's Aug. 1, 2005 letter to U.S. Attorney General Alberto Gonzalez:

We understand and appreciate that it is not unusual for local and state politicians to use their influence to obtain presidential appointment for their friends and political allies; however, it is unusual, and indeed inappropriate and violative of your regulations, for prosecutors who obtain such appointments to review the conduct of those same individuals and their friends. . . . Whatever actions [the prosecutor] takes will inevitably be subject to questions of favoritism and bias, calling the entire prosecution into question. This is why the special counsel regulations were promulgated to begin with. . . .

As you are no doubt aware, under the [Justice] Department's regulations, you are required to appoint a special counsel when (1) a "criminal investigation of a person or matter is warranted," (2) the investigation "by a United States Attorney's Office or litigating Division of the Department of Justice would present a conflict of interest for the Department," or (3) "it would be in the public interest to appoint an outside Special Counsel to assume responsibility for the matter." There is little doubt that all three factors are met in the Noe case. . . .

There are myriad conflicts of interest for Department prosecutors to continue the investigation on their own. To begin with, the United States Attorneys investigating the case, for the Northern and Southern Districts for Ohio, both of whom were appointed by President Bush, would be in the untenable position of investigating a leading official of the 2004 Bush-Cheney campaign [Tom Noe]. We know that Mr. White has very close connections with the Governor's office and the White House. In fact, recently released records show that Mr. White sought Governor Taft's help in obtaining the U.S. Attorney position. The Governor's Chief of Staff, Brian Hicks, apparently communicated with Karl Rove, then a counselor to the President about Mr. White's interest in the post. . . .