
Profile

Campaign manager Tony Coelho: Al Gore's kindred spirit in avarice

by Scott Thompson

On Feb. 24-26, 1999, Vice President Al Gore, Jr. dra-gooned world leaders to attend an "International Conference on Fighting Corruption and Safeguarding Integrity Among Judicial and Security Officials." As *EIR* pointed out in a White Paper at the time, this was highly ironic, because "Vice President Al Gore may go down in the history books as the most corrupt politician never elected President."



Tony Coelho

Yet, on May 13, Gore wallowed even deeper into political corruption, when he named the "rehabilitated" former Democratic House Whip, Tony Coelho—a man who had to drop out of Congress in mid-term 1989 to avoid total disgrace and a possible jail sentence—to be his campaign chairman. The appointment of Coelho, who has sleaze still dripping from his rehabilitated teflon exterior, is about par for the course for Al Gore, Jr.

Don't forget that, as Vice President, Gore forged a partnership with Roy Cohn clansman Dick Morris, to convince President Clinton, against his own better judgment, not to veto the Gingrich crowd's welfare-to-work bill, one of the few pieces of the Conservative Revolution's "Contract on America" that actually made it into law. The net effect of the Gore-Morris partnership? The Republicans retained control over the House and Senate for two more years, even as President Clinton won re-election in 1996. As you will read below, Tony Coelho was not far removed from the process that handed the GOP control of the House on a silver platter.

Gore's corruption

That Gore would choose to "bond" with yet another corrupt political hack, following his earlier collusion with sexual pervert Morris, should not come as a surprise to readers of *EIR*. As we have documented, Gore's own track record of

corruption is second to none:

- According to *New York Times* author James Risen, in a Nov. 23, 1998 article entitled "Gore Rejected CIA Evidence of Russian Corruption": "The Vice President did not want to hear allegations that Mr. [Viktor] Chernomyrdin was corrupt and was not interested . . . in intelligence reports on the matter." Risen wrote that one secret CIA report that went to Vice President Gore, that contained what was considered "conclusive evidence" that the former Russian Prime Minister had pocketed some \$5 billion in graft, was returned by the Vice President to the agency with a "barnyard epithet scrawled across the cover." Since then, Risen says, all reports on the subject of Chernomyrdin's corruption stay *inside* the CIA.

- Although Attorney General Janet Reno cleared Gore of wrongdoing in the 1996 campaign financing probe, at least one of Gore's closest financial allies has recently pleaded guilty to campaign finance violations (he was ordered to pay \$80,000 and put in 500 hours of community service). Howard Glicken, a key fundraiser for Gore's 1988 Presidential campaign who later raised \$2 million for the 1996 Clinton-Gore campaign, admitted that he solicited illegal foreign contributions for the 1992 Senate campaigns.

But Glicken's corruption runs far deeper: His Florida precious metals company, Metalbanc, was prosecuted as part of the Drug Enforcement Administration's "Operation Polar Cap" in 1991, for laundering the drug proceeds of the Medellín Cartel. Glicken avoided a long jail sentence by striking a deal with prosecutors that sent his partner, Harry Falk, to prison for 27 years. On May 5, 1997, Falk told the *Wall Street Journal* that Glicken had used Metalbanc to launder funds into Gore's 1988 Presidential campaign.

And, on it goes. (See "Gore's Record of Corruption," in the *New Federalist* pamphlet, "The Pure Evil of Al Gore.")

Now, having appointed Coelho to be his campaign manager, Gore has found a kindred spirit in graft, whom he hopes will help him raise \$55 million for his Presidential election bid.

In Coelho's last dealings with politics, when he showed his old hand at raising bushels of money, he was the chief outside adviser to the Democratic National Committee in

1994, when a Newt Gingrich led the Republican Party into the majority in both houses of Congress, on the strength of their now-discredited “Contract on America.” Somehow, even though Coelho ran the strategy and tactics for this campaign debacle, down to such details as to where President Clinton would intervene, he managed to escape blame for one of the worst campaign disasters that has hit the Democratic Party in this century.

PACs, not people

Tony Coelho became a Democratic member of the House of Representatives from California on Jan. 3, 1979. Perhaps more than most other politicians of his age within the Congress, he helped destroy the FDR/JFK constituency base of the Democratic Party, by helping to build a money-making juggernaut that made politics a business. In 1981, having already shown that he could raise money from a stone, Coelho, though still a freshman Congressman, was head of the Democratic Congressional Campaign Committee (DCCC), where he pledged to more than double the amount of fundraising, from \$2 million in the 1980 campaign, to \$5 million in the 1982 mid-term elections.

As a result of President Jimmy Carter, who had been hand-picked by Trilateral Commission Executive Director Zbigniew Brzezinski as a puppet for the Wall Street and Boston Brahmin elite, the Democratic Party was already on the ropes, rapidly losing its traditional constituencies among the poor, farmers, labor, and entrepreneurial business. Further, Carter’s Attorney General, Benjamin Civiletti, worked with the “permanent bureaucracy” in the Department of Justice—i.e., employing such “white collar crime” stings as Abscam, Brilab, Pendorf—to further break up the traditional Democratic Party constituency machines.

Under these conditions, few objected to Coelho’s siren song that, in order to hold on to power in the Congress, it was essential to match “Viguerie’s Piggery” of Republican fundraising practices. Coelho unabashedly called political fundraising a “business,” and he focussed heavily upon the emerging political action committees (PACs)—not people, who had been the heart and soul of the Democratic Party. And, it was not just any PACs, but, rather the hot, new money PACs—e.g., savings and loans, junk bond salesmen, Hollywood, commercial real estate interests—that were attracted by Coelho’s way of “doing business.”

When *Wall Street Journal* writer Brooks Jackson, who wrote a biography of Coelho entitled *Honest Graft*, asked him whether all the money that passed through his hands didn’t compromise lawmakers, Coelho agreed: “If you are spending all your time calling up different people that you’re involved with, that are friends of yours, that you have to raise \$50,000, you all of a sudden in your mind, you’re in effect saying, ‘I’m not going to go out and develop this new housing bill that may get the realtors . . . upset.’ . . . I think that the process buys you out.”

Salvage operations

Apart from raising money from PACs and introducing the Democratic Party to the use of “soft money” contributions, Coelho ran a political “salvage operation” in 1986 to rescue those, such as House Banking Committee Chairman Fernand St Germain (D-R.I.), who had been caught in the new game of so-called “honest graft.”

It was St Germain who, with Sen. Jake Garn (R-Utah), sponsored the Depository Institutions Act, signed on Oct.

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—Tony Coelho

12, 1982 by President Ronald Reagan, which deregulated the entire banking industry. One feature of the Garn-St Germain Act was that, whereas previously S&Ls had been restricted by law from lending/investing more than 20% of their assets into commercial real estate, although, as a rule they never invested more than 5%—now all restrictions were lifted. In the end, as hundreds of vacant skyscrapers filled the skylines of U.S. cities, this bill would cost U.S. taxpayers more than \$500 billion to rescue and re-organize the S&Ls.

By 1986, as the S&L crisis was just beginning to hit, St Germain was in trouble, not so much for the disastrous deregulation of banking, but because he had been caught in a pig trough of “honest graft.” Through special deals with realtors and S&L owners, St Germain had amassed five pancake houses worth almost \$300,000 each, and several condominiums. As Jackson points out in *Honest Graft*: “After that, he lived a jet-set life, golfing in the winter in St. Petersburg and in the summer at Newport. In both places he bought waterfront condominium apartments at bargain prices from savings and loan associations that were foreclosing on developers.”

When Republicans made an issue of the deluxe high life that had turned the working-class chairman of the House Banking Committee into a millionaire overnight, it was Coelho who came to St Germain’s rescue. And, after St Germain won reelection in the 1986 campaign, micro-managed by Coelho, the House voted to keep him as House Banking chairman,

while the ethics committee cleared him of having misused his office for personal gain.

Meanwhile, the U.S. taxpayer picked up the \$500 billion tab for St Germain's real crime: deregulating the banking industry.

Drexel Burnham Lambert

During the 1986 campaign, Coelho's DCCC was one of the largest recipients of Drexel Burnham Lambert's \$253,500 in political contributions that year, as the firm itself was facing one indictment after another for "insider trading" and its "junk bond" leveraged buyouts (LBOs). Between September 1985 and December 1986, Drexel gave \$100,000 to the DCCC and \$8,000 to Coelho's own political action committee, the Valley Education Fund.

According to *Honest Graft*, the relationship between Coelho and the firm raised several questions: Drexel's "star financier Michael Milken, who had become one of the wealthiest men in the United States through dealings with men like [Ivan] Boesky, would eventually be hauled before a House subcommittee to explain some of the methods that helped him amass his wealth. He would invoke his Fifth Amendment right to remain silent. But Coelho would stick by his friends at Drexel through thick and thin; just weeks before Milken pleaded the Fifth, Coelho said at a Drexel-sponsored conference in Los Angeles: 'I am here tonight to show my respect

and admiration for Michael Milken, my very good friend. . . . He is constantly thinking about what can be done to make this a better world.' Coelho accepted a \$2,000 speaking fee for the event."

Even after the indictment of Milken and others from Drexel Burnham Lambert, Coelho would accept two more honoraria for speeches on behalf of the firm. And, as the fourth-largest recipient of honoraria in Congress, Coelho (receiving some \$80,000 per year in honoraria and speakers fees) would call his personal home: "The house that honoraria bought."

Other crimes and misdemeanors

Coelho ran from the ethics committee and U.S. Justice Department, when he was Democratic Whip in 1989, for many good reasons.

For one thing, it was disclosed that he had overdrawn his checking account with the House Bank by writing more than \$319,000 worth of bad checks, which was more than three times his annual salary. However, even though writing a bad check for \$100 is a felony in Washington, Rep. Newt Gingrich (R-Ga.), who targetted then-Speaker of the House Jim Wright (D-Tex.), forcing him to retire on ethics charges, seems to have formed a "non-aggression pact" with Coelho, because they both held damning evidence for the ethics committee against one another. However, Coelho knew that with his record, he would eventually be pilloried by the Republicans, and he left the position of House Whip in mid-term, hoping all the investigations in Washington would die down.

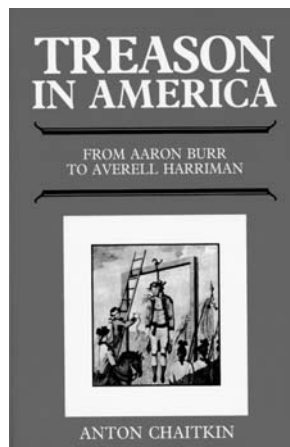
Coelho was hired by the president of an old-line Wall Street firm, Wertheim Schroeder Investment Services Inc., because he had played the game of "honest graft." Coelho boasted to the *New Republic*: "The president of this bank decided after reading *Honest Graft* that he wanted me to come to work here. . . . Yes, there are some criticisms. . . . But the book also says I'm very strong, that I go for the bottom line and make things happen. And, that's what you need in an investment bank. . . . What he found in *Honest Graft* that he was most excited about was not just that I asked for money, but that I had managerial skills. And my work here has made me very successful."

Since joining the Gore campaign, Coelho has refused to name his client list at Wertheim Schroeder. However, it is known that the reason he rose to become its president and CEO, is that within a few short years he built its portfolio from \$700 million to \$5 billion, largely by garnering investments of pension funds. Coelho also made a fortune by joining a multitude of boards; that list, he has likewise failed to disclose. However, as the 1994 election debacle demonstrated, he was not afraid to be a "senior adviser" to the Democratic National Committee, while remaining in business on Wall Street.

Clearly, with Tony Coelho, Al Gore has met a kindred spirit for avarice.

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