

(13) Q And did you consider supporting any (14) legislation which would allow a pharmaceutical company (15) to make any contributions, at all, out of its treasury (16) funds to -

(17) A No, that was banned in 1907, thanks to (18) President Theodore Roosevelt. And I still believe (19) that Theodore Roosevelt was right. And I believe that (20) Theodore Roosevelt is turning in his grave as we (21) speak.

(22) And I, what I'm trying to do is go back to

Page 30

(1) what Theodore Roosevelt was able to accomplish in (2) 1907, which was a banning of corporate contributions (3) to American political campaigns because it was (4) corruption then, Mr. Abrams, at least in view of most (5) historians.

(6) (Testimony on pages 31 through 40 (7) excerpted as "For Counsel Only".)

Page 41

(1) Q Senator McCain, in March of 1999, you (2) received, did you not, thousand dollar contributions (3) to your presidential campaign from Lowell Paxson and (4) members of his immediate family?

(5) A Yes.

(6) Q And there were also contributions, were (7) there not, from a number of the top executives from (8) his firm?

(9) A Yes.

(10) Q And there were also contributions, were (11) there not, from members of the law firm that (12) represented the Paxson interests?

(13) A I don't know that for sure, but I would (14) assume so.

(15) Q And a total of about, of about \$20,000.00 (16) was received, was it not, from company executives, (17) family members and lawyers, to your campaign, in March (18) or thereabouts of 1999?

(19) A I don't know that for a fact. I will (20) accept it that, I know there were contributions, I (21) don't know the exact numbers. There was a number of (22) millions of dollars contributed to my campaign, so

Page 42

(1) It's hard for me to remember an exact number in this (2) case.

(3) MR. ABRAMS: I want to mark as Exhibit 4, (4) an article published in the Pittsburgh Post Gazette on (5) December 23rd, 1999.

(6) (Whereupon, the document was (7) marked as McCain Exhibit No. 4 (8) for identification.)

(9) BY MR. ABRAMS:

(10) Q I'd like you to take the time and

read (11) that to yourself.

(12) A I've read it before.

(13) Q This was turned over by your office to us (14) in response to certain document requests that we made (15) in this case.

(16) A Umm hmm.

(17) Q Referring to Exhibit 4, there is a (18) statement on Page 2, of the document that Mr. Paxson's (19) relatives and colleagues donated \$9,000.00 to McCain. (20) And the Washington, D.C. law firm of Dow, Londus & (21) Albertson, representing some of the parties in the (22) 35 million dollar deal, donated another \$6,858.00.

Page 43

(1) according election contribution records. Now does (2) that refresh your recollection -

(3) A Sure.

(4) Q - that that was the ballpark.

(5) A Sure, that's fine, sure.

(6) Q There is a statement attributed to Dan (7) Shnur in this document. Who is Mr. Shnur?

(8) A Mr. Shnur was part of our campaign. He (9) was many times a spokesperson.

(10) Q And there is a statement here attributed (11) to him in which he is said to have said that accepting (12) a political contribution is not against the law. And (13) that, quote, what is illegal is taking a specific (14) action in exchange for that contribution.

(15) And there is no evidence John McCain had (16) done such a thing. In order for there to be a quid (17) pro quo, there has to be a quid. And John McCain took (18) no position for the FCC on whether they should accept (19) or deny the big petition, unquote.

(20) Is that position consistent with yours, (21) Senator McCain.

(22) A Yeah, pretty much. I don't know exactly

Page 44

(1) the definition of what's illegal. I might put in (2) unethical in space of the word illegal, because as I (3) stated before, I'm not that conversant with the (4) specifics of bribery statutes because I haven't been (5) concerned with it.

(6) Q Well, would it be your view, Senator (7) McCain, that it would be accurate to say what is (8) unethical is taking a specific action in exchange for (9) that contribution, and there's no evidence John McCain (10) has done such a thing.

(11) In order for there to be a quid pro quo, (12) there has to be a quid, and John McCain took no (13) position with the FCC on whether they should accept or (14) deny the petition, unquote. Cor-

rect?

(15) A I would agree with that statement.

(16) Q On November of 19 - on November 17, 1999, (17) and again on December 10, 1999, you wrote to the (18) Chairman of the Federal Communications Commission with (19) respect to the transaction involving the Paxson (20) interest, did you not?

(21) A Yes.

(22) MR. ABRAMS: I want to mark as McCain

Page 45

(1) Exhibit 5, the letter of Senator McCain of November (2) 17th, 1999.

(3) (Whereupon, the document was (4) marked as McCain Exhibit No. 5 (5) for identification.)

(6) BY MR. ABRAMS:

(7) Q Is this a copy, Senator McCain, of the (8) letter that you wrote?

(9) A Yes.

(10) Q And this was about the assignment of (11) certain television licenses in Pittsburgh, was it not?

(12) A Whether it was an approval or disapproval (13) of the sale of a television license.

(14) Q And the Paxson interest would wind up with (15) one of the television stations?

(16) A Yes. If the, as I recall, if the purchase (17) was approved by the FCC.

(18) Q Now there's information in the second (19) paragraph in which you refer to the, quote, extent of (20) the delay at issue, unquote, in FCC consideration of (21) the application.

(22) And in which you wrote that, quote, over

Page 46

(1) three years ago the FCC promised WQED Pittsburgh that (2) the FCC would give, quote, expedited consideration to (3) any application WQED might file, end quote, to sell (4) WQEX TV, its struggling second non-commercial station (5) in the market, unquote.

(6) Where did you get information of that (7) sort, Senator McCain?

(8) A I was briefed by my staff.

(9) Q Do you know where they got the (10) information?

(11) A No. But I would add, I was contacted by (12) Mr. Paxson on this issue.

(13) Q You were?

(14) A Yes.

(15) Q Were you contacted prior to November 17th?

(16) A I'm sure I was.

(17) Q And when, what's your best estimate as to (18) when you, when you first - let me rephrase the (19) question for you. What's your best estimate as to (20)

when you first spoke to Mr. Paxson about this matter?

(21) **A I don't remember.**

(22) **Q Can you tell us what you said and what he**

Page 47

(1) said about it?

(2) **A That he had applied to purchase this (3) station and that he wanted to purchase it. And that (4) there had been a numerous year delay with the FCC (5) reaching a decision.**

(6) **And he wanted their approval very bad for (7) purposes of his business.**

(8) **Q Okay, and at that point you were the (9) Chairman of the Senate Commerce Committee?**

(10) **A Yes.**

(11) **Q And at that point you were a candidate for (12) president, or not?**

(13) **A I assume so.**

(14) **Q What did you say?**

(15) **A I think my formal announcement was January (16) of 2000.**

(17) **Q But you were already in the hunt?**

(18) **A Yeah, sure. It was well known.**

(19) **Q What did you say to him when he told you (20) that?**

(21) **A I said I would be glad to write a letter (22) asking them to act. But I will not write a letter, I**

Page 48

(1) cannot write a letter asking them to approve or deny, (2) because then that would be an interference in their (3) activities.

(4) **I think everybody is entitled to a (5) decision. But I can't ask for a favorable disposition (6) for you.**

(7) **Q And then on December 10, you wrote certain (8) letters about the same subject, did you not?**

(9) **A Yes.**

(10) **MR. ABRAMS: I'd like to mark as Exhibit (11) Number 6, a letter that you wrote to the Chairman of (12) the FCC, William Kenner.**

(13) **(Whereupon, the document was (14) marked as McCain Exhibit No. 6 (15) for identification.)**

(16) **BY MR. ABRAMS:**

(17) **Q Is this a copy of a letter that you wrote, (18) Senator McCain?**

(19) **A Yes, yes.**

(20) **Q And in this letter, that you have written (21) on December 10, you will note that you had a copy of (22) the Public Notice setting out the agenda for the**

Page 49

(1) Commission's open meeting on December 15.

(2) **And that the applications were not listed (3) for consideration.**

(4) **A Yes.**

(5) **Q And you also state that you**

wanted, quote, (6) each member of the Commission, unquote, to advise you (7) in writing, no later than the close of business on (8) Tuesday, December 14, 1999, whether they had already (9) acted on the applications.

(10) **And then if the answer to that question (11) was no, whether the applications would be acted on on (12) December 15th. And if the answer to those questions (13) were no, why, correct?**

(14) **A Correct.**

(15) **Q And then you state, do you not, that the (16) purpose of the request was to secure -**

(17) **MR. WITTEN: Sole purpose.**

(18) **MR. ABRAMS: Let me read it in.**

(19) **BY MR. ABRAMS:**

(20) **Q You state, do you not, that quote, the (21) sole purpose of this request is to secure final action (22) on a matter that had now been pending for over two**

Page 50

(1) years?

(2) **I emphasize that my purpose is not to (3) suggest in any way how you should vote, merely that (4) you vote, in order to assure that no moral ex parte (5) communications on the merits of these applications (6) take place, I will not entertain any oral responses of (7) any kind to this letter, unquote. Is the correct?**

(8) **A Yes.**

(9) **Q And you wrote the same letter, did you (10) not, to each member of the Federal Communications (11) Commission?**

(12) **A Yes.**

(13) **Q Separate letters to each one of them?**

(14) **A Yes.**

(15) **Q And when you wrote the letters you were (16) Chairman of the Senate Commerce Committee, which does (17) the funding for the Federal Communications Commission, (18) correct?**

(19) **A Yes. And I think its, for the record, (20) even though the letter is in the record, that it is (21) important also the last paragraph of both letters.**

(22) **The second one, this letter is not written**

Page 51

(1) to obtain favorable disposition of any matter on (2) behalf of any party to any proceeding before the (3) Commission.

(4) **My job as Chairman of the Committee, Mr. (5) Abrams, is to see that bureaucracy's do function. (6) Bureaucracies are notorious for not functioning and (7) not making decisions.**

(8) **I believe that Mr. Paxson had a legitimate (9) complaint. Not about**

whether the Commission acted (10) favorably or unfavorably, but that the Commission act.

(11) **Every citizen has the right to get a (12) response from their government. I can provide for the (13) record, if you'd like, hundreds, if not thousands of (14) letters that I have written to government (15) bureaucracies on the behalf of constituents.**

(16) **Some who are featured in my campaign, some (17) who are not. They are asking for action, not for (18) favorable or unfavorable disposition. I feel that's (19) not only a privilege that I have, but it's a (20) responsibility.**

(21) **And it's an added responsibility being (22) Chairman of the Commerce Committee to see that**

Page 52

(1) bureaucracies that are directly under the oversight of (2) my Committee do act in a timely fashion in response to (3) carrying out their duties.

(4) **By not acting upon this for over 2 two (5) years on this issue, clearly the Commission was (6) derelict in their duties.**

(7) **And finally, I'm sure we may get to this, (8) Mr. Reed Hunt, the former Chairman of the Federal (9) Communications Commission, said that I was not only (10) appropriate, but correct in urging the Commission to (11) act. (12) Now I know that there were others who said (13) that that was not the case, but I believe that Mr. (14) Reed Hunt, who was a Democrat appointee, his opinion (15) was that we moved some weight around.**

(16) **And may I say again, whenever a (17) constituent writes to me, whether it be Mr. Paxson or (18) someone who has never known me before, and says I (19) tried to get my license from this bureaucracy.**

(20) **I tried to get an answer from this (21) bureaucracy. I tried to get a response, which was (22) their job. I will always write and urge them to act.**

Page 53

(1) **But not to act in one way or the other.**

(2) **So the difference between what others (3) wrote, as mentioned in this Pittsburgh newspaper, that (4) others wrote asking for disposition of the case.**

(5) **I did not ask for disposition of the case. (6) If I had asked for disposition of the case, I believe (7) then I would have been open to at least allegations (8) that I acted in behalf of a contributor.**

(9) **Q How many times did you fly in Mr.**

Paxson's (10) jet in the time period surrounding the writing of (11) these letters?

(12) **A I don't know. I can supply the answer for (13) the record.**

(14) Q I want to furnish you with a copy, which (15) I'll mark as McCain Exhibit 7, of the Boston Globe (16) from January 5, 2000.

(17) (Whereupon, the document was (18) marked as McCain Exhibit No. 7 (19) for identification.)

(20) **A Well, I would add one thing to my answer, (21) if I could, Mr. Abrams.**

(22) Q Sure.

Page 54

(1) **A That, as I've said on hundreds of (2) occasions, all of us are tainted by this system, and (3) I am one of them. And I clearly understand why there (4) would be questions raised on this issue.**

(5) Q You didn't received any soft money, did (6) you, from the Paxson interests?

(7) **A No.**

(8) Q I'm going to ask you about a few (9) particular paragraphs in this article. Why don't you (10) finish looking through it first.

(11) (Witness reviews the article.)

(12) **A I think I've read it.**

(13) Q I refer first to the second paragraph of (14) the article, which is January 5, 2000. The article (15) was published in the Boston Globe, which states, (16) quote, McCain in his bluntly worded December 10, (17) letter to the FCC did not urge a vote favoring the (18) contributing Paxson Communications, but he acted at (19) the request of the company's lobbyist during a period (20) when he used Paxson's corporate jet four times to (21) travel to campaign events where he almost always (22) attacks money special interests, unquote.

Page 55

(1) My first question is did you speak to the (2) company's lobbyist about these matters?

(3) **A I don't recall if it was Mr. Paxson or the (4) company's lobbyist or both.**

(5) Q But you did speak to him?

(6) **A I'm sure I spoke with him, yes.**

(7) Q Now you've already described one (8) conversation to us a few minutes ago, that you had (9) with Mr. Paxson personally. Where there more (10) discussions with him about this subject?

(11) **A I don't recall.**

(12) Q Do you recall if Mr. Paxson was ever on (13) his company jet at any of the occasions when you were (14) flying on it?

(15) **A I don't recall. You can easily get the (16) manifest, but I don't recall.**

I flew all over the (17) country in those (18) days, almost daily.

(18) Q Do you recall if Mr. Paxson's lobbyist (19) accompanied you on any of the corporate jet trips that (20) you took?

(21) **A I do not recall. Again, I know it's a (22) matter of public record.**

Page 56

(1) Q The last paragraph, excuse me, the last (2) paragraph on Page 1, reads as follows. Quote, but (3) McCain's close ties to Paxson were abundantly clear (4) from the key dates surrounding the FCC decision.

(5) The day before he sent the December 10, (6) letter, McCain used Paxson's jet for a trip from New (7) York to Florida. The after the letter he took the (8) company jet from Florida to Washington.

(9) The campaign reimbursed the company at (10) first class airfare rates, well below the actual cost (11) of the charts, unquote. Was that true, Senator (12) McCain?

(13) **A Yes.**

(14) Q I'd like to refer you to Page 3, which (15) states in the first paragraph, quote, McCain's (16) insistent urging that the FCC vote on the Pittsburgh (17) issue had the affect, if not the intent, of benefiting (18) Paxson, a West Palm Beach, Florida network of 73 (19) family-oriented stations and the nation's largest (20) owner of independent television stations.

(21) Through the end of September, Paxson's top (22) officers and their family members, and even the

Page 57

(1) Personal Assistant to the wife of the company's (2) founder, Lowell W. Paxson, contributed \$12,000.00 to (3) McCain.

(4) In 1998, Paxson officials gave \$9,000.00 (5) to McCain, period, end quote. I want to ask you (6) separately about some of the statements here.

(7) Do you agree that your urging the FCC to (8) vote on the issue had the affect, if not the intent of (9) benefiting Paxson?

(10) **A Absolutely not. And I'll be glad to (11) supply for the record hundreds of letters that I've (12) written to bureaucracies, particularly those under the (13) oversight of the Commerce Committee, where I urge them (14) to act on issues, as recently as a week ago.**

(15) Q What this says, Senator, is that it had (16) the affect, if not the personal intent by you, of (17) helping him.

(18) **A I disagree. There's no evidence to (19) suggest that it had the affect. Because I didn't tell (20) them to vote for or against Mr. Paxson.**

(21) Q But they did vote, correct?

(22) **A I was glad they voted. I'm glad when any**

Page 58

(1) **bureaucracy acts when we ask them to act when a (2) constituent applies to it. That's why they exist, Mr. (3) Abrams, is to serve the American people.**

(4) **When they don't serve the American people, (5) then it's the job of the elected legislator to ask (6) them to act in behalf of the American people. Not how (7) to act, but to act.**

(8) Q Did the FCC action benefit Mr. Paxson?

(9) **A I don't know.**

(10) Q You don't know -

(11) **A I don't know.**

(12) Q You don't know if approving this (13) transaction benefitted him or not?

(14) **A If they acted in approval, which I assume (15) from your line of questioning they did, I was in the (16) middle of a presidential campaign, Mr. Abrams.**

(17) **I didn't pay much attention to what they (18) did. I just asked them to act. I didn't care what (19) they did. I just asked them to act.**

(20) Q Would you agree, Senator McCain, that if (21) the pressure that you put on the FCC -

(22) **A To act.**

Page 59

(1) Q - at act, led them to act, and that the (2) action that they took benefitted Mr. Paxson, that that (3) was something which was caused, however innocently and (4) however appropriately, by you?

(5) **A Mr. Abrams, I neither know nor care of (6) whether it, if the affect was to benefit Mr. Paxson. (7) I neither know nor care.**

(8) **What I did was carry out my (9) responsibilities as Chairman of the Oversight (10) Committee to ask them to act.**

(11) Q The next to last paragraph on the page (12) says, quote, sometime between McCain's first letter on (13) November 17, and his more insistent letter on December (14) 10, Paxson made his four engine jet available to ferry (15) McCain and his entourage from New Hampshire to (16) Washington.

(17) On December 3, a day after McCain (18) declared, in a New Hampshire appearance, quote, it is (19) very clear to all the lobbyists and the special (20) influence people that run Washington now, that if John (21) McCain is President of the United States, things are (22) going to be a lot different, period, end quote.

Page 60

(1) Focusing for the moment on the (2)

availability of the jet to you, do you recall, with (3) this in front of you, that it was at a time after the (4) November 17, letter, and before the December 10, (5) letter that Mr. Paxson first made a jet available to (6) you?

(7) A Could you repeat the question?

(8) Q Sure. Do you recall now, having read (9) this, that it was at some time period between these (10) two letters that you wrote to the FCC, that Mr. Paxson (11) first made his jet available to you?

(12) A I'm still not sure I understand the (13) question. But I guess my answer is yes, that I used (14) Mr. Paxson's jet.

(15) Q And -

(16) A I used -

(17) Q I'm sorry.

(18) A Because I didn't have a whole lot of money (19) that, say, Governor Bush had to in order to lease a (20) jet until much later in the campaign. We then used (21) various corporate jets as has been a common practice (22) in every presidential campaign.

Page 61

(1) Q Now in your view, Senator McCain, was (2) there any appearance of corruption in your writing the (3) letters to the FCC, flying on Mr. Paxson's jet, (4) accepting contributions from Mr. Paxson all in the (5) same time period?

(6) A As I said before, I believe that there (7) could possibly be an appearance of corruption because (8) this system has tainted all of us. I've said that (9) thousands of times.

(10) It has tainted me, it has tainted every (11) officeholder that ever accepts anything from any group (12) or individual that has an interest in Washington.

(13) So there may be an appearance that is (14) wrong, there. But the fact is that when I did not ask (15) the FCC to act favorably for Mr. Paxson, then I was (16) not doing anything wrong in any way.

(17) But the reason, one of the reasons why I (18) sought and worked so hard for the campaign finance (19) reform because of the taint of corruption or (20) appearance of corruption that affects all of us, even (21) if we take one dollar or a thousand dollars or a (22) million dollars.

Page 62

(1) Q Now you haven't proposed anything, have (2) you, which would have dealt with the taint of (3) corruption about this matter, have you?

(4) A No. And, could I more completely answer (5) that question?

(6) Q Sure.

(7) A When we decided to embark,

Senator (8) Feingold and I, on campaign finance reform, we knew (9) that we could not come up with a perfect bill. If I (10) had written the legislation, or Russ and I had written (11) legislation ourselves, with a blank check, it would (12) have been somewhat different.

(13) The Millionaires Amendment wouldn't have (14) been in it. There's a number of other items that (15) would not have been in it. So we are dealing with a (16) legislative process where we are not guaranteed a (17) perfect product.

(18) So not every possible, quote, taint of, or (19) appearance of corruption is dealt with.

(20) Q Well ---

(21) A But, can I finish?

(22) Q Sure.

Page 63

(1) A Can I finish my statement?

(2) Q That's fine.

(3) A But in the view of most objective (4) observers, the product that we've come up with will (5) improve the system dramatically from what it is today. (6) Because it will close certain loopholes that have been (7) opened by the FEC, not through acts of Congress.

(8) So I don't claim that ours is a perfect (9) bill. I'm not saying that after this is passed there (10) will no longer be suspicions about members of Congress (11) and two or four thousand or five thousand dollar (12) contributions.

(13) But I will argue, and I think most outside (14) observers will, who are objective on this issue, will (15) view it as a dramatic improvement.

(16) That's certainly been what the media (17) coverage has been and the response we've gotten to the (18) passage of this law. And I'm sorry for the long (19) answer.

(20) Q No. Just to be sure I understand, though, (21) looking back on the events with Mr. Paxson, the (22) contributions, the jets, everything you and I have

Page 64

(1) just talked about, do you believe that it would have (2) been justified for a member of the public to say there (3) is at least an appearance of corruption here?

(4) A Absolutely. And when I took a thousand (5) dollars or any other hard money contribution from (6) anybody who does business before the Congress of the (7) United States, then that allegation is justified as (8) well. Because the taint affects all of us.

(9) Well, I'm not asking now about the taint (10) affecting all of you, I'm asking if you agree that (11) there should have been - let me just state it again, (12) excuse me.

(13) My question is whether you agree that it (14) was reasonable for a member of the public to say of (15) the events about which we've just been talking, there (16) is an appearance of corruption here?

(17) MR. WITTEN: He answered that question. (18) He already did answer it with a one word answer that (19) he then elaborated on.

(20) SENATOR McCAIN: Yeah, I said yes. But (21) let me also add again, Russ Feingold and I thought (22) about putting in a provision that would ban the use of

Page 65

(1) corporate jets or full fare being, have to be paid by (2) candidates.

(3) We also considered free time for (4) candidates. We considered a number of other (5) provisions. But our job was to get the legislation (6) through and a tax off money. And that was the focus (7) of our efforts, as I said.

(8) If we'd of had a perfect bill we would (9) have banned a whole lot of other things besides what's (10) in the legislation.

(11) BY MR. ABRAMS:

(12) Q Senator McCain, the New York Times reports (13) today about a book party celebrating your new memoir, (14) worth, quote, Worth Fighting For, unquote. I'm going (15) to pass you a copy, which I'll mark as Exhibit 8. (16) Have you read this today?

(17) A Yes.

(18) (Whereupon, the document was (19) marked as McCain Exhibit No. 8 (20) for identification.)

(21) Q Now this article relates to a book party (22) celebrating your new memoir, which is being sponsored

Page 66

(1) by Frederick Smith, the Chairman and CEO of Federal (2) Express, correct?

(3) A Correct.

(4) Q And Federal Express is an entity that (5) appears in front of us at a Commerce Committee, true?

(6) A Yes.

(7) Q And it is, as the Times says, the largest (8) all cargo air carrier in the world. And one that (9) ranks among the top transportation lobbying forces in (10) Washington. Is that true?

(11) A Yes.

(12) Q And it's -

(13) A I accept the statement. I haven't checked (14) who's the most powerful.