

Prepared Statement by Senator Chuck Grassley of Iowa  
Chairman, Senate Judiciary Committee  
Hearing on “Oversight of the Foreign Agents Registration Act and Attempts to Influence U.S.  
Elections: Lessons Learned from Current and Prior Administrations”  
July 26, 2017

Today the Committee will examine the Justice Department’s enforcement of the Foreign Agents Registration Act, or “FARA.”

To the witnesses here today, welcome. I especially want to thank those who worked cooperatively with the Committee on scheduling this hearing. Some of you were willing to change your travel plans in order to be here, and the Committee very much appreciates your cooperation. We had to postpone this hearing from last week while trying to schedule two new witnesses and obtain the cooperation of a third reluctant witness who was originally invited on July 5th.

It is unfortunate when uncooperative witnesses cause unnecessary inconvenience for those who are working with us. After he failed to negotiate with the Committee in good faith, I issued a subpoena to Glenn Simpson for his appearance today. I withdrew the subpoena after Mr. Simpson agreed to a transcribed staff interview about (1) his involvement in creating the Trump dossier and interactions with the FBI and (2) his alleged work with the unregistered foreign agents who met with the Trump family and campaign officials. Regarding Mr. Manafort, negotiations for a similar agreement that Ranking Member Feinstein and I were working on with him broke down Monday night, and I issued a subpoena for his appearance as well. On Tuesday night, following consultation with the Ranking Member and a document production from Mr. Manafort, I withdrew the subpoena, and we continue negotiations for a future transcribed interview. With respect to Mr. Trump, he agreed early on to cooperate, produce documents, and do a voluntary transcribed interview, so no subpoena was necessary for him. So, these three will not appear on panel 2 today.

This is a very important topic and one that is as relevant now as it was in 1938 when the law was originally enacted. There are two qualifications to be considered a “foreign agent” under FARA. The first is working—directly or indirectly—for a foreign principal. A foreign principal can be a foreign government, political party, corporation, or an individual, depending on the circumstances. The second requirement is involvement in political activity to influence U.S. policy as *either* a publicity agent *or* a lobbyist, among others. That’s the simple explanation without getting into too much detail.

The basic idea is transparency. Foreign propaganda and lobbying should not be underground, but out in the open. In general, FARA doesn’t make these activities illegal. It just says you have to register with the Justice Department. FARA is a public disclosure law. The government, and the people, need to know if foreign governments, political parties, or other foreign interests are trying to influence U.S. policy or public opinion.

Given recent Russian and other efforts to influence our elections, this law has never been more important. We need to know who those foreign agents are and what they are trying to accomplish. Individuals who avoid disclosure undermine the purpose of the law.

Unfortunately, it appears that the Justice Department and FBI have been seriously lax in enforcing FARA for a long time. In 12 years, the Department has only sent 178 letters to people it believes should register as a foreign agent. Only 178 letters in 12 years. That's only 15 letters a year. The Justice Department thinks I send more oversight letters than that in a week. Only nine people in the entire Justice Department work full time to enforce this law and monitor potential unregistered foreign agents in the U.S. It's no surprise that only 400 foreign agents are currently registered.

Does anyone here seriously think that only 400 people in the whole United States take foreign money for PR and lobbying work? That seems unlikely. Foreign governments have enormous financial interest in influencing US policy. In addition, the Inspector General found that there is a fundamental disagreement among government officials about what constitutes a FARA case. The Inspector General's audit said that some FBI investigators believed that "investigations conducted pursuant to a separate criminal provision, 18 U.S.C. 951, were FARA cases." By contrast, Justice Department officials said that a FARA case can only be brought under another statute, 22 U.S.C. 611.

No organization can properly enforce the law when it is confused about what the law is. It is no surprise that the Inspector General found there is no "comprehensive Department enforcement strategy on FARA." That lack of an enforcement strategy creates a gaping loophole in accountability.

The Inspector General found this problem has persisted for decades, in both Democrat and Republican administrations. Between 1966 and 2017, the Justice Department brought only seven criminal FARA cases, with one conviction and two guilty pleas. The last time that the Justice Department used civil injunctive relief to enforce this law was 1991—which was 26 years ago. This kind of lax enforcement has consequences. It creates a culture of lawlessness. Why comply when the Justice Department clearly doesn't treat it as a priority?

In an April 2015 letter to then-Attorney General Holder, I wrote about Sidney Blumenthal's efforts to influence U.S. policy by leveraging his close relationship with Secretary Clinton. As many know, Secretary Clinton used Mr. Blumenthal as an off-the-books intelligence resource while she was Secretary of State. Mr. Blumenthal repeatedly sent Secretary Clinton intelligence memos and at one point Secretary Clinton told him to "keep them coming." News articles reported that Mr. Blumenthal transmitted documentation to Secretary Clinton on behalf of the Georgian Dream, a political party in the country of Georgia.

The Justice Department never explained why it failed to require Mr. Blumenthal and his partner, John Kornblum, to register under FARA. Now, if the Justice Department thought Mr. Blumenthal's activities on behalf of foreign interests did not require registration under the law, it

should say so. After all, if he did the right thing by not registering, then to be fair to him, the Department should explain why.

It also might help others to understand whether they are supposed to register or not. Particularly when the Trump administration has required Lt. Gen. Michael Flynn to retroactively register under the law in large part because he wrote an op-ed for *The Hill*. Indeed, the Trump Administration also required Paul Manafort, the Podesta Group, and Mercury LLC to register for their actions on behalf of the Ukrainian government.

Recently, there has been a lot of reporting about other unregistered foreign agents attempting to influence U.S. policy. For example, a group of unregistered Russian agents allegedly worked to undermine the Magnitsky Act. That 2012 law was passed in honor of Sergei Magnitsky, who uncovered massive financial fraud in Russia involving corrupt Russian government officials and organized crime. After he reported the crime, he was arrested by those very same corrupt government officials. He later died tragically in a Russian prison under suspicious circumstances.

The Magnitsky Act allows the President to sanction individual Russian human rights abusers and freeze their assets in the U.S. Apparently, it drives Mr. Putin crazy. The law was passed due to the tireless efforts of William Browder, who will testify on the second panel. Mr. Magnitsky was Mr. Browder's lawyer and friend.

In 2016, Mr. Browder filed a detailed complaint with the Justice Department's FARA enforcement unit. He alleged that a group of unregistered agents were working on behalf of the Russian government to get rid of the law named after his late friend. He said these unregistered agents lobbied Congress. He said they organized an event to show a propaganda video for Congressional staffers and State Department officials. That propaganda video smeared Mr. Magnitsky and Mr. Browder. The goal was to damage their credibility and undermine the sanctions that were imposed due to their efforts.

The foreign agents also pushed similar propaganda to news outlets, trying to get bogus stories published by respectable organizations. As we learned after this hearing was scheduled, they apparently even lobbied the Trump campaign and the Trump family. Yet, the Justice Department didn't require any of them to register as foreign agents.

One of the individuals identified in Mr. Browder's complaint is Glenn Simpson, founder of Fusion GPS. Since March, I've been asking about the Russians who were working with Fusion GPS to smear Mr. Browder and undermine the Magnitsky Act. Mr. Simpson's company, Fusion GPS, is the same firm that oversaw the creation of the unverified Trump Dossier. It is vital for the Committee to fully understand Fusion's failure to register under FARA and its role in the creating and spreading the dossier. According to the complaint filed with the Justice Department, Fusion helped orchestrate a propaganda campaign to repeal the Magnitsky Act for the benefit of the Russian government.

Around the same time, Fusion appears to have been involved in the creation of the dirty Trump Dossier. There are public reports that the FBI used the dossier to kick start its Russia investigation. Did the FBI know that Fusion pitched Russian propaganda for another client as it pushed the dirty Trump dossier? What would that say about the reliability of the information? If the dossier was represented to any court, should this fact have been disclosed? That's exactly why the transparency mandated by FARA is so important. We have many questions for Mr. Simpson, and we will pursue them in a transcribed interview that he has agreed to in the coming weeks.

There were two other individuals identified in Mr. Browder's complaint who have been in the news a lot lately. I've been writing oversight letters about one of them for months. The first is the Russian lawyer who represents Prevezon Holdings. Her name is Natalia Veselnitskaya. Prevezon is the Russian company that received millions of dollars stolen and laundered from the crime that Mr. Magnitsky uncovered. The other person named in Mr. Browder's complaint is the one I asked about in March. His name is Rinat Akhmetshin. He is a Russian-American lobbyist with reported ties to Russian intelligence. The New York Times recently described him as "as master of the dark arts."

These two were reportedly at the meeting with Trump campaign and family members last summer. A lot has been said about that meeting. Was it just a clumsy bait and switch effort in their unregistered propaganda and influence campaign? They offered dirt on the opponent to get the meeting and then made their pitch against the Magnitsky Act. Or was it an offer of collusion? Or maybe both? Hopefully we'll get some answers from Mr. Trump and Mr. Manafort at some point. And the Committee will pursue answers from the others at the meeting.

We will also pursue details about Mr. Simpson's role in both this and the dossier that started the whole controversy. Knowing exactly who is acting on behalf of the Russian government is vital in order to get to the bottom of Russian influence, and any other foreign influence. Again, this is why enforcement of the Foreign Agents Registration Act matters.

I also recently asked the Department about Democratic National Committee officials working directly with the government of Ukraine to undermine the Trump campaign during the presidential election. One publicly named Democrat official, Alexandra Chalupa, met with both Ukrainian officials and Democrat staffers in the House during the election to convince them to hold a hearing on Paul Manafort. Ms. Chalupa did not register as a foreign agent, and the Justice Department has failed to explain why it did not require her to register.

The law needs to be enforced consistently and evenhandedly. Otherwise, it won't be taken seriously. Since the September 2016 Inspector General audit, 8 of the 14 recommendations remain open. The Justice Department and FBI have not provided sufficient evidence to satisfy the Inspector General enough to close them.

I look forward to discussing with the witnesses additional steps to better enforce FARA.

