



COMMITTEE ON

Oversight & Government Reform - Republicans

Ranking Member Darrell Issa



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Reported Conflict-of-Interest Prompts Ranking Member Issa to Call for DTV Vote Delay and Full Disclosure of Industry Insider’s Involvement in Crafting Policy

WASHINGTON, D.C. – House Committee on Oversight and Government Reform Ranking Member Darrell Issa (R-CA) today sent a letter to the House Speaker Nancy Pelosi (D-CA) urging her to postpone a vote on legislation to delay the transition to digital television until the impact of a reported conflict of interest from an advisor to President Obama is fully known and disclosed.

“The policy recommendations made by President Obama may have been influenced by an individual with a conflict of interest of which he may not have been aware,” the letter states. “Any improper influences on the President’s policy positions that lead Congress to act one way or another permanently cloud the resulting legislation.”

The conflict surrounds R. Gerald Salemme, an industry insider whose company stands to gain a competitive advantage by delaying the transition. Salemme is believed to have been a key advisor to top transition aide, John Podesta and President Obama.

Issa also sent a letter to White House Counsel Gregory Craig demanding answers to critical questions about the apparent conflict of interest and the process leading to the President’s decision to support delaying the DTV changeover.

“This is just the sort of arrangement that led to years of Democratic outrage over the Bush administration’s energy policy,” Issa wrote. “The President has signaled a strong desire to have a transparent and open federal government. I am concerned that one of the President’s own transition advisors failed to disclose an apparent conflict of interest.”

Text of Letter to White House Counsel Gregory Craig:

Two weeks ago numerous commentators brought to light the question of whether President Obama’s telecommunications policy, specifically the digital television transition, is being influenced by an industry insider. According to the *Examiner*, R. Gerard Salemme, “a former telecom lobbyist who has given thousands to Obama, including \$5,000 to Obama’s transition team, has helped Obama craft a policy that will

benefit Salemme's company [Clearwire]. This is just the sort of arrangement that led to years of Democratic outrage over the Bush administration's energy policy."¹

The President has signaled a strong desire to have a transparent and open federal government.² I am concerned that one of the President's own transition advisors failed to disclose an apparent conflict of interest. It is my understanding that Salemme's company, Clearwire, will benefit from a delay in the digital transition because Clearwire's partner, Sprint will enjoy "a longer honeymoon as the only network offering 4G speeds."³ Surely, the President and John Podesta were unaware of this conflict when Salemme joined the Obama-Biden Transition team as an advisor.

During the last Congress, this Committee, under the leadership of former Chairman Waxman, conducted vigorous oversight of Vice President Cheney's energy task force.⁴ Indeed, the Committee's website has a section dedicated to the "Cheney Energy Task Force"⁵ and former Chairman Waxman was the catalyst for the GAO's investigation⁶ of whether Cheney and the task force "met privately with major campaign contributors to discuss energy policy."⁷

To gain a better understanding of Salemme's duties and the potential influence he had on crafting the digital television conversion policy, I ask that you answer the following questions for the Committee by March 2, 2009.

1. What was the Obama-Biden Transition Project's policy for employing individuals from private industry? How were they screened for potential conflicts?
2. Did Salemme file any documents with the Transition Project or the Administration outlining his previous work experience? Did he make any financial disclosures to the Transition Project or Administration?
3. Did Salemme receive any compensation from the government for his advice on telecom policy? If so, was Salemme simultaneously receiving compensation from a private entity?

¹ Timothy P. Carney, *Obama's Secret Telecom Advisor Pushing His Company's Interest*, EXAMINER, Jan. 16, 2009.

² Transparency and Open Government, Memorandum for the Heads of Executive Departments and Agencies, 74 Fed. Reg. 4685 (Jan. 26, 2009).

³ Carney, *supra*.

⁴ Letter from Rep. Henry A. Waxman, Ranking Member, H. Comm. on Oversight and Gov't Reform (hereinafter OGR Comm.) and Rep. John D. Dingell, Member, H. Comm. on Energy and Commerce to David Walker, Comptroller Gen., Gen. Accounting Office, Apr. 19, 2001. Waxman and Dingell letter to Andrew Lundquist, Executive Dir., U.S. Dep't of Energy, Energy Task Force, Apr. 19, 2001. *See also* OGR Comm. Website at <http://oversight.house.gov/investigations.asp?start=0&id=110> (last visited Feb. 2, 2009).

⁵ *Id.*

⁶ General Accounting Office (GAO), Energy Task Force, Process Used to Develop the National Energy Policy, GAO-03-894, August 2003 (GAO was renamed Government Accountability Office in 2004).

⁷ OGR Comm. Website at <http://oversight.house.gov/investigations.asp?start=0&id=110> (last visited Feb. 2, 2009).

4. Is Salemme currently in contact with the Administration? For example, does he participate in meetings, conference calls, or email communications with the Administration?

5. Moving forward, what personnel policies have been enacted to prevent and catch conflicts such as this one?

Thank you for your attention. I look forward to working with you in the future to ensure transparent and open government.

Text of Letter to Speaker Pelosi:

The purpose of this letter is to urge you to postpone a vote on legislation to delay the transition to digital television. The policy recommendations made by President Obama may have been influenced by an individual with a conflict of interest of which the President may not have been aware.

As reported in the *Washington Post*, President Obama's top transition aide John Podesta urged chairs of the House and Senate Commerce Committees to "consider a change to the legislatively-mandated analog cutoff date."⁸ Podesta argues the need for the delay turns on the fact that the "federal program to subsidize digital equipment that some viewers will need has fallen short of money, and last week the government reported a waiting list [to receive converter coupons] of 1.4 million households."⁹

Various commentators, however, allege that Podesta and thereby President Obama were advised by an industry insider, R. Gerard Salemme,¹⁰ whose company stands to gain a competitive advantage by delaying the transition. Salemme, is the Executive Vice President for Strategy, Policy, and External Affairs at Clearwire, a company that is partnered with Sprint in an endeavor to "launch their fourth-generation [referred to as "4G"] wireless broadband network."¹¹ According to the *Examiner*:

Sprint and Clearwire, on spectrum they already own, have begun launching their 4G network. That means Sprint is ahead of the competition in wireless Internet. It also means Sprint and Clearwire stand to benefit from Obama's push to delay the transition to digital TV: The longer broadcasters use analog signals the longer Verizon has to wait to get the spectrum it needs for its 4G network—which gives Sprint a longer honeymoon as the only network offering 4G speeds.¹²

⁸ Kim Hart, *Obama Urges Delay in Digital TV Switch*, WASH POST, Jan. 9, 2009.

⁹ Bloomberg News, *Senate Approves Digital TV Delay*, NY TIMES, Jan. 27, 2009.

¹⁰ In addition to the apparent conflict of interest, Salemme is a heavily Democratic donor. Between 2003 and 2008 he donated approximately \$38,900 to Democrats and Democratic organizations.

¹¹ Timothy P. Carney, *Obama's Secret Telecom Advisor Pushing His Company's Interest*, EXAMINER, Jan. 16, 2009.

¹² *Id.*

As you can see, the impetus for the delay is potentially more complex and controversial than simply an underfunded government coupon distribution program.

The President's high approval rating undoubtedly allows him to wield a great deal of power. His influence on the Democratic caucus cannot be overstated. Any improper influences on the President's policy positions that lead Congress to act one way or another permanently cloud the resulting legislation. I have raised these concerns directly with White House Counsel, Greg Craig. Attached is a copy of the letter sent to Mr. Craig.

I urge you to delay a vote on this issue until the Committee staff has had the opportunity to fully explore potential conflicts arising from Salemme's role in the Administration's decision making. Thank you for your attention to this matter.

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