

Cuomo Given Campaign Cash by Pension-Probe Figure, Returned It

By Karen Freifeld and Linda Sandler



Oct. 2 (Bloomberg) -- New York Attorney General [Andrew Cuomo](#) got a \$10,000 campaign donation from a Clinton Group Inc. executive he later claimed knew of kickbacks made to win \$750 million in state pension-fund business, according to election [records](#) and people familiar with the case.

The donation from the executive of the New York-based investment adviser has been returned, Cuomo spokesman [Richard Bamberger](#) said yesterday in an e-mail, the first public disclosure of the matter. He declined to say when the July 11, 2008, contribution was given back. No refund of the money is shown in state campaign-finance records through mid-July 2009, the latest available.

“Was this contribution given back in good faith when they felt it would be the appropriate and honest course of action to take?” said Bennett Gershman, a former prosecutor who is a legal-ethics expert at New York-based Pace University School of Law. “Or were they doing it at a time when they felt it would be extremely embarrassing and raise questions about the office and the investigation?”

Cuomo, 51, a Democrat who may run for governor of New York, hadn’t publicly disclosed any connections between persons linked to his pension probe and his campaign contributions before inquiries by a Bloomberg reporter.

Cuomo identified the person only as a “Clinton executive” in documents detailing his investigation of a Clinton Group joint venture that won the right to the pension-fund business. The “Clinton executive” is company founder [George Hall](#), 49, Bloomberg News reported Sept. 30, citing two people familiar with the matter.

Not Charged

Hall hasn’t been charged. Hall, a hedge-fund manager who has contributed to other Democratic Party candidates, didn’t return calls for comment. His lawyer, [Martin Perschetz](#), declined to comment on Hall’s status in Cuomo’s probe.

“George Hall never made any campaign contribution that had anything whatsoever to do with any investigation,” Perschetz said yesterday in an interview. He didn’t respond to calls for comment after Cuomo’s office said the money had been returned.

Asked Hall’s status in the probe, Bamberger said in another e-mail, “Our pension fund investigation is ongoing, so we therefore have no comment.”

One of Hall’s partners in the joint venture, California pension adviser Pacific Corporate Group Holdings LLC, or PCG, agreed July 1 to refund \$2 million in fees it earned from the fund to settle Cuomo’s probe. Another partner, Dallas hedge-fund manager [Barrett Wissman](#), pleaded guilty in February to another kickback scheme, forfeiting \$12 million. PCG also adopted a Cuomo code of conduct that limits campaign contributions it can make to people who influence pension-fund investments.

Napa Meeting

At a February 2006 meeting in Napa, California, a PCG partner and the Clinton Group executive were told that Wissman would be a minority partner and split his fees with a central figure in Cuomo’s probe, [Hank Morris](#), according to findings in PCG’s settlement agreement with Cuomo.

Pension-fund middleman Morris, acting as a “concealed “participant” in the venture, according to Cuomo, was charged in March in a 123-count indictment detailing pension-fund corruption and securities fraud. Morris pleaded not guilty.

The Clinton executive and his two partners concealed the illicit arrangement from a firm assigned to vet the Clinton Group joint venture for the pension fund, according to a March U.S. Securities and Exchange Commission civil securities-fraud [complaint](#) against Morris.

At least as far back as the spring of 2008, a witness was being questioned by Cuomo’s office about Hall’s knowledge of Morris’s involvement in the deal, according to a person familiar with that matter.

Another Refund

Cuomo’s spokesman told a Bloomberg reporter last month that Cuomo gave campaign money back to another donor subpoenaed in his pension-fund probe, William White, president of the Intrepid Sea, Air & Space Museum -- after the reporter inquired about the matter. No public announcement was made.

White was a middleman who got a \$2 million fee for a state pension-fund investment, according to the state comptroller. He was subpoenaed as an unlicensed placement agent for the pension fund in May 2009 and his \$1,000 donation was returned, said a Cuomo official who asked not to be identified, declining to say when the refund occurred.

Four days after a Bloomberg reporter asked Cuomo's office about White's contribution, the New York Daily News, citing an unidentified source, reported Sept. 12 that Cuomo returned the gift "in recent weeks." Cuomo made no announcement.

Subpoenaed

The New York Times reported in 2007 that White had been subpoenaed, quoting him as saying he was cooperating with Cuomo's office on the pension-fund probe. [Barack Obama](#), while president-elect, considered making White secretary of the Navy, Newsweek reported in December, citing unidentified people.

[George Stamboulidis](#), White's attorney, declined to comment.

Cuomo's [campaign](#) office referred a call for comment to the attorney general's press office. A Cuomo spokesman who declined to be identified said the attorney general tells contributors to sign campaign forms, which state that donors don't have "any matter presently pending" before him. Money is refunded when an investigation of a donor is made public, he said. No action is taken beforehand so suspects aren't tipped off, he said.

Cuomo keeps "a wall" between his office and his campaign staff, not informing them of any confidential information about donors, such as a subpoena, the spokesman said.

Cuomo hasn't publicly earmarked his campaign fund, Andrew Cuomo 2010, for a specific office. By July it had raised \$10.1 million, according to state campaign records. New York newspapers have reported that Cuomo plans to run for governor. Asked about this, Bamberger said, "Cuomo plans to be the best attorney general he can."

Another Contribution

Cuomo also accepted \$10,000 on June 8, 2007, from [James Attwood Jr.](#), a managing director of the Washington-based Carlyle Group, the world's second largest private-equity firm. Carlyle agreed in May to pay \$20 million to [settle](#) its role in the attorney general's pension-fund probe after it paid \$13 million in placement fees to Searle & Co.

Greenwich, Connecticut-based Searle used Hank Morris, who helped Carlyle get \$730 million of state money to invest, according to Cuomo's settlement document with the firm.

Carlyle Group, along with Riverstone Holdings LLC, agreed in May to adopt the Cuomo code of conduct. Carlyle executives were cleared of any criminal liability. Attwood was not a subject of the investigation.

Attwood declined to comment, according to a Carlyle spokesman. Attwood's gift has not been returned, his spokesman said. Attwood, who did not have a say in the Carlyle settlement, gave Cuomo the money "on his personal behalf," said the spokesman, who asked not to be identified.

Asked about the contribution, Cuomo's spokesman said the contribution was made by Attwood, not Carlyle.

"At no time did Mr. Attwood have a matter pending before the Attorney General's office," Bamberger said in an e-mail.

The Hank Morris criminal case is People v. Morris, 00025/ 2009, New York state Supreme Court (Manhattan).

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