

Congress of the United States
Washington, DC 20515

May 17, 2018

Secretary Wilbur Ross
Department of Commerce
1401 Constitution Avenue N.W.
Washington D.C., 20230

Dear Secretary Ross,

We write to express our concern regarding President Donald Trump's recent and sudden policy reversal on China and its possible relation to a Chinese state-sponsored investment in a Trump Organization project in Indonesia.

On May 13, 2018, President Trump tweeted, "President Xi of China, and I, are working together to give massive Chinese phone company, ZTE, a way to get back into business, fast. Too many jobs in China lost. Commerce Department has been instructed to get it done!" It has also been reported that, 72-hours prior to the President's ZTE announcement, the Chinese government decided to extend a \$500 million loan to a state-owned Indonesian construction company building a theme park featuring Trump-branded hotels, golf courses, and residences.¹

The President's announcement came as a shock both to Congress and to Administration officials who have warned us for months to be wary of ZTE. The Chinese-owned telecommunications giant is believed to an arm of the Chinese intelligence apparatus.² Earlier this year, FBI Director Christopher Wray testified before the Senate that the FBI was "deeply concerned about the risks of allowing a company or entity that is beholden to foreign governments that don't share our values to gain positions of power inside our telecommunications networks."³ He reiterated his concerns this week in front of the Senate

¹ Jack Crowe, *China contributing \$500 million to Trump-linked project in Indonesia*, NAT'L REV., May 14, 2018.

² Deirdre Tynan, *Chinese telecoms may be spying on large numbers of foreign customers*, THE ATLANTIC, Feb. 16, 2012.

³ *Worldwide Threats Hearing: Hearing before the S. Select Comm. on Intelligence*, 115th Cong. (Feb. 2018) (statement of Christopher Wray, Director of the Fed. Bureau of Investigation) ("The capacity [of Huawei or ZTE] to exert pressure or control over our telecommunications infrastructure, it provides the capacity to maliciously modify or steals information and provides the capacity to conduct undetected espionage.").

Appropriations Committee.⁴ The nominee for the Director of the National Counterintelligence and Security Center reaffirmed this position when he testified this week before the Senate Intelligence Committee.⁵ The Department of Defense banned ZTE and Huawei produced phones, mobile internet modems, and other wireless products from sale on U.S. military bases because the devices “pose an unacceptable risk to Department’s personnel, information and mission.”⁶ In recent weeks, the Commerce Department penalized ZTE for violating sanctions against Iran and North Korea.⁷ The penalties included a ban on purchasing American components. ZTE then announced it would close its major operations in the United States.⁸

We were surprised to learn that President Trump wants the United States to save ZTE notwithstanding the warnings issued by his own Administration regarding ZTE’s potential threat to our nation’s security. The White House has struggled to explain this about-face in national security policy, which occurred days before trade negotiations with China resumed and, more troublingly, days after the Trump Organization received substantial financial support from the Chinese government.

According to reports, the Trump Organization will benefit from \$500 million in Chinese government loans and an additional \$500 million in financing from Chinese government banks specializing in overseas investment projects.⁹ The driving force behind the Trump Organization’s Indonesia-based project appears to be a Chinese state-owned construction firm—a subsidiary of Metallurgical Corporation of China—which has signed a deal with Indonesian firm MNC Land to create an “integrated lifestyle resort” called MNC Lido City.¹⁰ Trump Organization properties are the flagship features of the MNC Lido City project, including a Trump International Resort, Trump International Golf Club, and Trump Residences Lido.¹¹ Documents show that the Trump Organization and President Trump’s sons were directly

⁴ *Hearing to review the FY2019 Budget Request for the Federal Bureau of Investigation before the S. Comm. on Appropriations, Subcomm. on Commerce, Justice, Science, and Related Agencies*, 115 Cong. (May 2018) (statement of Christopher Wray, Director of the Fed. Bureau of Investigation).

⁵ *Nomination of William R. Evanina to be Director of National Counterintelligence and Security Center: Hearing before the S. Select. Comm. on Intelligence*, 115th Cong. (May 15, 2018) (Mr. Evanina, when questioned on ZTE stated he would never use a ZTE device nor would he recommend senior government officials to use them.); see also Martin Matishak, *Counterintelligence chief warns against using ZTE products*, POLITICO, May 15, 2018.

⁶ Hamza Shaban, *Pentagon tells U.S. military bases to stop selling ZTE, Huawei phones*, WASH. POST, May 2, 2018.

⁷ Damian Paletta et al., *Penalties against China telecom giant ZTE become a bargaining chip as White House, Chinese officials discuss potential trade deal*, WASH. POST, May 13, 2018.

⁸ David Meyer, *One of the world’s biggest phone firms is stopping operations because of a ban on buying U.S. parts*, FORTUNE, May 10, 2018 (“as a result of the U.S. ‘denial order, the major operating activities of the company have ceased’”).

⁹ S.V. Date, *Trump orders help for Chinese phone-maker after China approves money for Trump project*, Huffington Post, May 14, 2018.

¹⁰ Ben Dooley & Albee Zhang, *Trump Indonesia project is latest stop on China’s Belt and Road*, AGENCE FRANCE-PRESSE, May 11, 2018 (updated May 15, 2018).

¹¹ *Id.* See also MNC Land, *Annual Report 2017* (Apr. 6, 2018), <http://www.mncland.com/beta/en/investor-relations/annual-report/>.

involved in planning the project and the Trump Organization was paid almost \$3.7 million in licensing and consulting payments by MNC.¹²

These circumstances raise the specter that the Trump Organization may have leveraged the Office of the President and the diplomatic relationship between the United States and China to advance the company's private interests in Indonesia and elsewhere. We note that President Trump never divested his holdings in the Trump Organization, and that the company continues to be managed by members of the President's family. Any use of public office for private gain may violate both federal law and ethics regulations,¹³ and would certainly merit further investigation.

MNC's 2017 Annual Report highlights the importance of the Lido City project's association with President Trump's brand. The project is described as "an exclusive community bearing the prestigious Trump name synonymous with quality and luxury" and "a collaboration between MNC Land and Trump Hotel Collection to deliver the first resort in Asia bearing the Trump brand."¹⁴

In light of these concerns, we respectfully request you provide, in a timely manner and in any event no later than June 14, 2018, answers and supporting documentation to the following questions:

- Has the Commerce Department communicated with the President of China or any other political figures in China, with regards to Trump Organization projects in Indonesia or China, including MNC Lido City and MNC Bali Resort? If so please provide copies or describe the nature and context of any such communications.
- Has the Commerce Department communicated with the President of China or any other political figures in China, with regards to any other of the Trump Organization's overseas projects? If so please provide copies or describe the nature and context of any such communications.
- Has the Commerce Department communicated with the President of Indonesia or any other political figures in Indonesia, with regards to Trump Organization projects in Indonesia, including MNC Lido City and MNC Bali Resort? If so please provide copies or describe the nature and context of any such communications.
- Has the Trump Organization, any individual or organization representing the Trump Organization, communicated with the Commerce Department since the funding for the MNC Lido City project was secured in May 2018? If so please provide copies or describe the nature and context of any such communications.

¹² *Id.*

¹³ See 18 U.S.C. § 208 and 5 C.F.R. § 2635.702.

¹⁴ MNC Land, Annual Report, pp. 31-33.

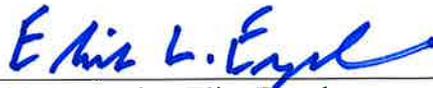
- Has the Trump Organization, any individual or organization representing the Trump Organization, communicated with the Commerce Department on matters related to MNC Lido City or MNC Bali Resort? If so please provide copies or describe the nature and context of any such communications.
- Has the President, any employee of the White House, or any official or unofficial adviser to the President communicated with any Commerce Department employee regarding MNC Lido City or MNC Bali Resort? If so please provide copies or describe the nature and context of any such communications.

We would appreciate your prompt attention to this matter.

Sincerely,



Ranking Member Jerrold Nadler
House Committee on the Judiciary



Ranking Member Eliot Engel
House Committee on Foreign Affairs

CC: Chairman Bob Goodlatte, House Committee on the Judiciary;
Chairman Ed Royce, House Committee on Foreign Affairs