

'Burdened by the Controversy'

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Richard Perle was not paid in his position as chairman of the Defense Policy Board. But for a while, it seemed to be paying off for him nonetheless.

A FEW WEEKS AGO, when the bankrupt telecommunications company Global Crossing went looking for a Washington insider who could help it gain government approval for its sale to an Asian conglomerate, it called on Perle. But the lucrative arrangement also attracted the scrutiny of lawmakers, some of whom said Perle ought to give up his post with the prestigious Pentagon advisory panel.

Late Thursday, he did.

In a letter of resignation addressed to Defense Secretary Donald Rumsfeld, Perle wrote: "With our nation at war and American troops risking their lives to protect our freedom and liberate Iraq, I am dismayed that your valuable time, and that of others in the Department of Defense and the administration, might be burdened by the controversy surrounding my chairmanship of the Defense Policy Board." He added: "You have my assurance that I have respected and abided by the rules that apply to the Defense Policy Board and other advisory boards." Perle also told Rumsfeld he would not to accept any compensation that might result from the Global Crossing-Hutchison deal, and said any fees for past service would be donated to the families of American forces killed or injured in Iraq.

Under his initial arrangement with Global Crossing, Perle was to be paid \$125,000 as a "strategic advisor" to the company's efforts to sell a 61.5 percent interest in itself for \$250 million to Hong Kong-based Hutchison Whampoa and Singapore Technologies Telemedia. Perle would have earned an additional \$600,000 upon completion of the deal.

Thursday evening, Perle also severed his relationship with the troubled telecommunications company. "In light of the recent controversy reported in the press, I think it best that I withdraw from performing any further services," Perle wrote in a letter to Chris Nash, senior vice president of corporate development at Global Crossing. "I believe most of my work on your behalf is complete."

Rumsfeld released a statement shortly after Perle resigned, thanking him for his two-years of service as "an excellent chairman." He made no mention of why Perle resigned but said that he had asked him to remain as a member of the board. "I have known Richard Perle for many years and know him to be a man of integrity and honor," he added.

Rumsfeld also made no mention of the letter submitted Monday by Rep. John Conyers Jr. of Michigan, the ranking Democrat on the House Judiciary Committee, to Pentagon Inspector General Joseph E. Schmitz requesting an examination of Perle's relationship with Global Crossing--as well as a number of other business dealings--for potential conflicts of interest.

On Thursday, Conyers called Perle's resignation "a small step in the right direction" but warned that he will continue to call for an investigation of Perle's other business relationships.

Perle serves on the board of directors of software developer Autonomy, which lists the U.S. Defense Department as a customer. He is also a managing partner of a new private venture-capital fund called Trireme Partners, which invests in companies that offer products or services related to national security.

In the past few days, a number of editorials across the country--from the Pittsburgh Post-Gazette to the New York Times--have urged Perle to give up either his post with the government or with Global Crossing. And Conyers has not been the only lawmaker to raise

concerns over Perle's business dealings. Rep. Jan Schakowsky of Illinois, the Democratic chief deputy whip, asked President Bush earlier this week to "reconsider" Perle's role on the Pentagon board. "No one is fooled as to why, as chair of the Defense Policy Board, he was hired by Global Crossing to lobby the Defense Department," she said. "What is even more disturbing is that Mr. Perle, an influential voice within the administration, is willing to represent a company seeking the approval of a sale that the Defense Department and the FBI have warned may threaten our national security."

Indeed, Global Crossing had withdrawn its initial proposal after the FBI and the Pentagon expressed national-security concerns about its plan to sell a controlling interest in the company to Hutchison Whampoa, which invests heavily in mainland China, and the Singapore telecom. Global Crossing is currently providing network services for the U.S. Defense Department and other government agencies. The company opted to revise its proposal on concerns that the Committee on Foreign Investment in the United States, a government group with representatives from the Defense Department and other agencies, which has the power to block the deal, would do so.

Global Crossing says it plans to proceed with plans for the sale to the Asian companies.