

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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May 1, 2018

The Honorable Trey Gowdy
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20301

Dear Mr. Chairman:

We are writing to respectfully request that you issue a subpoena to compel The Federal Savings Bank to produce documents it has been withholding from Congress relating to extremely troubling reports that its Chief Executive Officer (CEO), Steve Calk, may have made loans of up to \$16 million to President Donald Trump's campaign chairman, Paul Manafort, in exchange for promises to name him Secretary of the Army.

Background

This past February, multiple press outlets reported that the Bank provided up to \$16 million in loans to Mr. Manafort "as part of a quid pro quo arrangement to secure Mr. Calk a job in Mr. Trump's Administration."¹ According to one report:

The first loan from Calk's bank to Manafort came in December 2016, when a limited liability company connected to Manafort obtained a \$9.5 million loan. A month later, the bank provided two more loans, totaling \$6.5 million, to Manafort and his wife. The loans represented about 23.5 percent of the institution's total capital.²

¹ *Mueller Examines Manafort Loans*, Wall Street Journal (Feb. 21, 2018) (online at www.wsj.com/articles/mueller-examines-manafort-loans-1519259125); *see also Mueller Asking if Manafort Promised Banker White House Job In Return For Loans*, NBC News (Feb. 21, 2018) (online at www.nbcnews.com/politics/donald-trump/mueller-asking-if-manafort-promised-banker-white-house-job-return-n849916); *Paul Manafort Got \$16 Million in Loans After the Election. Mueller Finds That Very Interesting*, Vox (Feb. 21, 2018) (online at www.vox.com/policy-and-politics/2018/2/21/17036634/paul-manafort-sealed-charges).

² *Behind Manafort's Loans, a Chopper Pilot Who Flew Into Trump's Orbit*, Bloomberg (July 25, 2017) (online at www.bloomberg.com/news/articles/2017-07-25/behind-manafort-s-loans-chopper-pilot-who-flew-into-trump-orbit). *See also Banker's Divorce Could Expose Role in Manafort Trump Scandal*, The Rachel Maddow Show, MSNBC (Feb. 26, 2018) (online at www.msnbc.com/rachel-maddow/watch/banker-s-divorce-could-expose-role-in-manafort-trump-scandal-1171278915960) ("about a quarter of the total assets that bank had available to loan").

According to these reports, between late 2016 and early 2017, “Mr. Calk was placing calls to the Pentagon and specifically to Army headquarters, asking for briefings to obtain information and prepare himself for a possible job.” According to these reports, “Mr. Calk’s overtures raised questions among military leaders as to how to respond.”³

In August 2016, before the Bank made these loans to Mr. Manafort, President Trump named Mr. Calk to his campaign’s economic advisory panel. According to press reports, at that time:

Calk, 52, was an unknown compared with other members of the Trump campaign’s initial 13-man economic council—[Howard] Lorber, Thomas Barrack of Colony NorthStar and current Treasury Secretary Steven Mnuchin among them. Exactly how he was chosen for the council remains unclear.⁴

A spokesman for Mr. Manafort, Jason Maloni, has defended these loans, stating: “Paul Manafort’s loan from Federal Savings Bank is an arms-length transaction and sufficiently over-collateralized. Surely the loan represents a fraction of the bank’s total loan book, but that is a question for the bank and its loan committee.”⁵

New Information from Department of Defense

On February 27, 2018, we sent a letter to the Department of Defense (DOD) requesting documents and information relating to these reports, including communications with or regarding Mr. Calk, Paul Manafort, Rick Gates, or other individuals affiliated or connected with President Trump’s campaign.⁶

On April 2, 2018, Robert R. Hood, the Assistant Secretary of Defense for Legislative Affairs, sent a letter in response to our request that provided two key facts:

³ See *Mueller Asking if Manafort Promised Banker White House Job In Return For Loans*, NBC News (Feb. 21, 2018) (online at www.nbcnews.com/politics/donald-trump/mueller-asking-if-manafort-promised-banker-white-house-job-return-n849916); See also *Paul Manafort Got \$16 Million in Loans After the Election. Mueller Finds That Very Interesting*, Vox (Feb. 21, 2018) (online at www.vox.com/policy-and-politics/2018/2/21/17036634/paul-manafort-sealed-charges).

⁴ *Trump Unveils All-Male Economic Advisory Team*, Politico (Aug. 5, 2016) (online at www.politico.com/story/2016/08/trump-economic-advisory-team-226709).

⁵ *Behind Manafort’s Loans, a Chopper Pilot Who Flew Into Trump’s Orbit*, Bloomberg (July 25, 2017) (online at www.bloomberg.com/news/articles/2017-07-25/behind-manafort-s-loans-chopper-pilot-who-flew-into-trump-orbit).

⁶ Letter from Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, and Ranking Member Stephen F. Lynch, Subcommittee on National Security, House Committee on Oversight and Government Reform, to Secretary James N. Mattis, Department of Defense (Feb. 27, 2018) (online at <https://democrats-oversight.house.gov/news/press-releases/top-dems-request-info-from-pentagon-on-reports-that-manafort-promised-army>).

- First, DOD reported that, eight days after the President's election, the Army's Chief of Staff "had the opportunity to engage Mr. Calk on November 16, 2016, when he provided remarks at a Business Executives for National Security (BENS) luncheon in Chicago."
- Second, DOD reported that "Army administrative personnel recall receiving a telephone call from Mr. Calk sometime in November of 2016 regarding the confirmation process in general."⁷

DOD's letter, however, did not explain why Mr. Calk was inquiring about the confirmation process. DOD's response was also limited in that it apparently focused only on Mr. Calk's communications with the Department of the Army, rather than all DOD elements. For example, the letter stated that "the Army was not involved in any personnel decisions regarding Mr. Calk, and did not engage in any communications regarding Mr. Calk with Paul Manafort, Rick Gates, or other individuals affiliated with President Trump's campaign."⁸

The information DOD provided appears to have confirmed at least part of the underlying allegation, which is that Mr. Calk was actively inquiring with the Pentagon within days of the presidential election about a high-level position that would have required the advice and consent of the Senate.

Request for Documents from The Federal Savings Bank

On April 12, 2018, we requested information directly from the Bank about why its CEO, Mr. Calk, was seeking this information and whether his actions were related to a *quid pro quo* with President Trump's campaign chairman, Mr. Manafort. Our letter requested that the Bank produce the following documents:

- (1) all communications between Mr. Calk or anyone on his behalf and Paul Manafort, Rick Gates, or any other individuals affiliated or connected with staff for President Trump's campaign;
- (2) all communications between Mr. Calk and officials with the Trump Campaign, the Trump Transition Team, and the Department of Defense or any of its components; and
- (3) all loans discussed, applied for, reviewed, or granted to Mr. Manafort by The Federal Savings Bank, including all related loan documents and attachments, as

⁷ Letter from Robert R. Hood, Assistant Secretary of Defense, Legislative Affairs, Department of Defense, to Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform (Apr. 2, 2018) (online at <https://democrats-oversight.house.gov/sites/democrats.oversight.house.gov/files/DOD.040218.Response%20to%20EEC%20Lynch%20re%20Stephen%20Calk.pdf>).

⁸ *Id.*

well as all communications about these loans within The Federal Savings Bank and with any third parties.⁹

On April 26, 2018, the Bank responded with a one-page letter arguing that the “news media speculation is false.” The Bank produced only a single document—a copy of the already public Special Counsel’s Superseding Indictment against Mr. Manafort—and argued that it “demonstrates that the Bank was a victim of Manafort’s fraudulent conduct.”¹⁰ However, the Bank did not produce any of the documents or information we requested.

For all of these reasons, we respectfully request that you issue a subpoena compelling The Federal Savings Bank to produce, by May 15, 2018, all of the documents we requested in our letter on April 12, 2018. If you decide not to issue this subpoena yourself, then we ask that you place this matter on the agenda for our next regularly scheduled business meeting so all Committee members will have the opportunity to vote on a motion for this subpoena.

Thank you for consideration of this request.

Sincerely,



Elijah E. Cummings
Ranking Member



Stephen F. Lynch
Ranking Member
Subcommittee on National Security

cc: The Honorable Ron DeSantis, Chairman
Subcommittee on National Security

⁹ Letter from Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, and Ranking Member Stephen F. Lynch, Subcommittee on National Security, House Committee on Oversight and Government Reform, to Steve Calk, Chief Executive Officer, The Federal Savings Bank (Apr. 12, 2018) (online at <https://democrats-oversight.house.gov/news/press-releases/pentagon-confirms-banker-who-gave-manafort-loans-inquired-about-position-with>).

¹⁰ Letter from Ryan T. Murphy, Compliance Manager and In-House Counsel, The Federal Savings Bank, to Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, and Ranking Member Stephen F. Lynch, Subcommittee on National Security, House Committee on Oversight and Government Reform (Apr. 26, 2018) (online at <https://democrats-oversight.house.gov/sites/democrats.oversight.house.gov/files/TFSB%20Response%20to%20Committee%20on%20Oversight.pdf>).