

May 31, 2018

Dear Chairman Johnson, Ranking Member McCaskill, Chairman Gowdy and Ranking Member Cummings:

On behalf of Common Cause's 1.1 million members around the country, we strongly urge your committees to uphold your oversight responsibility and investigate the current Administration's interactions with ZTE and Chinese government officials. The details of the negotiations potentially involve cronyism, nepotism, abuses of power, and conflicts of interest. We hope you will hold public hearings and ask tough questions of key individuals involved in these negotiations because the American people deserve the highest level of transparency from their government.

Shenzhen-based ZTE had breached the terms of a 2017 settlement with the U.S. government when the company paid bonuses to employees who had illegally sold equipment to Iran, failed to issue letters of reprimand to those employees, and then lied about it to U.S. authorities.<sup>1</sup> In response, the Department of Commerce activated a seven-year ban on any American companies doing business with ZTE, which faced a financial crisis estimated to have cost the company at least 20 billion yuan (\$3.1 billion USD) as a result of the ban. Trade negotiations with China have focused heavily on finding an agreement that would include lifting the ban on ZTE, which buys a significant portion of its materials from the United States.<sup>2</sup> On May 25<sup>th</sup>, the Trump administration announced a tentative deal to remove the ban and impose other measures in its place.<sup>3</sup>

Also in May, China awarded Ivanka Trump seven new trademarks across a broad collection of businesses, including books, housewares and cushions. These trademark announcements came in the days immediately surrounding President Trump's statement about pursuing a deal to dissolve the ban on ZTE. Critical questions concerning the negotiation of these deals remain unanswered, including:

- Were the trademarks granted to Ivanka Trump's business a direct part of the negotiations with China? Their timing raises significant concerns about conflicts of interest that exist when a business is based on the value of a brand name that is still inherently connected to an individual who wields political power and influence.
- To what degree was President Trump personally involved in these deals?
- If President Trump wasn't directly involved in these negotiations, did he order anyone to establish certain parameters for the deal, such as the Chinese government granting trademarks for his daughter's business?
- Have ZTE and the Chinese government lobbied the Administration about the deal? Have they legally registered under the Foreign Agents Registration Act (FARA)?

Americans expect and deserve the highest levels of transparency and accountability from their public officials. To help set the record straight, we respectfully ask you to hold oversight hearings to investigate the Administration's interactions with ZTE and the Chinese government to determine if there were any laws and/or regulations that were broken. We hope you will put country over party and begin prompt oversight of these deals.

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<sup>1</sup> Tao, Li, "ZTE sidelines two more senior executives amid U.S.-China negotiations on export ban," *Politico*, May 29, 2018, <https://www.politico.com/story/2018/05/29/zte-china-export-ban-574215>.

<sup>2</sup> *Ibid*

<sup>3</sup> Mattingly, Phil, "Trump administration has briefed Congress on tentative deal with China's ZTE," *CNN*, May 25, 2018, <https://www.cnn.com/2018/05/25/politics/trump-administration-deal-with-congress/index.html?iid=EL>.



Sincerely,



Karen Hobert Flynn  
President  
Common Cause

cc: All Members of the House Oversight and Government Reform Committee and the Senate Homeland Security and Governmental Affairs Committee

*Since 1970, [Common Cause](#) has been working to hold power accountable through lobbying, litigation, and organizing. Our non-partisan, pro-democracy work has helped pass dozens of reforms at the federal, state, and local levels. We now have more than one million members around the country who are working to strengthen our democracy.*

