



~~4. In the course of its business activities, Hasbro is regulated by the Consumer Product Safety Commission, the Federal Trade Commission, the Federal Communications Commission, and other federal government agencies.~~

5. In early 1991, Hasbro made a \$15,000 donation of non-federal dollars, also known as "soft money," to the Republican National State Elections Committee. I believe this donation may have been made at the request of the late Senator John Chaffee in connection with the Alfalfa Club Dinner that year.

6. Since the above 1991 donation, Hasbro has made no soft money donations, and Hasbro does not have a political action committee. This is the result of a corporate policy. As long as I am running the company, Hasbro will try to avoid being in the position of asking for or owing political favors. In other words, we would rather be judged by our corporate social responsibility than be judged by our corporate largesse in the political arena. Similarly, although I do communicate with federal officeholders on social issues, especially those involving the welfare of children, Hasbro does not regularly lobby the government on business issues.

7. I have received telephone solicitations from Members of the United States Congress seeking donations to party committees. I have also received numerous mail solicitations from federal candidates, and solicitations from party committees both by telephone and in the mail.

8. From 1991 through the present, I have contributed approximately \$64,000 in federal dollars, also known as "hard money," on my own behalf to Democratic and Republican national political party committees, federal candidates, and political action committees. These included contributions to the Democratic National Committee ("DNC"), the Democratic Senatorial Campaign Committee, the Democratic Congressional Dinner Committee, the Republican

~~National Committee, the National Republican Senatorial Committee, and the National~~  
Republican Congressional Committee.

9. In 1992, when I told the Democratic Party that I wanted to support then-Governor Bill Clinton's presidential campaign, they suggested that I make a \$20,000 hard money contribution to the DNC, which I did. The Democratic Party then made clear to me that although there was a limit to how much hard money I could contribute, I could still help with Clinton's presidential campaign by contributing to state Democratic committees. There appeared to be little difference between contributing directly to a candidate and making a donation to the party. Accordingly, at the request of the DNC, I also made donations on my own behalf to state Democratic committees outside of my home state of Rhode Island. These included a \$5,000 contribution to the Kentucky Democratic Central Executive Committee, which I understand was hard money, and two \$5,000 donations, one each to the West Virginia and Montana state Democratic parties, which I understand were soft money. Through my contributions to the political parties, I was able to give more money to further Clinton's candidacy than I was able to give directly to his campaign.

10. I made the donations described in Paragraph 9 in 1992 in order to support the agenda of the Democratic Party at that time, in the context of the 1992 Clinton Presidential campaign. However, although I did make donations in response to the requests described above, it was a rude awakening for me. It did not seem logical to me that, after I had expressed interest in providing a certain level of support to a national party, I would be requested to channel large portions of that support to state parties with which I had little connection or familiarity. I could not even be sure these parties would spend the money on issues I support. After making these donations, I stopped making soft money donations to the national parties. I have also declined

~~recent political solicitations, some of which have noted that this is the last year I can give big~~  
dollars to the DNC.

11. I have donated to both Democratic and Republican parties because Rhode Island is a small state, and I have been fairly close with Members of Congress of both parties here.

12. I have attended party functions in the 1990's at which federal candidates and officeholders were present. I believe I may have attended some of these because of my personal connections with someone being honored at the event. I can recall one such event in Washington, DC at which perhaps 100 to 150 donors and a number of different Members of Congress were present.

13. Based on my observations, these events involve meeting and mingling with Members while dining, having cocktails and so forth. Many donors attend in order to network, and to obtain access to and build relationships with decision makers in Congress. This activity can take various forms, from the exchange of business cards to actually discussing issues with Members. In fact, when given the opportunity, some donors try to pigeonhole or corner Members, in a less than diplomatic way, to discuss their issues at these events. Many donate and attend these events because they feel it will benefit their businesses, and I believe they can benefit. I did not personally take advantage of this opportunity to benefit Hasbro because I did not feel comfortable doing so. For their part, some Members who are up for re-election use these events to seek support from some of the more generous party donors.

14. In December, 1992, I attended a dinner in Little Rock, Arkansas, with President-elect Bill Clinton and, as I recall, members of his transition team and future cabinet. I also ~~remember attending a White House "movie night" with the President, which included dinner.~~  
Although I wish I could say that I was invited to these events because I was the maker of G.I. Joe,

~~there is no doubt in my mind that I would not have been invited but for being a major donor to~~ the DNC and Democratic state parties during President Clinton's 1992 campaign. After the 1992 elections, I ceased making donations to the national Democratic party. Not coincidentally, I was no longer invited to intimate White House gatherings.

15. Based on my observations, many donors feel that, whether they actually discuss particular business issues with federal decision makers at these events or merely enhance their ability to do so later, being seen as a generous supporter of the party gives them access not available to those who do not donate. Donors know that if they give \$100,000 in soft money to the Republicans or \$100,000 to the Democrats, that will entitle them to some type of access. They are not concerned with how that money is used. Instead, many are concerned with access, which they feel allows them to make their cases to federal decision makers and even to influence legislation.

16. Many in the corporate world view large soft money donations as a cost of doing business, and frankly, a good investment relative to the potential economic benefit to their business. In fact, although there is increasing resistance in the business community as access becomes more and more expensive, I remain convinced that in some of the more publicized cases, federal officeholders actually appear to have sold themselves and the party cheaply. They could have gotten even more money, because of the potential importance of their decisions to the affected businesses.

17. I have observed a similar situation in Rhode Island state politics. For example, people who want building contracts tend to give as much as they can to those in the state legislature. ~~Even if they do not gain the level of access they would like, at least they get name~~ recognition.

~~18. Although many corporate donors seek access to federal officeholders on the basis~~  
of party donations in order to try to influence policy, I do not blame specific donors or political figures for this situation. Rather, in my view the current system encourages people to act in this way.

19. Based on my observations and considering some of the more publicized situations involving amounts on the order of \$100,000, it is obvious to me that large soft money donations do buy access, that they can influence federal policy, and that they are corrupting to federal officeholders and to donors. Additionally, these unlimited donations to political parties pose a far greater risk than do hard money contributions to candidates of at least the appearance, if not the reality, of special interest influence on federal policy. I also believe this kind of system discourages creative political campaigns and weakens grass roots political activity. It places officeholders in what amounts to a perpetual campaign. It is not the way we should be doing business. Therefore, I believe soft money should be subject to tighter controls.

20. The current system of soft money donations has a negative effect on my perception of our elected federal officials, and I believe, on the public's perceptions. This view is based in part on my experience as a member of the Dean's Council at the Kennedy School of Government at Harvard University, where we have discussed studies demonstrating the negative attitudes that people have towards politicians today. It is also based in part on my experience in the early 1990's in running the Right Now Coalition, a broad-based coalition of groups which mobilized grass roots support for reforming elements of Rhode Island's electoral and campaign finance system, and ultimately succeeded in achieving what I feel is meaningful reform of that system.

~~21. There is a growing sentiment in the business community that the current system of~~  
soft money fundraising should be subject to greater controls because it creates an appearance of

~~corruption. I think this trend is partially due to a perception that it is getting more and more~~  
expensive to participate in this system, almost like a nuclear escalation. The costs are now spiraling out of control.

22. I am a member of the Business Advisory Council of the Campaign Reform Project, a group of business leaders who seek reform of the current federal campaign finance system, particularly through placing limits on soft money. This Project was founded by Jerome Kohlberg, and includes other prominent business leaders such as Warren Buffett. Through my involvement in both the Campaign Reform Project and the Right Now Coalition, I have had numerous discussions with other corporate executives about the many problems of the current campaign system and the need for reform. In fact, I was one of the hundreds of prominent business leaders and educators who endorsed the Committee for Economic Development's Business Proposal for Campaign Finance Reform.

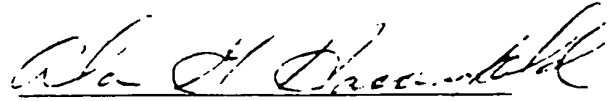
23. Although I know some business leaders, such as Mr. Kohlberg and Mr. Buffett, who are vocal and passionate about the need for campaign reform, other business leaders fear that if they sign on to campaign finance reform, they will be hurt. I do not judge these business leaders or cast aspersions, because I know the current system puts them in a very difficult position. I think companies in some industries have reason to believe that, because their activities are so closely linked with federal government actions, they must participate in the soft money system in order to succeed. In general, I believe that corporate leaders who feel that their companies are less likely to be directly affected by the actions of federal officeholders are more open to this discussion, and more willing to speak publicly about soft money, because they feel they have less to fear in terms of negative effects on their business interests.

~~24.~~ It is obvious that companies today are pressured to donate soft money and that they receive access for their donations. A good example of this is the situation involving the energy industry, in which there were shenanigans resulting in the restatement of the books. All the contributions these companies have given, including soft money, have created a cozy relationship—or at least too much appearance of a cozy relationship—with elected officials. Based on all the contributions the energy companies have given, including to political parties, you have to wonder if these contributions have purchased too much access and influence over federal policy, or whether their contributions allowed them to escape vigorous federal oversight of their financial activities.

25. I believe that Hasbro, though regulated like any major corporation, may have less to lose than companies more directly affected by federal activity, such as those involved in national defense or tobacco products. Frankly, I am not sure what I would do if I were manufacturing actual F-16 aircraft for the government, rather than toy F-16's for Hasbro's G. I. Joe toys. I suppose Hasbro could have obtained some benefit on certain issues, such as tax issues, if it had sought and utilized better access to federal officeholders through large soft money donations. However, we do not wish to place ourselves in the position of being beholden to others or having them be beholden to us. We want to play the game in the middle, and we try to be "straight up" corporate citizens.



~~26.~~ Pursuant to 28 U.S.C. 1746, I declare under penalty of perjury that the foregoing is true and correct.



Alan G. Hassenfeld

Executed on September 4<sup>th</sup>, 2002.