

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SENATOR MITCH McCONNELL, et al.,

Plaintiffs,

v.

FEDERAL ELECTION COMMISSION, et al.,

Defendants.

Civil Action No. 02-0582 (CKK, KLH, RJL)

CONSOLIDATED ACTIONS

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FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

DECLARATION OF ARNOLD HIATT

1. My name is Arnold Hiatt.
2. In the early 1960's, I started a company called Blue Star. Blue Star was subsequently acquired by the Stride Rite Corporation, and that led to my becoming President and Chief Executive Officer of Stride Rite in 1970. Stride Rite manufactured footwear under the brand names Keds, Sperry Top-Sider, and Stride Rite.
3. I stepped down from my position as head of Stride Rite in 1992 and since that time I have been Chairman of the Stride Rite Foundation, which I had started during my time at the company. The Foundation helps children living in the inner city and continues other charitable programs that were started during my tenure as head of Stride Rite.
4. I have been involved in a number of other corporate and civic activities. For example, I served on the board of directors of Cabot Corporation until recently. I am currently a member of the board of directors of the Dreyfus Corporation. I've served on the boards of

~~Harvard and Northeastern Universities.~~ I was one of the founders of Business for Social Responsibility in 1992 and I have been the chair since 1995. This organization was designed to help companies improve their financial performance by being more responsive to constituencies other than their stockholders, including their workers, their communities and the environment. The organization has grown from a handful of companies to now over 1,400 companies, including a number of major public corporations. I have donated money to Public Campaign, a non-profit organization dedicated to passing full public financing laws, also called clean elections laws, at the state level. I have been involved with Public Campaign for four or five years and am now a member of its advisory board.

5. For a number of years, I engaged in substantial political spending. From the 1992 election cycle through 1997, I donated approximately \$60,000 in federal funds ("hard money"), mostly to federal candidates, with a few contributions to federal political action committees ("PACs"). In October of 1996, I gave a \$500,000 non-federal ("soft money") donation to the Democratic National Committee ("DNC"). In February of 2001, I made a \$5000 hard money donation to the League of Conservation Voters' PAC, and I believe that is the only hard money donation I have given since 1997.

6. I regularly receive solicitations from both Republicans and Democrats. I have received all the varying types of solicitations for political contributions, including phone calls from candidates' campaign staff, phone calls from political party officials, invitations to exclusive events with candidates or office-holders, and personal phone calls from the candidates themselves.

7. All my political giving has been individual giving. I don't believe in spending corporate treasury money politically. During my time as CEO of Stride Rite, Stride Rite did not make any soft money donations.

8. My \$500,000 soft money donation to the DNC was one of the largest donations, if not the largest donation, during the 1996 election cycle. I gave the money to support federal candidates that were opposed to that very type of soft money donation. In other words, I made a soft money donation in order to do away with soft money. I believed then, and still believe today, that money in politics has really undermined the democratic process. I believed there were many people in the U.S. House of Representatives and Senate who were not representing their own constituents and instead representing wealthy special interests, and my donation was intended to help defeat them.

9. As a result of my \$500,000 soft money donation to the DNC, I was offered the chance to attend events with the President, including events at the White House, a number of times. I was offered special access as a result of the contributions I had made, though I generally never took advantage of that access. One event that I did attend was a dinner at the Mayflower Hotel in Washington, D.C. in approximately March 1997 with President Clinton and Vice-President Gore. The dinner was for the largest donors to the DNC, about thirty people. I did not plan on attending but I went because several people urged me to use the occasion to speak in favor of campaign finance reform. I used the opportunity to talk to the President about how the campaign finance system in this country had become a crisis, and argued that the crisis provided an opportunity for the President to provide some leadership. I don't think that we got the leadership I was seeking on the campaign finance issue, but I did get the chance to make a personal pitch to the President as a result of my donation.

10. Ever since I made that large donation to the DNC, I have received calls from federal candidates all over the country seeking donations. Almost all of their requests have fallen on deaf ears. It was my intention to never contribute to candidate campaigns again after the '96 election. With the advent of large soft money contributions, there has been a dramatic escalation of funding that has escalated into a feeding frenzy for money and an "arms race" where each side tried to raise more than the other, becoming obligated to special interests along the way. Instead, I decided to reserve my political giving to supporting campaign finance reform. Except for a few small contributions in 1997, I did not make any more donations to candidates or political parties after the '96 election.

11. Soft money is different from hard money in that it can be raised in much larger amounts. Soft money comes from a smaller set of wealthier donors representing special interests and is less democratic than hard money. Large soft money donors give in order to have access and gain influence. If they get access that means the people who don't give money get less access. Based on my observations, the political parties use the soft money to try to influence federal elections.

12. People give soft money donations to both parties because they want to make sure they have access regardless of who's in the White House, filling the Senate seat, or representing the Congressional district. They need to have the access either way in order to serve their own business interests, frequently at the expense of the interests of the true constituents of the elected

~~official.~~

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



Arnold Hiatt

Executed on this 21 day of August, 2002