

TO: The President-Elect

FROM: Greg Craig

DATE: December 23, 2008

SUBJECT: Transition Staff Contacts with the Governor's Office

At your direction, I arranged for transition staff to provide accounts of any contacts that you or they may have had with Governor Blagojevich or his office in which the subject of your successor came up.

The accounts support your statement on December 11, 2008 that you "have never spoken to the Governor on this subject [or] about these issues," and that you "had no contact with the Governor's office." In addition, the accounts contain no indication of inappropriate discussions with the Governor or anyone from his office about a "deal" or a quid pro quo arrangement in which he would receive a personal benefit in return for any specific appointment to fill the vacancy.

One member of the transition staff, Rahm Emanuel, did have contacts of the type covered by your request. I discuss the nature of those contacts in the *attached* report. David Axelrod and Valerie Jarrett, two other individuals on the transition staff, did not have any contacts with the Governor or his office but are included in the report to address questions raised by the press.

These accounts were communicated to the Office of the United States Attorney in interviews that were conducted last week. At the request of the Office, we delayed the release of this report until such time as the interviews could be completed. The interviews took place over a period of three days: Thursday, December 18, 2008 (the President-Elect); December 19, 2008 (Valerie Jarrett); and December 20, 2008 (Rahm Emanuel).

One other individual, Dr. Eric Whitaker, a family friend, was approached and asked for information by a member of the Governor's circle. I have included an account of this contact even though Dr. Whitaker is not a member of the transition staff.

Report to the President-Elect

On December 11, 2008, the President-Elect asked the White House Counsel-designate to determine whether there had been any staff contacts or communications – and the nature of any such contacts of communications – between the transition and Governor Blagojevich and his office relating to the selection of the President-Elect’s successor in the United States Senate. The results of that review are as follows:

The President-Elect

The President-Elect had no contact or communication with Governor Blagojevich or members of his staff about the Senate seat. In various conversations with transition staff and others, the President-Elect expressed his preference that Valerie Jarrett work with him in the White House. He also stated that he would neither stand in her way if she wanted to pursue the Senate seat nor actively seek to have her or any other particular candidate appointed to the vacancy.

After Ms. Jarrett decided on November 9, 2008 to withdraw her name from consideration as a possible replacement for him in the Senate and to accept the White House job, the President-Elect discussed other qualified candidates with David Axelrod and Rahm Emanuel. Those candidates included Representatives Jan Schakowsky and Jesse Jackson, Jr., Dan Hynes and Tammy Duckworth. The President-Elect understood that Rahm Emanuel would relay these names to the Governor’s office as additions to the pool of qualified candidates who might already be under consideration. Mr. Emanuel subsequently confirmed to the President that he had in fact relayed these names. At no time in the discussion of the Senate seat or of possible replacements did the President-Elect hear of a suggestion that the Governor expected a personal benefit in return for making this appointment to the Senate.

Rahm Emanuel

Mr. Emanuel had one or two telephone calls with Governor Blagojevich. Those conversations occurred between November 6 and November 8, 2008. Soon after he decided to accept the President-Elect’s offer to serve as Chief of Staff in the White House, Mr. Emanuel placed a call to the Governor to give him a heads up that he was taking the Chief of Staff’s position in the White House, and to advise him that he would be resigning his seat in the House of Representatives. They spoke about Mr. Emanuel’s House seat, when he would be resigning and potential candidates to replace him. He also had a brief discussion with the Governor about the Senate seat and the merits of various people whom the Governor might consider. Mr. Emanuel and the Governor did not discuss a cabinet position, 501c(4), a private sector position for the Governor or any other personal benefit for the Governor.

In those early conversations with the Governor, Mr. Emanuel recommended Valarie Jarrett because he knew she was interested in the seat. He did so before learning -- in further conversations with the President-Elect -- that the President-Elect had ruled out communicating a preference for any one candidate. As noted above, the President-Elect believed it appropriate to provide the names of multiple candidates to be considered, along with others, who were qualified to hold the seat and able to retain it in a future election. The following week, Mr. Emanuel learned that the President-Elect and Ms. Jarrett with the President's strong encouragement had decided that she would take a position in the White House.

Between the time that Mr. Emanuel decided to accept the position of Chief of Staff in the White House and December 8, 2008, Mr. Emanuel had about four telephone conversations with John Harris, Chief of Staff to the Governor, on the subject of the Senate seat. In these conversations, Mr. Emanuel and Mr. Harris discussed the merits of potential candidates and the strategic benefit that each candidate would bring to the Senate seat. After Ms. Jarrett removed herself from consideration, Mr. Emanuel -- with the authorization of the President-Elect -- gave Mr. Harris the names of four individuals whom the President-Elect considered to be highly qualified: Dan Hynes, Tammy Duckworth, Congresswoman Schakowsky and Congressman Jesse Jackson, Jr. In later telephone conversations, Mr. Emanuel -- also with the President-Elect's approval -- presented other names of qualified candidates to Mr. Harris including Attorney General Lisa Madigan and Ms. Cheryle Jackson. Mr. Harris did not make any effort to extract a personal benefit for the Governor in any of these conversations. There was no discussion of a cabinet position, of 501c(4), of a private sector position or of any other personal benefit to the Governor in exchange for the Senate appointment.

Although Mr. Emanuel recalls having conversations with the President-Elect, with David Axelrod and with Valerie Jarrett about who might possibly succeed the President-Elect in the Senate, there was no mention of efforts by the Governor or his staff to extract a personal benefit in return for filling the Senate vacancy.

Valerie Jarrett

Ms. Jarrett had no contact or communication with Governor Blagojevich, with his Chief of Staff, John Harris or with any other people from the Governor's office about a successor to replace the President-Elect in the United States Senate or how the decision should be made. Nor did she understand at any time prior to his arrest that the Governor was looking to receive some form of payment or personal benefit for the appointment. Her only contact with the Governor was at the Governor's Conference in Philadelphia on December 2, 2008, over three weeks after she had decided not to pursue the Senate seat and had accepted the President-Elect's offer to work in the White House. She had a brief conversation with him on that occasion. He wished her well.

On November 7, 2008 -- at a time when she was still a potential candidate for the Senate seat -- Ms. Jarrett spoke with Mr. Tom Balanoff, the head of the Illinois chapter of the Service Employees International Union (SEIU). Mr. Balanoff is not a member of the Governor's staff and did not purport to speak for the Governor on that occasion. But because the subject of the

Governor's interest in a cabinet appointment came up in that conversation, I am including a description of that meeting.

Mr. Balanoff told Ms. Jarrett that he had spoken to the Governor about the possibility of selecting Valerie Jarrett to replace the President-Elect. He told her that Lisa Madigan's name also came up.

Ms. Jarrett recalls that Mr. Balanoff also told her that the Governor had raised with him the question of whether the Governor might be considered as a possible candidate to head up the Department of Health and Human Services in the new administration. Mr. Balanoff told Ms. Jarrett that he told the Governor that it would never happen. Jarrett concurred.

Mr. Balanoff did not suggest that the Governor, in talking about HHS, was linking a position for himself in the Obama cabinet to the selection of the President-Elect's successor in the Senate, and Ms. Jarrett did not understand the conversation to suggest that the Governor wanted the cabinet seat as a quid pro quo for selecting any specific candidate to be the President-Elect's replacement. At no time did Balanoff say anything to her about offering Blagojevich a union position.

David Axelrod

Mr. Axelrod had no conversations with anyone outside the President-Elect's immediate circle about who should replace the President-Elect in the United States Senate. No one ever came to Mr. Axelrod to propose a deal involving the selection of a replacement, and nothing came up in any of his conversations with the President-Elect or the members of the President-Elect's immediate circle that suggested that the Governor was seeking some kind of quid pro quo for the appointment.

Mr. Axelrod recalls that, after the election, the President-Elect discussed – with Mr. Axelrod and Mr. Emanuel – a number of individuals who were highly qualified to take his place in the Senate. Mr. Axelrod was under the impression that the President-Elect would convey this information to the Governor or to someone from the Governor's office, which explains why Mr. Axelrod gave an inaccurate answer on this subject to questions from the press. He later learned that it was Mr. Emanuel who conveyed those names to the Governor's Chief of Staff, John Harris.

Dr. Eric Whitaker

Dr. Whitaker had no contacts or communications with either the Governor or his Chief of Staff, John Harris. He did have contact and communication with one individual purporting to act on behalf of the Governor.

In the period immediately following the election on November 4, 2008 – on either November 6, 7 or 8 – Deputy Governor Louanner Peters called him at his office and left a message. When he returned the call, Ms. Peters asked who spoke for the President-Elect with respect to the Senate

appointment. She explained that the Governor's office had heard from others with recommendations about the vacant seat. She stated that the Governor's office wanted to know who, if anyone, had the authority to speak for the President-Elect. Dr. Whitaker said he would find out.

The President-Elect told Dr. Whitaker that no one was authorized to speak for him on the matter. The President-Elect said that he had no interest in dictating the result of the selection process, and he would not do so, either directly or indirectly through staff or others. Dr. Whitaker relayed that information to Deputy Governor Peters.

Dr. Whitaker had no other contacts with anyone from the Governor's office.