

Equal-Opportunity Crisis

The G.O.P. hoped Global Crossing would be the Democrats' Enron. Now it's everybody's mess

By MICHAEL WEISSKOPF WASHINGTON

WHEN TELECOMMUNICATIONS GIANT Global Crossing sought bankruptcy protection last month, the messy corporate collapse had all the makings of a Democratic Enron. Republicans burned by the Enron debacle gleefully trumpeted the fact that Global Crossing had given more than half its \$800,000 in campaign contributions to the Democrats during the last presidential campaign. And the G.O.P. raised tantalizing questions about how Democratic Party chairman Terry McAuliffe had managed to make an \$18 million killing as an investor in Global Crossing stock.

But as details emerge about the Global Crossing affair, it promises to be as sticky for Republicans as for Democrats. Consider,

for example, the big score former President George Bush appears to have racked up with Global Crossing stock. Four years ago, for a speech to Global Crossing clients in Japan, the ex-President was given shares in the company in lieu of an \$80,000 fee.

The *Wall Street Journal* reported in 1999 that the stock was worth about \$14 million. At a recent White House reception, President George W. Bush spotted Global Crossing boss Gary Winnick in the crowd. Winnick has told friends that the President turned to the First Lady and said, "That's the guy who gave my father the stock." The elder Bush won't say whether or when he sold all or part of the stock, whose shares today are virtually worthless.

Bush and Winnick claim that they don't recall exactly what was said at the reception. But there is no forgetting the coziness of Global Crossing's co-chairman, Lodwick Cook, with the Bush family. A director of the elder Bush's presidential library, Cook gave the G.O.P. \$325,000 during

George W.'s 2000 race and has expanded his ties to Bush's Administration. Sources tell *TIME* that Cook met with Commerce Secretary Don Evans last June and brought up a bitter legacy of the Clinton years—the \$7.2 million fee Global Crossing had to pay for running its fiber-optic cables through a marine sanctuary off Washington State. In August, Evans' aides agreed to remove the

\$400 million job, but bureaucratic snafus forced the Pentagon to cancel it, a decision Cook protested to Stenbit.

Global Crossing also landed a prized seat on Evans' first foreign-trade mission, a journey to Russia in October featuring meetings with top local business and political leaders. Global was one of two telecommunications firms in a 14-member delegation chosen from 76 applicants. Within weeks of its selection, Global gave \$50,000 to the Republican National Committee. And two weeks after the trip, Global gave another \$50,000. Evans' spokesman said politics and money had nothing to do with choosing Global Crossing for the Russia trip or the decision to review the environmental fee.

Cook also denied any connection between access and political largesse.

Global Crossing's Democratic ties are just as extensive. Winnick has pledged \$1 million to Clinton's presidential library and hired several prominent Democratic lobbyists, including former Al Gore adviser Greg Simon and ex-Assistant Attorney General Anne Bingaman—wife of New Mexico Senator Jeff Bingaman.

Democratic Party chairman McAuliffe says his profits from Global Crossing stock were just the fruit of investing \$100,000, although, like the elder Bush, he was allowed to acquire stock before the company went public in 1998. Small

investors—as well as employees and creditors—caught in the firm's financial woes can only envy McAuliffe's sense of timing and that of Winnick and Cook, who together sold Global Crossing stock worth about \$750 million over the past 3½

years. The co-chairmen are very different. Cook is a graceful blueblood; Winnick is a

colorful native of New York's Long Island who is as lavish with his friends as he is with politicians. Two years ago, after downing hot dogs, hamburgers and french fries at a Beverly Hills deli, Winnick took his lunch partners—Cook and ex-Global CEO Tom Casey—to a foreign-car dealership, sources tell *TIME*. In roughly 30 minutes he bought a Rolls-Royce for Cook and an Aston Martin for Casey. Such generosity may be fine in the corporate world, but in the post-Enron era, politicians are finding that it comes at a price. ■



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Bush Sr. got stock; Cabinet aides of Dubya gave access

DEMOCRATS
With shares, McAuliffe earned a cool \$18 million

GENEROUS: Founder Winnick lavished big gifts on friends and politicians alike

fee temporarily while they reviewed the issue and gave Global a chance to argue for a lower price. No decision has been made.

The company's political ties have assured access to other top Bush officials. Cook tells *TIME* he met with Assistant Defense Secretary John Stenbit last October to ask that Global Crossing be included in contract rebidding to hook up U.S. defense scientists. Global won an earlier bid for the