1	IN THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF ILLINOIS SPRINGFIELD DIVISION
3	A
4	IN RE SPRINGFIELD GRAND) CASE NO. 15-MC-3005 JURY INVESTIGATION) SPRINGFIELD, ILLINOIS
5) SPRINGFIELD, ILLINOIS)
6	TRANSCRIPT OF PROCEEDINGS
7	BEFORE THE HONORABLE SUE MYERSCOUGH UNITED STATES DISTRICT JUDGE
8	OWITE SIGNATOR CODE
9	JULY 29, 2015
10	APPEARANCES:
11	FOR THE GOVERNMENT: TIMOTHY BASS
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24	OFFICIAL COURT REPORTER 600 E. MONROE
25	SPRINGFIELD, ILLINOIS (217)492-4810

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PROCEEDINGS 1 2 THE COURT: Good morning. Court is 3 reconvened. We have had a delay this morning and 4 the reason for the delay is what? 5 MR. BASS: Your Honor, I believe we have at 6 least a temporary resolution that would cause us to 7 8 request that we postpone this hearing and proceed no 9 further. 10 So if I could be heard on that, what I believe 11 is an agreement; subject to Mr. Terwilliger 12 concurring; then I would anticipate that we would 13 ask Your Honor to stay any further proceedings on 14 this pending that agreement. THE COURT: Do we have any witnesses who 15 16 are here from out of town who need to give testimony 17 today rather than you postponing? 18 MR. BASS: There are witnesses here: at 19 least one that has been subpoenaed by both sides. 20 But if, in fact, we do have an agreement that Your 21 Honor would accept, that would, I believe, moot any 22 need for further evidence or further testimony from 23 those witnesses. 24 THE COURT: All right. So is that with

your agreement, Mr. Terwilliger?

25

1 MR. TERWILLIGER: Assuming that the 2 agreement that Mr. Bass is about to talk about, we -- we agree on the record here; yes. I think 3 it's more efficient and a better solution to stop 4 5 taking the testimony at this point. And as Mr. Bass suggests, I think we both agree 6 7 that sort of suspending the hearing for the moment 8 pending the execution of this agreement as to part of this dispute would be a good idea. THE COURT: Well, let me go ahead then, 10 11 Ms. Haney is in the back with Mr. Coffield; you're 12 excused at this time. 13 MR. TERWILLIGER: Your Honor, I'm sorry. 14 THE COURT: I'm sorry. 15 MR. TERWILLIGER: Maybe we should wait to 16 make sure we have an agreement here before we excuse 17 her. 18 THE COURT: All right. 19 MR. TERWILLIGER: Thank you, Your Honor. 20 THE COURT: Mr. Bass. 21 MR. BASS: Your Honor, so the record is 22 clear, if you have Your Honor's order on page 29, 23 your June 25th order. 24 THE COURT: I've got it. 25 MR. BASS: You ordered that this hearing be held with respect to now campaign entity records; given your ruling yesterday morning; that he possesses, controls or holds in a representative capacity.

As you know, we -- the Government issued and executed a search warrant on the campaign office in Peoria. We have said and we are not -- that we are not seeking a re-production of the records from within the Peoria office. Just so it's clear, from within the Peoria office.

There are also campaign entity records that were subpoenaed from Mr. Kilgore's firm in Athens, Georgia, which is Professional Data Services. That was the same -- the same records were subpoenaed from that -- were separately subpoenaed from that entity.

And that -- as of -- that subpoena was issued in April for a May compliance date. There was an initial production of -- a partial production of those records in -- by June. There was -- it was -- it was identified through -- through Grand Jury information that there was not a complete production by PDS; for short; through Mr. Bopp, the attorney for Professional Data Services, and Mr. Kilgore. And there was a representation to the Government

that the remainder of the responsive records would be produced.

As of today, they have not been fully produced; although yesterday morning we received a -- by Fed Ex we received a hard drive of what have been told to us are responsive records. And we've been further advised by Mr. Bopp that the remaining records will be produced by next week.

So the point being, Your Honor, that there are responsive campaign entity records in the possession of PDS which the Government is obtaining from PDS.

And we anticipate that by next week, subject to confirmation, that they will have been produced with a privilege log of any records that were withheld.

That -- that leaves any campaign entity-related records; and when I say campaign entity-related records, I'm talking about the information that is sought in the subpoena to Mr. Schock personally and in the separate subpoenas to his congressional offices, Paragraphs 1, 2, and 3.

That leaves all such information, campaign related, that is set forth in Paragraphs 1, 2, and 3 of the original subpoenas that are in Mr. Schock's personal possession. Other than the records that are in the possession of his counsel that were

previously copied.

So with respect to the records that are remaining -- the records that are -- that were in Mr. Schock's personal possession, and for which the parties have now entered into a direct use immunity agreement, as evidenced by Government Exhibit B yesterday, for production -- direct use immunity agreement for production of those records; and the nature of the immunity is spelled out in the agreement; there has begun a production of those records as evidenced by that exhibit and Mr. Coleman's testimony.

So given that, I believe we have an agreement that within 30 days of today's date all other responsive records in Mr. Schock's possession will be produced.

And given -- and assuming that Mr. Terwilliger concurs that that is the agreement, we'd ask that you suspend this hearing until such time that the parties can further represent to the Court that the proceeding is moot or that we ask you for -- to further convene.

THE COURT: Mr. Terwilliger, is that your agreement?

MR. TERWILLIGER: Thank you, Your Honor.

First of all, thank you for indulging us this morning to talk for a few minutes. This just came up this morning when we got to court, so we appreciate the time.

I think it is, but I'm going to address just a couple of points for clarity and then make a suggestion that maybe it would be best to reduce this understanding to something in writing and submit it to the Court. But I think in principle we have -- we have agreement.

The one thing that Mr. Bass said that I think; not I think, I know; either he didn't intend to sound exactly like it sounded or maybe we're not on the same page.

And if I may, Your Honor, let me just go back one step. I think part of the confusion here has been about the use of the term, for our shorthand in these proceedings, of campaign records.

If you consider the -- the campaign entities that were in question, they as entities hold a body of records. We've not contested that those are not collected entities, as Your Honor mentioned yesterday.

Those original records are the records of those organizations. When those organizations got a

subpoena, what we did, or caused to happen, was for the person we believe and have maintained in this litigation is the lawful custodian of those records, to cause them to be copied and produced to the Government.

In the course of that entity's business, those entities' business over a period of time, copies of those records may be distributed in various places. Mr. Bass just made reference that copies would be distributed to PBS, Mr. Kilgore's organization that deals with FEC compliance. Copies may have gone to Mr. Schock, because obviously those campaigns and his political activities go hand-in-hand.

So some of the records that Mr. Coleman described yesterday that he saw in material that Mr. Schock has already produced could well have come from the campaign, be sent to the campaign, refer to the campaign, and so forth.

What we are -- we've already agreed to do and now we're putting a timeline on it; which is fine with us; is to produced those records that are described in the subpoena to Mr. Schock that was served on Mr. Schock. And if some of those relate to or emanated from or were sent to, by e-mail for example, the campaign, of course they're covered

because they're within the four corners of the subpoena description.

What we're not agreeing to do; and I don't think the Government is asking us to agree to that; is to produce any of the campaign entities' records in Mr. Schock's representational capacity. Because as Your Honor knows, we have, all along, contested that he is -- functions in a representational capacity. And instead, we have maintained and were prepared to put on testimony to support this notion that the treasurer is the only, the sole, lawful custodian for those records.

But that being said, we of course recognize that if there's something that relates to the campaign that's within the description of the subpoena, we have an obligation to produce that.

Just a couple finally notes for the sake of clarity here.

The personal -- enforcement of the personal subpoena has not been part of these contempt proceedings pursuant to 28 U.S.C. 1826, because we had reached agreement on that and have been in the process of producing records.

So the only thing that's been in dispute is about his obligation to produce campaign records.

1 And what I hear Mr. Bass and the Government 2 reasonably saying is, you only have to produce such campaign records as are in your personal possession. 3 They will be covered, as Mr. Bass indicated, by the 4 5 act of immunity letter. And I think we just need to clarify that we don't have to produce them on 6 7 account of any representational -- on account of any 8 responsibility he has in a representational capacity 9 for those organizations. 10 If that's the case, then we certainly do have 11 an agreement. 12 MR. BASS: Your Honor, could we just have 13 a -- so that we don't include you in these 14 negotiations, could we have just a couple minutes to confer? 15 16 THE COURT: You may. Court is in recess. 17 MR. TERWILLIGER: Thank you, Your Honor. 18 (A recess was taken.) 19 THE COURT: Court is reconvened. Have we 20 hammered out the details, Mr. Bass? 21 MR. BASS: Your Honor, I think we have, but 22 given the importance of -- I think we both agree 23 that the prudent thing to do would be to reduce our 24 agreement to writing and to file it of record with 25 the Court.

So we would like 'til tomorrow, close of business tomorrow, to reduce our agreement to writing and to advise Your Honor of that agreement.

And I have every reason to believe that we will be able to reduce the agreement to writing and to be in a position to ask Your Honor to stay these proceedings for 30 days.

In other words, we have an -- I believe we have an agreement as to production of responsive records within 30 days; staying these proceedings. And then we would report back to Your Honor in 30 days as to whether or not further proceedings on this issue are necessary or are unnecessary.

So I believe what we're requesting, Your Honor, is if we could adjourn this matter for today, subject to providing to the Court an agreement in writing by close of business tomorrow. And that we would report to Your Honor in 30 days whether further proceedings are necessary or not.

THE COURT: All right. So I will expect an agreed order by June 30th at 5:00, that's Thursday.

July, I'm sorry; I lost a month in there, didn't I.

And let's just schedule a video conference for 30 days from today just so you can report to me.

MR. TERWILLIGER: That's fine, Your Honor.

THE COURT: Okay. Diane.

MR. TERWILLIGER: I love Springfield, Your Honor. If you want to have it in person, that would be fine.

MR. BASS: And, Your Honor, just so it's clear, we would not be asking for an order from Your Honor, other -- just that we would file the agreement. And the only, I guess, order actually we'd ask the Court to take would be to stay these proceedings for 30 days.

THE COURT: All right.

MR. TERWILLIGER: And just for clarity,

Your Honor, I think -- and so the Court can

understand fully where we are. What we're basically

agreeing to is a standstill in the disputed matters

except for the collective entity issue, which the

Government intends to further pursue.

But as to the other matters, we're agreeing to a standstill of the current issues under Your Honor's show cause order. And we're producing -- agreeing to produce -- continue producing pursuant to the subpoena that was served on Mr. Schock in his personal capacity and pursuant to the terms of that subpoena. What we've now added to our agreement on that is to finish that production within 30 days

1 from today. Correct? 2 MR. BASS: Yes, Your Honor. THE COURT: All right. Diane, what date? 3 MR. BASS: Your Honor, before you set a 4 date there's another issue I wanted to raise that 5 6 may relate to setting a date. THE COURT: Mr. Bass. 7 MR. BASS: Your Honor, as to the 8 9 separate -- anything further? George, anything 10 further we need to address on that issue? 11 MR. TERWILLIGER: No. Thank you. 0ther 12 than the date. 13 MR. BASS: Before scheduling a date on 14 that, Your Honor, just -- I guess as an alert to the 15 Court and a request. 16 Assuming Your Honor does not reconsider her 17 ruling yesterday; and does Your Honor intend to 18 enter any order relating to that ruling that we 19 would need to file a brief on within seven days? 20 THE COURT: I will do a scheduling text 21 order, but it will not enter -- I will not enter a 22 finding. I'll have the issue addressed after you 23 file your brief and then Mr. Terwilliger files his. 24 MR. BASS: So we would be asking Your Honor 25 to reconsider her oral pronouncement yesterday?

THE COURT: Hm-mm.

 $$\operatorname{MR}.$$ BASS: So assuming, Your Honor, that -- and we will do that within seven days.

In the meantime, we intend to issue a subpoena to the House of Representatives for the identical records that are in -- that were sought in the original three subpoenas.

And we will do that I expect very shortly, if not by the end of the day. With a compliance date for the September Grand Jury. That is in excess of 30 days from today.

As Your Honor knows, since it's the identical records that Mr. Schock has invoked speech or debate privilege concerning, as I mentioned yesterday, we anticipate we will have further issues relating to that by substituting the House of Representative for Mr. Schock as to the obligation to produce.

In other words, based on the Government's conversations with House counsel, what we anticipate will happen, what we've been told what will happen, is that the House counsel will provide these records to counsel for Mr. Schock; which they've already done completely as to paper records and partially, as we understand it, as to electronic records.

The subpoena that we would issue to the House

would compel the House to comply directly to the Grand Jury with those records; which again,

Mr. Schock would have -- has invoked speech and debate privilege as to and has indicated to Your Honor that he wishes to conduct a speech and debate privilege review.

Anticipating that the Government may need to file a motion to compel compliance with that subpoena by the compliance date and a request that Your Honor -- I guess I would -- I guess at this point, since we haven't issued the subpoena, it's probably appropriate for me -- for the Government just to wait until after we issue that subpoena to make any further request for Your Honor.

But I would anticipate that once we issue that subpoena and any motion to compel, that we ask Your Honor to set a drop-dead deadline for any privilege review and a direction that compliance with that subpoena will be made by the compliance date, which I anticipate will be September.

So having said all that, Your Honor, this relates to scheduling. I would anticipate that we would be asking Your Honor for a hearing date with respect to that issue, as well as this issue relating to that which we've reached an agreement

1 on. 2 So I'm not asking the Court to do anything, I'm just alerting Your Honor to the fact that we will --3 I anticipate that we will have further -- need for 4 5 further proceedings as to the Congressional records 6 and the privilege assertion that has been asserted in this proceeding. And would ask -- be asking for 7 a hearing before Your Honor either at the time of or 8 9 immediately after the -- no later than at that time 10 of or immediately after the Grand Jury session in 11 September. 12 So with that, Your Honor, what would be your --13 what would Your Honor's thinking about scheduling 14 for this matter within 30 days? THE COURT: Well, the status will be 15 16 scheduled for August 28th, that's a Friday, at 3:30. Is that -- that would be 4:30 your time; right? 17 18 MR. TERWILLIGER: Yes, Your Honor, that's 19 fine. Thank you. 20 MR. BASS: And, Your Honor, you said 3:30? 21 THE COURT: Yes. 22 MR. BASS: If we -- what is Your Honor's 23 schedule that -- the following day? Did you say

That's a Friday.

24

25

that was a Thursday?

THE COURT:

1	MR. BASS: A Friday. What would be Your
2	Honor's schedule the following week?
3	THE COURT: Terrible. We looked at it.
4	Let me look again.
5	How about Friday, September 4th?
6	MR. BASS: We don't have to set that now,
7	Your Honor, out of courtesy to Mr. Kircher, assuming
8	he would obviously then be a party, the House would
9	be a party to any proceeding. I just wanted to
10	MR. TERWILLIGER: I'm confused. Which date
11	are we talking about now? I thought Your Honor was
12	talking about
13	MR. BASS: She's talking about August
14	28th
15	MR. TERWILLIGER: I thought you were
16	talking about the status hearing date in this
17	matter.
18	THE COURT: That's what I'm talking about.
19	MR. BASS: That's fine.
20	THE COURT: All right. So the August 28th
21	3:30 is fine?
22	MR. BASS: Fine, Your Honor.
23	THE COURT: All right. So if you do need
24	some court time after that, August 28th, we'll
25	address it on August 28th, unless you ask for a

hearing before that.

MR. BASS: Thank you, Judge.

THE COURT: And I'm sure Mr. Terwilliger knows that compliance is important and I'm sure he'll be working to assert the privileges promptly.

MR. TERWILLIGER: Your Honor, may I address that for a moment?

THE COURT: Hm-mm.

MR. TERWILLIGER: Obviously, we can't speak for the House and whatever position they might take on compliance and that sort of thing. You know, it's not gonna be our job to do their job.

But on the speech and debate issue, I just would make one observation and one representation, if I may.

The observation is, as I said to Mr. Bass and Mr. Hansen earlier, there's two ways to go about that, one way which will be pretty efficient and one way which would not.

The efficient way is to review those records that are identified by the House as responsive for speech and debate privilege because that will be a smaller universe than all of the documents. The inefficient way to go about it would be to review everything for speech and debate and then identify

the responsive documents.

So I'm just representing that what we will suggest to the House, assuming they ask for our help on the speech and debate part, is that we try, as a responsive record is identified, try to identify whether or not that may be a speech or debate covered document at the same time. So that we're not looking at the entire universe of all documents for speech and debate.

THE COURT: So what you're saying is you can't start your review right now because the House has produced everything to you?

MR. TERWILLIGER: Because the House has not produced everything to us. And I -- I'm gonna have to work out with Mr. Kircher -- we don't have everything from the House yet. We -- we only have the EIS from the Washington Capitol Hill office. We don't have the EIS from the district offices.

But I'm gonna have to work out with Mr. Kircher something about compliance with the subpoena. We're not gonna take responsibility, obviously, for his compliance with the subpoena. Whether and to what extent we are in a position to render him assistance in that regard, we will certainly look at that and discuss it with him in good faith.

THE COURT: So you're telling me that you're going to expect Mr. Kircher to do a review to decide what's produceable in response to the subpoena and then you'll look at what he has decided is produceable?

MR. TERWILLIGER: Not necessarily, Your Honor.

First of all, I think Mr. -- Mr. Kircher in the first instance, as with the paper records, already made a cut and -- in response to the preservation order that he -- or preservation directive or request he received from the Government as to what's responsive. I'm assuming; but I don't know because I haven't talked to him about it; that he would do the same thing with the electronic records.

What I'm saying to the Court is we will try to work with him in that process, at least insofar as the speech and debate issue is concerned, to at the same time identify anything that would be subject to speech or debate.

A long time ago Mr. Kircher offered to assist us on the speech or debate provision as well, since they had residual expertise. And I'm sure he will -- I feel certain he will do that again and offer us.

But I will say one line we have to draw is we can't be responsible for identifying what's responsive to a subpoena that's been issued to the House. At the end of the day, that's gonna have to be their responsibility, because that's what the law is.

THE COURT: All right.

MR. TERWILLIGER: Your Honor, there was one other issue, housekeeping matter I'd like to take up. But it might be appropriate if counsel could --

MR. HANSEN: Before we get there, can I address what Mr. Terwilliger -- I just want to make sure what he just said.

Understanding the Court's ruling yesterday, there is still a subpoena to Aaron Schock for the records of the 18th Congressional District. Nothing has changed there. They have asserted a privilege. If that privilege is changed, reversed, whatever, if there is no privilege, he still has that obligation to produce them.

So we're not relieving Mr. Schock of his obligation by also duplicating that by issuing a subpoena to the House of Representatives. I just want to make sure that's clear, because I thought I heard something different. And --

THE COURT: I don't think that's what 1 2 Mr. Terwilliger said. MR. TERWILLIGER: Thank you, Your Honor. 3 Ι don't think it is either. 4 THE COURT: I thought you made it clear, in 5 6 fact, that the issue still exists --MR. TERWILLIGER: 7 Exactly. MR. BASS: And all I was suggesting, Your 8 9 Honor, is that there will be -- although there -- as 10 Mr. Terwilliger said, there is not an obligation on 11 Mr. Schock to determine what's responsive, there is 12 an obligation to -- to assert a timely privilege. 13 And in that way there is an obligation for response 14 to the subpoena as to that -- as to that point to 15 the extent that it impacts compliance with the 16 subpoena. 17 So in other words, as I indicated yesterday, 18 the House of Representatives and Mr. Schock will be 19 joined in this litigation. And what I was 20 suggesting to Your Honor is I anticipate that we 21 will -- again, I don't want to speak for Mr. Kircher 22 at all. We certainly will try to resolve any issues

You had a housekeeping --

23

24

25

with him.

further litigation before Your Honor within 30 days.

But I would anticipate that there will be

1	THE COURT: I thought Mr. Terwilliger just
2	assured us he's going to promptly work with
3	Mr. Kircher to assert the privilege. And I'm sure
4	he will. And there may well be further issues we
5	have to address down the road.
6	But Mr. Terwilliger, what's your other issue?
7	MR. TERWILLIGER: May we approach the bench
8	on this, Your Honor?
9	THE COURT: Yes, you may.
10	MR. COFFIELD: Your Honor, may we be
11	excused?
12	MR. TERWILLIGER: Yes.
13	MR. BASS: Yes.
14	THE COURT: All right. Thank you,
15	Mr. Coffield. Ms. Haney.
16	(The following sidebar discussion was held at
17	the bench, out of the hearing of the jury.)
18	(A sidebar discussion was held off the record
19	at the bench.)
20	MR. TERWILLIGER: It's just to what extent,
21	now that the hearing is open, does the Court
22	should the Court open the record?
23	And I just wanted to make a raise that issue
24	and make a suggestion as to how much of the of
25	the written record should be open at this point.

1	THE COURT: How much?
2	MR. BASS: We ought to be on the record.
3	THE COURT: She's on the record.
4	MR. TERWILLIGER: Because I just thought if
5	we're gonna discuss things that are under seal, we
6	shouldn't do it in open court, that's all; that we
7	should do it at bench.
8	My suggestion, very simply, would be from the
9	motion for the order to show cause forward be
10	unsealed and everything prior to that remain sealed.
11	But I'm open to other suggestions.
12	MR. BASS: Well, that's contrary to what
13	was said yesterday, Your Honor. And since the
14	pleadings and the I know the Government's
15	exhibits, the Government's brief, referred to
16	exhibits that were filed under seal previously.
17	So
18	MR. TERWILLIGER: That's true.
19	MR. BASS: So I'm going to suggest
20	THE COURT: Why don't we just unseal the
21	hearing yesterday and today?
22	MR. TERWILLIGER: That's fine for now and
23	if somebody
24	MR. BASS: I'm fine with the with the
25	pleadings that were filed for purposes of

Your Honor, subject to just confirming that --1 2 I don't believe there was any Grand Jury information disclosed specifically in any of the pleadings 3 post -- from the motion for an order to show cause 4 going forward. But subject just to confirming that; 5 6 and I was gonna suggest that to Your Honor in any event; that the Government be given an opportunity 7 to advise Your Honor as to any redactions. 8 9 But subject to confirming that there's no Grand 10 Jury information revealed in the pleadings from the 11 motion for order to show cause forward, we have no 12 objection to unsealing that. 13 THE COURT: By when? 14 MR. BASS: I think I could do that by close 15 of business Friday. 16 THE COURT: Friday, 5:00 p.m. Okay. Ιs 17 that acceptable? 18 MR. TERWILLIGER: Sure. Yes. Your Honor. 19 MR. BASS: So we're only -- there's 20 obviously no Grand Jury information in your 21 pleadings. So just talking about any Grand Jury 22 information in the Government's pleadings --MR. TERWILLIGER: 23 Right. 24 MR. BASS: -- and the record, in terms of 25 the hearing record, is obviously unsealed.

1	THE COURT: So that would be my orders
2	also.
3	MR. TERWILLIGER: Thank you, Your Honor.
4	THE COURT: Thank you, Mr. Terwilliger.
5	(The following proceedings were held in open
6	court.)
7	THE COURT: All right then, this matter is
8	continued. We will reconvene on the 28th at 3:30 by
9	video conference. Court is adjourned.
10	(Court was adjourned in this matter.)
11	
12	I, KATHY J. SULLIVAN, CSR, RPR, CRR, Official Court
13	Reporter, certify that the foregoing is a correct
14	transcript from the record of proceedings in the
15	above-entitled matter.
16	
17	
18	
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20	This transcripts contains the
21	digital signature of:
22	
23	Kathy J. Sullivan, CSR, RPR, CRR
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