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Largess To Clintons Lands CEO In Lawsuit

Case Is a Window On Couple's Ties

By Matthew Mosk and John Solomon
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For the past four years, the Clintons have jetted around on Vinod Gupta's corporate plane, to Switzerland, Hawaii, Jamaica, Mexico -- \$900,000 worth of travel. The former president secured a \$3.3 million consulting deal with Gupta's technology firm. His presidential library got a six-figure gift, too.

Gupta, whose big donations to the [Democratic Party](#) earned him a Lincoln Bedroom overnight when [Bill Clinton](#) was president, has emerged as a key benefactor of Clinton's post-presidency -- and [Hillary Rodham Clinton](#)'s presidential candidacy.

Gupta's generosity toward the Clintons has proved so controversial within his firm -- a major provider of database-processing services -- that it prompted a shareholder lawsuit complaining that hiring the former president was a "waste of corporate assets."

The dispute over Gupta's bankrolling of the Clintons offers new detail about how successfully Bill Clinton has leveraged the inner circle of donors he cultivated during his tenure in the [White House](#) to his personal financial benefit since he left office. In addition, it suggests the degree to which Hillary Clinton's political career is also benefiting from those connections.

In the lawsuit, filed this year in [Delaware](#), some investors in the company, InfoUSA, challenged Gupta's decision to direct his firm to pay the former president the consulting fees for the "extremely vague purpose" of providing his "strategic growth and business judgment."

The Clintons are not parties to the lawsuit, nor are they accused of any wrongdoing. In fact, the lawsuit refers only to a "former high-ranking government official" and his wife. But company officials, shareholders and aides to the Clintons confirmed that they are the couple in question.

The jet travel for the Clintons was charged to the company as "business development" expenses, the lawsuit said. The company jet took them to vacation spots, whisked the former president to an international conference in [Geneva](#) and to a commemorative speech in [Oklahoma City](#), and shuttled Hillary Clinton to a campaign fundraiser in New Mexico.

The Clintons complied at the time with federal law by reimbursing Gupta for a portion of the costs for the flights Hillary Clinton took to political and other events. The Clintons do not have to reimburse InfoUSA for any of Bill Clinton's travel, and they had to pay only the equivalent of first-class airfare for her travel, a fraction of the actual cost.

Jay Carson, a spokesman for the former president, declined to discuss the consulting arrangement. Carson described Gupta as a "longtime friend and supporter."

Stormy Dean, InfoUSA's chief financial officer, confirmed the flights and that payments went to Bill Clinton but said that the company believes the shareholder complaints are without merit. "Our position is that these expenses are legitimate business expenses," he said. Gupta, who was traveling and could not be reached for comment, defended his company's use of its corporate jet in a 2005 letter to the board of directors. "Every flight and its business reason are documented," he wrote.

Gupta is a well-known figure in the high-tech world in [India](#) who met Bill Clinton in the mid-1990s and quickly became a generous patron. He and his company donated at least \$1 million to help underwrite a lavish millennium New Year's Eve celebration at the White House and on the [Mall](#), and he paid the former president \$200,000 to deliver a speech to InfoUSA executives in Papillion, Neb.

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Gupta also gave a six-figure gift to the Clinton Presidential Library in [Little Rock](#), \$250,000 to the former president's global charity, and more than \$220,000 to the Democratic Party during Hillary Clinton's 2000 Senate campaign. In December, Gupta gave the maximum \$5,000 to the senator's political action committee, which was helping to lay the groundwork for her 2008 presidential bid.

Gupta has enjoyed his own benefits from his relationship with the Clintons. Bill Clinton offered him two diplomatic posts - as U.S. counsel general to [Bermuda](#) and as U.S. ambassador to [Fiji](#) -- that he did not take. The president appointed him to the prestigious John F. Kennedy Center Board of Trustees during his last week in office.

Both Bill and Hillary Clinton agreed to lend their names to technology schools that Gupta financed in rural India.

Gupta, who grew up in dire poverty in India, has said publicly that he relished his relationship with Bill Clinton. Crew members of InfoUSA's 80-foot yacht "American Princess" said Gupta spoke often of the former president and placed a photo of Clinton in the boat's living quarters. In a 2000 interview with [The Washington Post](#), Gupta described the thrill of crawling into bed in the Lincoln Bedroom. He said he called his mother to tell her, "I've come a long way."

Founded in 1972, Gupta's firm InfoUSA is now valued at \$600 million and says it provides database marketing and processing services to more than 4 million customers.

The payments to Bill Clinton and the jet travel, along with other Gupta spending, attracted the attention of dissident investors in InfoUSA in 2005. Three investor groups sued the firm in a Delaware court, alleging that the expenses were unrelated to the business.

Last year, one group -- the [Connecticut](#) hedge fund Dolphin Limited Partnership -- tried unsuccessfully to capture three seats on InfoUSA's board of directors, but it fell short despite support from more than 90 percent of shareholders not affiliated with Gupta.

Dolphin owns about 3.6 percent of InfoUSA, as well as other holdings. Firm directors would not comment for this story. None of the high-ranking executives there has made recent political contributions, and a firm adviser said Dolphin intentionally did not name the Clintons in its suit to "keep politics out of it."

The intersection of Gupta's lavish lifestyle and his support of the Clintons eventually brought on the boardroom battle.

Dolphin investors initially sued for documents that might explain why Gupta needed use of a corporate jet, a skybox at the University of Nebraska football stadium and a yacht.

On Friday, Dean, the InfoUSA financial officer, told The Post that such expenditures served a business purpose. He pointed out that when the company helped foot the cost of the White House millennium event, it got its logo on national television on the event podium. In addition, the former president has provided strategic advice, visited the corporate headquarters and given motivational speeches to company employees, Dean said.

"There is just the obvious value of having a former president on your team and at your disposal for advice," Dean said, noting that Bill Clinton once spent three days providing advice and giving talks at a company strategy event. "Three days of a former president is very valuable."

Dean said the company has also brought in Republican luminaries such as former secretary of state [Colin L. Powell](#) and former presidential adviser Karen Hughes for speeches or events. "The company is politically agnostic, and we just like doing business," Dean said. "Whatever Vin does, that is up to him."

Flying around the country on corporate jets is a common, if perennially controversial, practice of senators and presidential candidates. It is perfectly legal -- as long as the politicians disclose it and reimburse at the rate of first-class airfare. But the practice has led to recent changes to raise the reimbursement requirement from a first-class fare to a charter rate, making such trips significantly more expensive.

The shareholder lawsuit alleges that the jet became a regular mode of travel for the Clintons. In one instance, the suit stated, Hillary Clinton called InfoUSA in September 2002 to say she was "in desperate need of a plane." The following day, she flew on the corporate jet from [White Plains, N.Y.](#), near her house, to [Detroit](#), then [Fort Lauderdale](#) and back to White Plains, the suit said. The flights coincided with a series of political events she attended.

The suit does not specify the cost of the senator's flights, though most of the InfoUSA trips taken by the Clintons within the

continental [United States](#) cost between \$10,000 and \$20,000, according to company documents cited in the lawsuit. [Michigan](#) and [Florida](#) political committees reimbursed Gupta's holding company, Everest Investment Management, for Clinton's flights to Detroit and Florida. They paid first-class fares as required by the [Federal Election Commission](#), amounting to just over \$2,000 for both flights.

The company spent \$146,886 to fly the Clintons with Gupta to [Acapulco](#), Mexico, on New Year's Day 2002 for a vacation.

Under Senate ethics rules, Hillary Clinton was required to reimburse the company only for the cost of first-class airfare, which she did, according to campaign spokesman Phil Singer.


"Everything's been reimbursed in accordance with the FEC and Senate ethics rules," Singer said.

Staff researchers [Madonna Lebling](#) and Robert Lyford contributed to this report.

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