

# AT&T CEO Disavows Cohen Hiring As 'Big Mistake' As Top DC Exec Resigns And Questions About DOJ Lawsuit Return

WASHINGTON, May 13, 2018 – AT&T CEO Randall Stephenson on Friday announced that the company was parting ways with the executive responsible for hiring Trump “fixer” Michael Cohen in an apparent effort to grease the skids for the company’s merger with Time-Warner.

The revelations of the AT&T payment to Cohen revived questions over whether Trump punished the company by ordering a Justice Department lawsuit to block its merger with Time-Warner.

The announcement ended a week of media scrutiny for the telecom giant. In a letter distributed to employees in which he acknowledged that the \$600,000 contract with Cohen for advice on the pending merger, Stephenson admitted it had been “for all the wrong reasons” and was “a big mistake.”

“To be clear, everything we did was done according to the law and entirely legitimate,” Stephenson wrote. “But the fact is, our past association with Cohen was a serious misjudgment.”

Vowing to “do better,” Stephenson took responsibility for the vetting failure that had led to Cohen being brought on board as a “political consultant” despite being a personal injury lawyer with no experience in telecommunications or mergers and acquisitions law.

Stephenson also announced that the executive most directly responsible for the decision — Executive Vice President for External and Legislative Affairs Bob Quinn — will retire, and that AT&T’s internal lobby shop will report to General Counsel David McAfee “for the foreseeable future.”

## ***Cohen offered insights into the incoming administration***

According to a representative in AT&T’s Washington office, Cohen pitched his services to the company during the transition period between Trump’s November 2016 election victory and the January 2017 inauguration.

Cohen told AT&T executives that he was leaving the Trump Organization to consult for a small number of companies, to which he’d provide information on “key players” within the administration and their priorities, as well as insights into “how they think.”

Companies often retain persons close to an incoming presidential administration as consultants or lobbyists. Because former Secretary of State Hillary Clinton was widely expected to win the 2016 election, many such organizations were unprepared for dealing with a Trump White House.

Cohen took full advantage of AT&T’s electoral miscalculation, and despite his lack of total lack of qualifications — apart from a relationship with the incoming president — the decision was made to hire Cohen at a rate of \$50,000 per month.

While his contract expressly forbade lobbying activity unless he’d notified the company beforehand, AT&T never asked him to set up meetings, nor did he set any up himself.

AT&T also revealed Friday that Special Counsel Robert Mueller and his team knew about the payments as of November 2017, when his office contacted the company for information as part of the ongoing probe into Russian interference in the 2016 election.

The AT&T representative indicated that there'd been no further contact with Mueller's office since December of last year and that the company "considers the matter closed."

The company's relationship with Cohen became public after attorney Michael Avenatti, who currently represents adult film actress Stormy Daniels in a lawsuit against the president, released documents detailing how AT&T paid Cohen.

The company funneled the money through Essential Consultants LLC, a Delaware-based shell corporation he'd established as a vehicle through which he paid Clifford \$130,000 just before the 2016 election in exchange for her not revealing a prior sexual relationship with Trump.

### ***Cohen payments put DOJ effort to block merger back in the spotlight***

Stephenson's admission that AT&T hired Cohen to potentially leverage his relationship with Trump once again raised the question of whether the president personally intervened in the company's merger with Time-Warner, which owns the cable news outlet CNN, a frequent target of his ire.

Trump has often spoken of his desire to personally direct the Justice Department's operations and had frequently launched specific attacks on CNN's coverage of him over the course of his 2016 campaign.

### ***Trump has long been angry at CNN for reporting on his alleged ties to Russia and the investigation thereof***

His feelings towards the network grew even more hostile just days before his inauguration when he learned that it would soon air its first report on the so-called Trump-Russia "dossier" compiled by British ex-spy Christopher Steele.

Steele's report, which was commissioned by opposition research firm Fusion GPS on behalf of several of Trump's opponents — including Clinton — came into the FBI's possession after the ex-spy passed it through an intermediary to Sen. John McCain, R-Az., who then passed it to then-director James Comey.

The now-controversial document contained raw intelligence alleging, among other things, that the Russian government had been "cultivating, supporting and assisting [Trump]" since 2011, that the Kremlin provided him with "valuable intelligence" it had illegally obtained on his electoral opponents — particularly former Secretary of State Hillary Clinton.

In exchange for the information on Clinton — the release of which was allegedly timed by WikiLeaks to help the campaign — Trump is alleged to have agreed to "sideline Russian intervention in Ukraine as a campaign issue" among other concessions.

Numerous media reports since 2016 have indicated that figures associated with Trump's campaign were allegedly aware that Russia had obtained information about Clinton.

Former campaign foreign policy advisor George Papadopoulos reportedly bragged to an Australian diplomat that Russia had "thousands of emails," according to a New York Times story that revealed how the diplomat's report of the conversation was instrumental in kicking off the FBI's investigation into Russian election interference.

Others close to Trump, including Trump's son, Donald Trump Jr. and his now-Senior Adviser Jared Kushner, reportedly became aware that Russia had such material when Rob Goldstone, a British music publicist with ties to a Russian oligarch, emailed the younger Trump to arrange a meeting.

In Goldstone's email, which Trump Jr. released on Twitter, he offers the campaign documents that he claimed "would incriminate Hillary and her dealings with Russia and would be very useful to [Trump Sr]."

Trump Jr. quickly replied: “[i]f it’s what you say I love it especially later in the summer.”

Less than a week later Goldstone came to Trump Tower with an entourage that included Natalia Veselnitskaya, an attorney reported to have links with Russian intelligence. The White House would later attempt to claim that the topic of discussion was adoptions, specifically the Russian ban on adoptions by American parents instituted in retaliation for sanctions levied under the 2012 law known as the Magnitsky Act.

Trump Jr. was also in communication with WikiLeaks founder Julian Assange beginning in September 2016.

Others who are thought to have had knowledge of Russia’s plans include longtime Trump associate and political consultant Roger Stone and even Trump himself.

Stone has made a number of contradicting claims about his relationship with Assange and appeared to have advance knowledge that WikiLeaks would publish emails belonging to Clinton campaign chairman John Podesta, while Trump encouraged Russia to find emails from Clinton’s private server during a 2016 campaign rally and would later praise WikiLeaks for publishing stolen emails from Podesta and the Democratic National Committee.

Both have denied having any prior knowledge of Russia’s actions or of what WikiLeaks would publish

Both the FBI and a cybersecurity firm engaged by the Democratic National Committee concluded that the emails stolen from both Podesta and the Democratic National Committee were stolen by hackers associated with Russian intelligence and turned over to WikiLeaks. Assange has denied that Russia was the source of the emails.

### ***Manafort convention request raises the possibility of a quid-pro-quo, he is later forced to raise bail money***

Some commentators have suggested that the Trump campaign followed through with the alleged agreement to “sideline Russian intervention in Ukraine as a campaign issue” through actions taken by Trump campaign manager Paul Manafort to change the language in the GOP platform which dealt with Ukraine.

The GOP platform initially called for the United States to provide “lethal defensive weapons” to Ukraine, but was changed at Manafort’s request to “appropriate assistance” during the July 2016 Republican National Convention in Cleveland, Ohio. The change is among the matters being looked into by Mueller’s team.

Manafort, who briefly took over management of the campaign from Corey Lewandowski, was a longtime advisor to Kremlin-backed Ukrainian leader Victor Yanukovich, who was forced out of office in 2014 by massive protests over his rejection of an association agreement with the European Union in favor of pursuing closer ties with Russia, from which Ukraine gained independence after the fall of the Soviet Union.

Manafort resigned as Trump’s campaign manager in August 2014 after payments he’d received from former Yanukovich became public. An FBI investigation into the payments was later rolled into Mueller’s investigation after his appointment in May of last year, and in October 2017 Manafort became the subject of one of the Russia probe’s first indictments after a DC grand jury charged him and his longtime associate Rick Gates with conspiracy, money laundering, financial, and making false statements to investigators.

Four months later, a separate grand jury operating out of the Eastern District of Virginia charged the pair with 22 further counts of tax, financial crimes, and bank fraud, some of which were allegedly committed

as recently as last year.

### ***What Cohen (allegedly) did on his summer vacation***

Cohen, too, is alleged by Steele to have played a role in Russia's alleged election interference by allegedly meeting with a Kremlin official during an August 2016 trip to Prague, located in the Czech Republic.

Cohen has repeatedly denied traveling to Prague, though recent media reports have indicated that Mueller's office has proof that it happened. Mueller has reportedly also interviewed executives from several other companies that are said to have paid Cohen, as well as a now-sanctioned Russian oligarch connected to one of those companies.

Both CNN's reports on the allegations in the Steele dossier and its publication by BuzzFeed News added fuel to the fire started by an American intelligence community assessment, which declared with "high confidence" that Russia had been behind the theft of emails from the Democratic National Committee and Clinton campaign chairman John Podesta.

Trump and his allies have strongly denied the allegations in the dossier, and since taking office he has offered varying explanations as to whether he accepts the conclusions of the American intelligence community, which he and his supporters have sometimes disparaged as part of a conspiracy against him by the news media and the so-called "deep state."

### ***Trump specifically invoked CNN when he promised to block the merger***

His public feud with CNN has led to questions whether he would retaliate by following through on a campaign promise to block the AT&T-Time-Warner merger, which he promised to do at an October 2016 campaign rally in Gettysburg, Pennsylvania, days after the deal was announced.

"As an example of the power structure I'm fighting, AT&T is buying Time Warner and thus CNN, a deal we will not approve in my administration because it's too much concentration of power in the hands of too few," Trump said.

His fury at CNN for the negative stories it reported about his campaign and wall-to-wall press coverage sparked by its reporting on the dossier and the intelligence community assessment was even more evident at his final news conference before taking office, during which he refused to take questions from CNN's Jim Acosta, who he angrily dismissed as "fake news."

While some dismissed Trump's attacks on CNN and his comments about the merger as yet another example of Trumpian bluster, the questions over whether he'd intervened personally took on a new life last November when the Justice Department filed a lawsuit to block the merger.

### ***The DOJ lawsuit raised eyebrows because 'vertical' mergers are rarely challenged***

The lawsuit is unusual because the DOJ rarely intervenes in so-called "vertical" mergers between companies that represent two links in a supply chain, such as Time-Warner (which produces news and entertainment content) and AT&T (which owns the infrastructure to deliver it to consumers).

When the Justice Department intervenes in a merger on antitrust grounds, it is usually a "horizontal" merger, which joins two competitors in the same industry.

Because such mergers are often more closely reviewed by regulators, the Trump administration's intervention in the vertical one between AT&T and Time-Warner became even noticeable when Federal Communications Commission Chairman Ajit Pai began taking actions to facilitate broadcast TV giant

Sinclair Broadcasting's purchase of Tribune Media, even though regulators would traditionally be more skeptical of such a deal, which would give Sinclair control of far more stations than allowed under current media ownership rules.

### ***Trump has publicly praised Sinclair, and Sinclair often returns the favor***

Even as Trump has attacked and threatened CNN along with most other major media outlets that cover his administration, he has repeatedly praised Sinclair's coverage, which he has called "far superior to CNN and even more fake NBC."

Sinclair, which is based in Hunt Valley, Maryland, is notorious for forcing its local stations to air "must run" political content reflecting its owners' conservative views.

Many of these segments are commentaries by the company's "chief political analyst," Boris Epshteyn, in which the former White House staffer obsequiously defends the administration from which he resigned after less than three months service. Another "must-run" segment which was met with widespread ridicule and criticism forced Sinclair's local anchors to denounce "fake stories" and journalists who "use their platforms to push their own personal bias and agenda to control what people think" as "dangerous to our democracy."

### ***Once again, Giuliani makes things worse***

Trump's attacks on outlets that report stories which are unflattering to him or his administration gave rise to suspicions that he had involved himself in the decision to try and block the AT&T/Time-Warner merger. Those were allegations the White House strongly denied at the time.

But Trump attorney Rudolph Giuliani reignited the controversy Friday when addressing whether AT&T's decision to hire Cohen was the kind of "swampy" behavior that Trump had promised to end.

Giuliani echoed a statement by White House Press Secretary Sarah Huckabee Sanders, who on Friday told reporters that Trump wasn't affected by AT&T's payments to Cohen because the Justice Department was opposing the merger.

But in an interview with The Huffington Post, Giuliani went further by suggesting that the president had personally intervened to block it, contradicting the White House's prior assertions that Trump wasn't involved.

"He did drain the swamp...the president denied the merger," Giuliani said. "They didn't get the result they wanted."

The former New York City mayor — who resigned from his law firm this week over his representation of the president — attempted to walk back his statement on Saturday, telling CNN that Trump personally told him that he did not interfere.

The president also weighed in with a tweet late Friday, attributing the opposition to "the Trump Administration's Anti-Trust Division," and suggesting that his administration's opposition to the merger was going unreported.