

June 23, 2017 – JANE SANDERS

It is maddeningly easy to commit felony bank fraud. All it takes is for natural optimism to find its way into a bank loan application. The story of Jane Sander's peril in an FBI investigation follows. Jane is the wife of Bernie, the socialist from Vermont. Harry Jaffe, a writer from the area tells the story of the fall of Burlington College and Jane Sanders. The title is "Jane Sanders Lawyers Up" and was published by Politico.

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*While Berniemanias consumed most Vermonters—starting during his decade as Burlington mayor and continuing through his statewide campaigns for the House and Senate and 2016 presidential run—Toensing appreciated Sanders' political skills but balked at his positions. The 49-year-old lawyer has conservative politics in his blood.*

*His mother, Victoria Toensing, is one of the most committed conservative lawyers in Washington, D.C. She was Barry Goldwater's chief counsel from 1981 to 1984, and served in Ronald Reagan's Justice Department. She later married Joseph diGenova, a storied lawyer who investigated Mayor Marion Barry while serving as U.S. attorney for the District of Columbia during the Reagan administration. The two now run diGenova & Toensing, a law firm active in conservative causes (both had cameos on Fox News when they represented the whistleblowers in the Benghazi attacks). Though he lives and pays taxes in Vermont, Brady Toensing is a partner at his mother's Washington-based law firm.*

*For more than a decade, Brady Toensing has been vice chair of the Vermont Republican Party. He chaired Donald Trump's campaign in the Green Mountain State and remained loyal even as more moderate elected Republicans vowed not to vote for Trump. Known in Vermont political circles as a jocular, entertaining activist, he's constantly on alert for cases where he can slip the knife into Democratic politicians. In 2013, when news broke that then-Governor Peter Shumlin might have taken advantage of a neighbor in acquiring land, Toensing took the neighbor's case. But the rise of Bernie Sanders clearly stuck in his craw—especially given what he considered to be the lack of scrutiny Sanders enjoyed.*

*So it was no surprise that Toensing scrutinized Jane Sanders' rise and fall at Burlington College.*

*On July 7, 2014, Seven Days, a Vermont alternative weekly newspaper, published a deeply reported **(There's that "deeply" guy again- Pkrhd)** piece by Alicia Freese about Burlington College's plummeting fortunes. The New England Association of Schools and Colleges had put it on probation because of the school's shaky finances. The college was about to sell off land to defray its mounting debt.*

*Two weeks after Freese's piece appeared, Toensing requested loan documents from the Vermont Educational and Health Buildings Finance Agency that had issued the \$6.5 million bonds for the land. The August 1 response from the bonding agency produced a trove of documents that detailed how Jane Sanders convinced the bank and the church that Burlington College could pay back its millions of dollars in loans. ...*

*... In hindsight, it's hard to avoid blaming Jane Sanders for the Burlington College fiasco. She took over a struggling-but-functioning institution and set it on a course that led to its demise. But in a state where Bernie Sanders is sacrosanct, no one was—or is—eager to unload on his wife.*

*Carol Moore, a veteran Vermont educator, lowered the boom in an essay published by the Chronicle of Higher Education in September 2016. “BC’s fate was set when its former board members hired an inexperienced president and, six years later, approved the imprudent purchase of a \$10 million piece of property for campus expansion,” Moore wrote. “Enrollment that year was about 195 and the budget just over \$4 million, less than half of this ill-advised investment. What were they thinking?”*

*She then suggests an answer: “Who is to blame for this appallingly inappropriate business deal? Perhaps a board that steered clear of the tough questions which needed to be asked. Or a bank in the state of an influential senator—a senator, as it turned out, with bigger ambitions?” ...*

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*Charges of bank fraud, say legal experts, are not easy to prove. “It requires that the act be performed knowingly,” says William Lawler, a former federal prosecutor now with the law firm Vinson & Elkins. “Not every mistake is going to rise to the level of a crime.”*

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*That gives President Donald Trump a chance to affect the course of the investigation and potential for prosecution, as Trump’s Department of Justice—led by Attorney General Jeff Sessions, a longtime senatorial colleague of Bernie Sanders—will make the call on whether to prosecute the wife of a senator who has been deeply critical of this president and once called him a “pathological liar.”*

*Trump’s largest potential impact on the case, though, could come in his choice of U.S. attorney for Vermont—a post that has been awaiting a nominee since the resignation of Obama appointee Eric Miller in February. This week, Vermont Senator Patrick Leahy, a Democrat, and Governor Phil Scott, a Republican, recommended that Assistant U.S. Attorney Christina Nolan become the state’s next U.S. attorney. ...*

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## Politico

### Jane Sanders Lawyers Up

*The strange story behind the federal investigation that has rattled Burlington, Vermont, and put Bernie and Jane Sanders on the defensive.*

by Harry Jaffe

Bernie Sanders was in the midst of an interview with a local TV reporter early last month when the senator fielded an unexpected question about an uncomfortable matter.

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Sanders had never responded to questions about the case, but he took the bait this time. Briefly.

“Well, as you know,” he said, “it would be improper— this implication came from Donald Trump’s campaign manager in Vermont. Let me leave it at that, because it would be improper at this point for me to say anything more.”

Midura leaned in. “You’ve previously said it was nonsense.”



“Yes,” Sanders responded, “it is nonsense. But now that there is a process going on, which was initiated by Trump’s campaign manager, somebody who does this all of the time, has gone after

a number of Democrats and progressives in this state. It would be improper at this point for me to add any more to that.”

End of conversation. But not the end of the investigation or the potential for damage to the senator from a small New England state who has rocketed to the top of the world of progressive politics nationwide.

Sanders and his wife have been trying to ignore the federal investigation since reporters for VTDigger, an online publication, confirmed the FBI’s involvement in April. The original request for an investigation into the potential bank fraud did indeed come from Brady Toensing, an attorney who chaired Trump’s Vermont campaign, and whose January 2016 letter to the U.S. attorney for Vermont put federal agents on the trail. (Toensing, in an email to Politico Magazine, notes, “The investigation was started more than a year ago under President Obama, his Attorney General Loretta Lynch, and his United States Attorney, all of whom are Democrats.”)

Now, Senator Sanders and his wife are taking the case more seriously. Jeff Weaver, Sanders’ longtime top political adviser who heads Sanders’ political organization, Our Revolution, confirms to Politico Magazine that Bernie and Jane Sanders have lawyered up. The couple has retained Rich Cassidy, a well-connected Burlington attorney and Sanders devotee, and Larry Robbins, the renowned Washington-based defense attorney who has represented I. Lewis “Scooter” Libby and disgraced former Rep. Bill Jefferson, to represent Jane Sanders in the matter.

Now, President Donald Trump’s Justice Department is handling an investigation that will proceed at the discretion of a U.S. attorney of Vermont that Trump has yet to appoint.

The facts of the case are complicated. They are steeped in Vermont’s peculiar educational culture and the incestuous financial system in Burlington, Sanders’ hometown and political base, where some Sanders backers worry that with Trump’s Justice Department calling the shots, the facts—intricate as they are—may not determine the outcome.

As the presidential primary season gained momentum in early 2016, Bernie and Jane Sanders shared a sense of surprise, wonder and a touch of shock at their unexpected political potency.

No political prognosticators—not even the candidate or his wife—expected Sanders to be in the heat of a presidential campaign at that point, packing stadiums with 20,000 adoring fans and threatening Hillary Clinton’s juggernaut. On the trail, Jane O’Meara Sanders, the senator’s personal and political partner of nearly 30 years, held his hand, warmed up crowds and waved into the bright lights of jammed gymnasiums.

“I made it clear I didn’t want him to run,” she told me at their campaign headquarters at the time, “but if he decided to, I would be behind him 100 percent.”

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Backed by six exhibits and a dozen documents, the four-page letter described how Jane Sanders had “orchestrated” the purchase of 33 acres along Lake Champlain in Burlington,



Vermont's largest city, where her husband had minted his populist political brand as mayor. The deal closed in 2010, when the senator's wife was president of Burlington College, a tiny, obscure, nontraditional school that always seemed to be struggling for students and funds. The letter alleged that to secure a \$10 million loan and execute her grand plan to expand the college, Jane Sanders had falsified and inflated nearly \$2 million that she'd claimed donors had pledged to repay the loans.

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The FBI, it seems, is looking into exactly what Jane Sanders did or didn't do—and whether her husband Bernie, hero of the progressive left, tried to ease along one of the loans. Beyond the glare, federal investigators and FBI agents started to pull apart the \$10 million financial arrangement. They showed up at Burlington College to sift through hard drives, audit reports and spreadsheets. They began to interview donors, board members and past president Carol Moore. "I was contacted and spoke with an FBI agent numerous times last spring, again last summer," Moore told Vermont Public Radio in May 2017, "and recently, maybe a month ago."

A second letter to federal prosecutors in early 2016 alleged that Senator Sanders' office had pressured the bank to approve the loan application submitted by Jane Sanders. "Improper pressure by a United States Senator is a serious ethical violation," the letter asserted.

Again, Sanders avoided publicly commenting on the charges.

That strategy seems to have run its course. The federal investigation has been going on for a year and a half. As recently as April, federal investigators were reviewing records and interviewing participants, according to email traffic and former Burlington College board members who have been contacted by FBI agents. The FBI, it seems, is looking into exactly what Jane Sanders did or didn't do—and whether her husband Bernie, hero of the progressive left, tried to ease along one of the loans.

Jane O'Meara Sanders, 67, has always been an underappreciated force behind her husband's political rise.

The couple met and fell in love during Sanders' startling 10-vote victory in Burlington's 1980 mayoral race. His victory uprooted the Democratic machine in Vermont's largest city and elevated an unabashed socialist at a time when Republicans across the U.S. started using liberal as an epithet. At the time, she was 31. He was her first husband; she was his second wife. For the next 23 years, she worked as his professional sidekick, enforcer and strategist. While he was mayor, Jane Sanders directed Burlington's youth services division. When he ran for the House in 1990, she managed his campaign, then ran his congressional office as chief of staff. But when the chance came to step out and build her own legacy in 2004, she pounced and became president of Burlington College.

In 1972, the college had opened its doors, so to speak, as a school without walls. The first 14 students met in the living room of founder Steward LaCasce, a literature professor who wanted to create an institution of higher learning that pushed power away from administrators and into the hands of students on matters ranging from designing their own majors to evaluating classes. Designed as an alternative to a classic education, it would hold classes in community spaces and allow students to design their own majors. Vietnam veterans, single parents and hippies sought the school's alternative approach.

"[LaCasce] wanted to change the education model," says Greg Guma, a journalist and political activist who taught at the college, which was originally known as the Vermont Institute of Community Involvement. "Having self-designed majors was a core of his philosophy."

Renaming itself Burlington College, the school eventually converted a former grocery store on Burlington's North Avenue into offices and classrooms. It grew to around 200 students, many of whom raved about their small classes and hands-on contact with professors. But the school always struggled with finances and accreditation. It had no endowment.

Jane Sanders took over in 2004 as a self-described "turnaround" president. Steeped in alternative schooling, she had earned her undergraduate degree at Goddard College, a slightly larger alternative school in Plainfield, Vermont, that offers a "holistic" approach to higher education. She got a doctorate in leadership studies in politics and education at Union Institute and University, an accredited nontraditional school based in Ohio that specializes in distance learning.

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Nevertheless, the board of trustees stuck by Sanders.



Then in 2010, she put forward a plan to move the underfunded, minuscule school to 33 acres of valuable real estate along Lake Champlain, north of Burlington's downtown. "It was the last piece of undeveloped, prime property on the lake shore," says Guma.

For Sanders, it was a chance to secure her legacy.

The local Roman Catholic Diocese owned the acreage and was looking to sell. It had recently settled more than two dozen sexual abuse lawsuits for \$17.76 million and needed cash. The property went on the market for \$12.5 million. The Diocese took Burlington College's offer of \$10 million, which seemed to be a bargain.

But the college was nearly broke. Its annual budget hovered just below \$4 million. Even at a discounted rate, the land would be an extravagant purchase. Yet Sanders was able to craft a complex set of deals to finance the acquisition.

The state's Educational and Health Buildings Finance Agency voted to issue \$6.5 million in tax exempt bonds. People's United Bank loaned Burlington College \$6.5 million to buy the bonds. The Catholic church loaned the school \$3.65 million in a second mortgage. To secure the loans, Sanders assured the bank and the church that the college had \$5 million in likely pledges and \$2.4 million in confirmed pledges, which she would be able to use to pay off the debt. And finally, the college received a \$500,000 bridge loan from Anthony Pomerleau, a wealthy Burlington developer close with Bernie and Jane Sanders.

The loans secured, Sanders envisioned turning the diocese's old buildings, which had served as an orphanage and rectory, into a campus with tree-lined boulevards, green space, athletic fields, brick lecture halls and walkways. But that would require a further \$6 million in a capital campaign she called "The Sky Is the Limit."

To many locals, it didn't add up.

"I probably thought it was overreach," recalls veteran Burlington College professor Sandy Baird. "But Jane was ambitious. She had vision. She had a plan. I guess I hoped for the best."

Burlington College ran into trouble almost immediately after the loan repayments were due. For the first fiscal year after the deal was signed, Jane Sanders signed documents that confirmed pledges of \$1.2 million. But according to Burlington College financial records obtained by VTDigger, the college received only \$279,000. Sanders and the trustees hoped that they could expand the student body and increase alumni donations. Instead, enrollment remained steady and the school didn't come close to meeting fundraising goals.

As classes were about to begin in September 2011, President Sanders led reporters on a tour of the school's new campus, which opened that semester. "It's fabulous," she told bi-monthly newspaper Vermont Woman. "We are leaving a 16,000-square-foot building on two acres to [move to] a 77,000-square-foot building on 34 acres. Instead of a lake view, we have lakefront."

Weeks later, the board engineered Jane Sanders' resignation. The school offered no official reason for her departure. Sanders was out October 14, 2011, with a parting package worth \$200,000 in salary, retirement payments and deferred bonus, paid out over two years.

"The financing problems were important," says Robin Lloyd, a Burlington College donor who served on the board of trustees from 2000 to 2013. "But they were not the most important."

Three vice presidents who served directly under Sanders had told the board they could not continue to work with her. “According to the staff and administration, she had become very difficult to deal with,” Lloyd says. “And she was not attending to fundraising.” In an emailed response to questions for Jane Sanders from Politico Magazine, Jeff Weaver attributed the split to “different visions for the school.”

Burlington’s free fall accelerated after the board forced out Sanders. The school had moved into the old buildings on its new campus, and though Sanders had budgeted for more than \$3 million in renovations, the structures were in need of rehabilitation that would cost substantially more. Unable to increase enrollment to pay for the added costs, the school lost students.

The chair of Burlington College’s board of trustees called the debt load “crushing.”

For her part, Jane Sanders has maintained that when she left, the school “was in excellent financial condition.”

To stave off bankruptcy, the college sold off pieces of its prime lake shore land to a local developer. Proceeds from the sales allowed the school to pay down some of the debt Jane Sanders had brought on in 2010. Yves Bradley, chairman of the board at the time, called the debt load “crushing.” (For her part, Sanders told Vermont Public Radio in August 2015 that the school “had a development plan in place when I left—it was in excellent financial condition.”)

In April 2016, the bank called the loan. Buffeted by the financial distress, changes to its academics and incomplete renovations of the new campus, the college turned belly up. On May 28, 2016, as Bernie and Jane Sanders marked their 28th wedding anniversary with campaign rallies in California, Burlington College closed its doors after 44 years in operation.

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Toensing started receiving documents from VEHBFA on August 1, 2014, and began sharing them with reporters at *Seven Days* and *VTDigger*, a nonprofit website that aggressively covers Vermont news and politics. They began digging into the details, but the *Daily Caller*, a conservative D.C.-based web outlet, broke the story on March 26, 2015, under the headline: "Exclusive: Bernie Sanders' Wife May Have Defrauded State Agency, Bank." The *Daily Caller* based its story on reporting from the bonding agency that Toensing had contacted. Morgan True, reporting for *VTDigger*, went deeper. Examining the pledges Sanders had listed on documents she signed for the loan, True and other reporters found discrepancies and overstatements.

The records showed that Sanders had assured People's United Bank and the state bonding agency that the college had \$2.6 million in pledges to secure the loan. Internal college audits showed that only \$676,000 in actual donations came in from 2010 to 2014. Sanders listed two people as having confirmed pledges for more money than they had offered; neither knew their pledges had been used to support the loan. A third donor had offered a \$1 million bequest, to be paid upon her death. Instead, the college's loan application counted it in funds to be paid out over the next few years.

The donor, Corinne Bove Maietta, told *VTDigger* she had made the bequest contingent on her death, but was surprised the college counted the \$1 million toward paying off the land loan. "They had me in increments?" Maietta asked, from her home in Florida. "No, never." She and her accountant said Sanders asked Maietta to sign documents confirming the donations, but they declined. Maietta said investigators with the Federal Deposit Insurance Agency had interviewed her about the loan details. At the time, Sanders declined to comment.

Brady Toensing wrapped these figures and facts into the January 2016 letter to the U.S. attorney and the FDIC, requesting an investigation into what he termed "apparent federal bank fraud." In March 2016, Toensing doubled down in another letter to federal officials. This time, he made an allegation that struck to the core of Bernie Sanders' clean-government image. "As a result of my [initial] complaint," Toensing wrote, "I was recently approached and informed that Senator Bernard Sanders's office improperly pressured People's United Bank to approve the loan application submitted by the Senator's wife, Ms. Sanders."

The evidence for that charge seems to be thin, at best. According to sources familiar with the matter, the alleged "pressure" may have simply been a casual suggestion—perhaps chatter by a Sanders staffer over lunch, instead of a written document or email—and though such a suggestion might still be improper, it would be difficult to prove a direct connection to the senator.

In response to a question from Politico Magazine about the allegation, Sanders adviser Jeff Weaver dismissed any claim that the senator or his office intervened in the loan request, calling it “ridiculous” and “false.”

In hindsight, it’s hard to avoid blaming Jane Sanders for the Burlington College fiasco. She took over a struggling-but-functioning institution and set it on a course that led to its demise. But in a state where Bernie Sanders is sacrosanct, no one was—or is—eager to unload on his wife.

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On June 7, 2017, Jane Sanders announced the creation of the Sanders Institute, a new liberal think tank to advance “progressive ideas and values.” In her official bio on the organization’s website, Sanders, a co-founder and fellow at the institute, mentions her time at Burlington College in glowing terms: “When Dr. Sanders left Burlington College in 2011, the College bestowed upon her the title of President Emerita, until then a distinction only given to the college’s founder.”

Around the same time that the Sanders Institute went public, former Burlington College board member Robin Lloyd got a phone call from Rich Cassidy, a lawyer representing Jane Sanders, inquiring about the bank loan matter. Lloyd referred him to her lawyer.

Hiring a lawyer is no admission of guilt, but it does speak to the potential seriousness of the federal investigation. “It would be negligent for anyone involved in the matter to not retain counsel,” Weaver tells Politico Magazine.

Charges of bank fraud, say legal experts, are not easy to prove. “It requires that the act be performed knowingly,” says William Lawler, a former federal prosecutor now with the law firm Vinson & Elkins. “Not every mistake is going to rise to the level of a crime.”

As yet, the investigation has not concluded. Once FBI or other federal agents present the results of their investigation to federal prosecutors, the top lawyers will have discretion on whether or not to bring charges.

Once the federal investigation concludes, the Justice Department will decide whether or not to bring charges—which some worry will give Donald Trump a chance to affect the course of action.

That gives President Donald Trump a chance to affect the course of the investigation and potential for prosecution, as Trump’s Department of Justice—led by Attorney General Jeff Sessions, a longtime senatorial colleague of Bernie Sanders—will make the call on whether to prosecute the wife of a senator who has been deeply critical of this president and once called him a “pathological liar.”

Trump's largest potential impact on the case, though, could come in his choice of U.S. attorney for Vermont—a post that has been awaiting a nominee since the resignation of Obama appointee Eric Miller in February. This week, Vermont Senator Patrick Leahy, a Democrat, and Governor Phil Scott, a Republican, recommended that Assistant U.S. Attorney Christina Nolan become the state's next U.S. attorney.

Trump has yet to make a nomination, but his firing of former FBI Director James Comey and his comments about Deputy Attorney General Rod Rosenstein may lead an observer to believe he expects political fealty, if not loyalty, from his top prosecutors.

Just who could Trump appoint that might fit that bill? Among the names mentioned as a potential nominee: Brady Toensing, the attorney who proved his dedication as Trump's Vermont campaign chairman.

At the moment, the matter is in the hands of criminal justice professionals. Neither the FBI nor the U.S. attorney's office would comment on the case, but emails obtained by VTDigger show that Paul Van de Graaf, an assistant U.S. attorney for Vermont and chief of the office's criminal division, is deeply involved in the investigation, which has deployed FBI agents in Vermont and FDIC investigators in Florida to interview Burlington College donors and accountants.

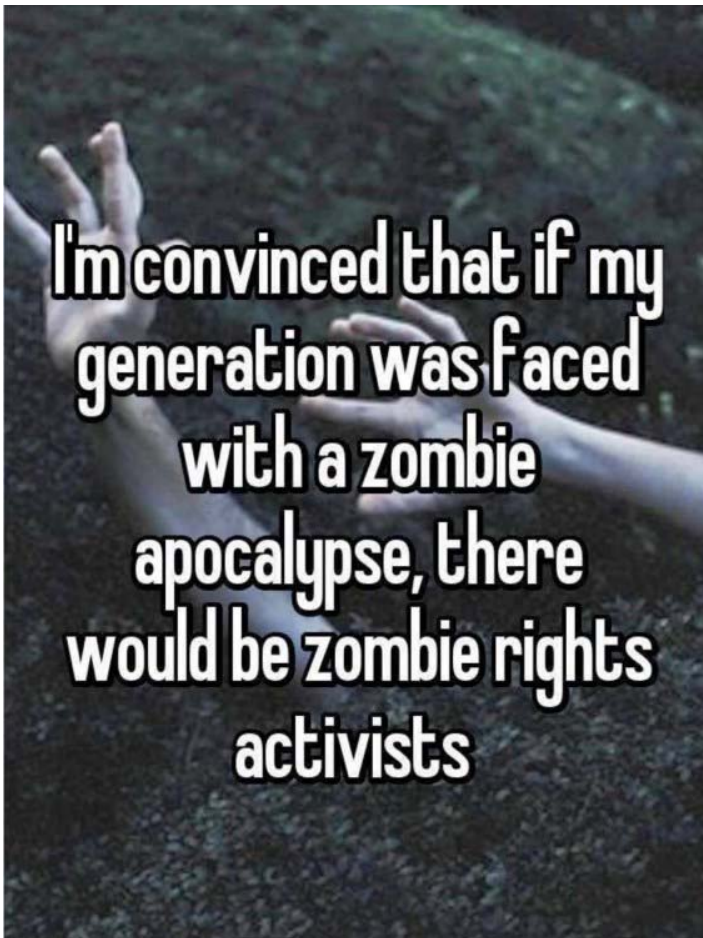
For the past year and a half, Bernie and Jane Sanders have been able to brush aside questions about the matter. It has not gone away. With all sides lawyering up, the case is gaining momentum just as Jane Sanders is acquiring new power and prominence in the national progressive movement. It may all be nonsense, as the senator likes to say. But it can no longer be ignored.

*Harry Jaffe, editor at large for Washingtonian Magazine, is the author of Why Bernie Sanders Matters, the only unauthorized biography of the former presidential candidate. He first covered Sanders in the 1970s for the Rutland Herald in Vermont.*

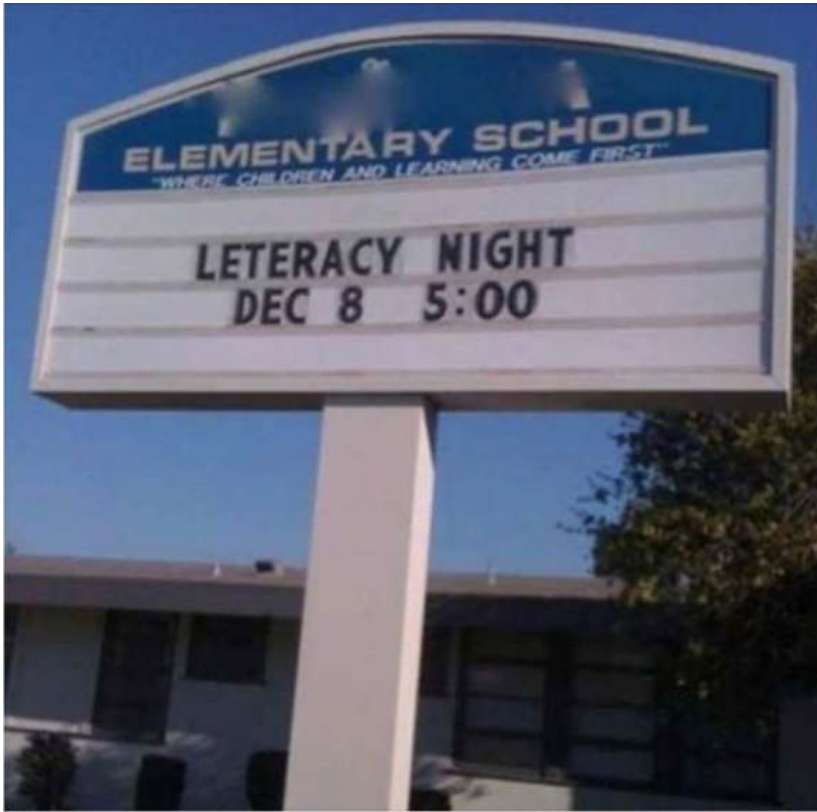
## **WARNING**

**There is an email going around offering processed pork, gelatin and salt in a can.**

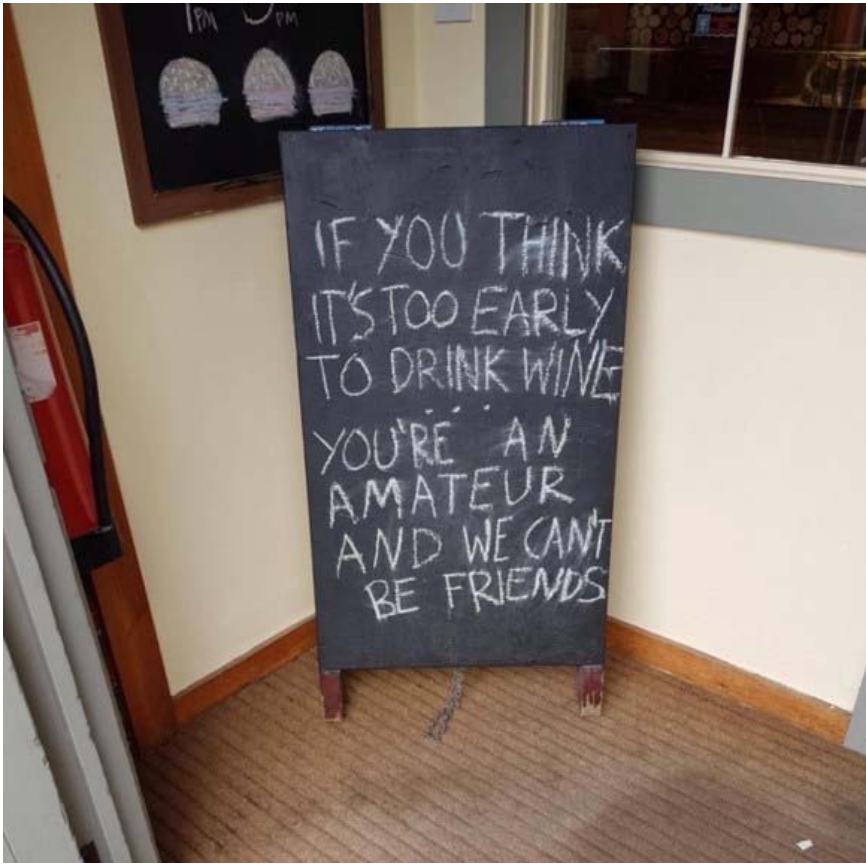
**If you get this email, do not open it. It's spam.**











Election night 2016.



