

Mr. Brooks Jackson  
Mr. Eugene Kiely  
Factcheck.org

Dear Sirs:

We are writing in reply to your recent post, "Obama's Outsource Overreach" (June 29).

We disagree, as you would expect, with your conclusions, but there is one particular "fact" that you cite repeatedly that is not a fact at all, not by any fair reading of the record, and yet it appears to be central to your position. This is your assessment that Mitt Romney surrendered active management of Bain Capital--that he "left Bain"--in February 1999 to run the Salt Lake City Olympics.

For example, you state:

"Two electronic outsource manufacturing services companies controlled by Bain Capital closed plants in the U.S. and moved work to Mexico. **But Romney had left Bain more than a year before the plants closed at both companies.**"

You also note: "Modus Media's announcement that it would close its plant in Fremont, Calif., in September and open a plant in Guadalajara, Mexico...**But the announcement of the Modus Media plant closing occurred more than a year after Romney had left Bain.**"

Regarding SMTC, you cite an SEC report: "In June 2001, we closed our assembly facility in Denver, Colorado. ... Production at the Denver facility ... has been migrated to SMTC facilities closer to locations and to our recently retrofitted and expanded lower cost Chihuahua, Mexico facility."

**"But, again, Romney did not work at Bain in 2001."**

And overall you state that **"there's no evidence that he took any active role in Bain's decisions after he left in February 1999."**

This is simply incorrect. Consider:

(1) *What Romney said in this period:*

According to a Boston Herald interview with Romney at the time, "Romney said he will stay on as a part-timer with Bain, **providing input on investment and key personnel decisions.**" ("Romney looks to restore Olympic Pride" Boston Herald 2/12/1999)

When Romney did finally surrender control in mid-2001, the Salt Lake Tribune reported the following: "In so, **he gave up control over all of Bain Capital's voting stock,**

dividing the shares between the two dozen directors. The divestiture had no financial ramifications, Romney said, **affecting only the management and control of the company.**" ("Romney Plans to Pursue Public Service" Salt Lake Tribune 8/21/2001). In other words, prior to 2001, Romney exercised control and participated in management-- just as he said he would do in 1999.

*(2) Interviews with Romney's wife and his lawyer regarding this period:*

In a Boston Globe interview with Ann Romney from November 2000 the reporter learned that Mitt Romney was dividing his time between running Bain and running the Olympics project. "The [Olympics] project is running smoothly now, though still requiring so much of Mitt Romney's time that he has had to lessen his involvement with Bain Capital, his investment firm." ("West Wings Sprout," Boston Globe 11/11/2000). Please note: not end his involvement with Bain, but "lessen it"-precisely as Romney acknowledged in shifting to part-time management involvement in 1999.

Romney's own personal lawyer as stated that he only became a passive investor in Bain in August of 2001: "[Bradley] Malt, who was designated by the campaign to address Romney's time at Bain, said Romney **finally resigned and reduced his role at the company to that of a passive investor in 2001** when it became clear that he was going to run for Massachusetts governor after the Olympics." ("Cash, Advice on Tap at Romney's Old Firm" Washington Post 10/21/2007)

*(3) How Romney was compensated from 1999-2001:*

In addition to being CEO and owner of Bain in 2001, Romney filed financial disclosures with the state of Massachusetts in 2002 and 2003 stating that for the calendar years 2001 and 2002, he received over \$100,000 from Bain Capital Inc. in connection with his position as an executive, and another \$100,000-plus in income in 2001 and 2002 from Bain Capital LLC in connection with his position as an executive of that management entity. These are listed alongside his Olympics salary under the Employment category. These documents may be downloaded from the website <http://romneyfacts.com> In other words, these sums represented compensation for service, not the profits from the investment funds which are listed separately on the filings.

*(4) What filings with the Securities and Exchange Commission show:*

According to the SEC database, there are at least 63 filings with that agency after March 1, 1999 that list various Bain entities and describe them as "wholly owned by W. Mitt Romney."

Here is a sampling of what these filings show:

Stats Chippac  
Jan. 25, 2002.

“Most of our materials suppliers are located in Asia. Historically, over half of our substrate costs were incurred from the purchase of materials from Japanese suppliers. In the future, we expect that a growing portion of these materials will be supplied by sources in Korea and Taiwan.”

The same filing lists Bain stockholdings:

...(a) 16,303,749 shares of Class A common stock owned by Bain Capital Fund VI, L.P., whose sole general partner is Bain Capital Partners VI, L.P., whose sole general partner is Bain Capital Investors, LLC, a Delaware limited liability company **wholly owned by W. Mitt Romney**; (b) 2,181,587 shares of Class A common stock owned by BCIP Associates II, whose managing general partner is Bain Capital Investors, LLC, a Delaware limited liability company **wholly owned by W. Mitt Romney**; (c) 398,580 shares of Class A common stock owned by BCIP Associates II-B, whose managing general partner is Bain Capital Investors, LLC, a Delaware limited liability company **wholly owned by W. Mitt Romney**; (d) 757,406 shares of Class A common stock owned by BCIP Trust Associates II, L.P., whose managing general partner is Bain Capital Investors, LLC, a Delaware limited liability company **wholly owned by W. Mitt Romney**; (e) 195,878 shares of Class A common stock owned by BCIP Trust Associates II-B, whose managing general partner is Bain Investors, LLC, a Delaware limited liability company **wholly owned by W. Mitt Romney**; (f) 847,004 shares of Class A common stock owned by BCIP Associates II-C, whose managing general partner is Bain Capital Investors, LLC, a Delaware limited liability company **wholly owned by W. Mitt Romney**;

SMTC  
Feb. 13, 2001

Summary of Bain investments via Bain Capital Fund VI:

Bain Capital Partners VI, L.P., a Delaware limited partnership ("Bain Partners VI"), is the sole general partner of Fund VI. Bain Capital Investors VI, Inc., a Delaware corporation ("Bain Investors VI"), is the sole general partner of Bain Partners VI. **Mr. W. Mitt Romney is the sole shareholder, sole director, Chief Executive Officer and President of Bain Investors VI** and thus is the controlling person of Bain Investors VI. Bain Capital, Inc., a Delaware corporation ("Bain Capital"), is the sole managing partner of the BCIP Entities. **Mr. W. Mitt Romney is the sole shareholder, sole director, Chief Executive Officer and President of Bain Capital and thus is the controlling person of Bain Capital.**

Bain Capital V Mezzanine Partners, L.P., a Delaware limited partnership ("Bain Partners V") is the sole general partner of the Mezzanine Fund and BCM. Bain Capital Investors V, Inc., a Delaware corporation ("Bain Investors V") is the sole general partner of Bain Partners V. **Mr. W. Mitt Romney is the sole shareholder, sole director, Chief Executive Officer and President of Bain Investors V and thus is the controlling person of Bain Investors V.** Sankaty High Yield Asset Investors, LLC, a Delaware limited liability company ("Sankaty Investors"), is the sole general partner of the Sankaty Fund. Sankaty High Yield Asset Investors, Ltd., a Bermuda corporation ("Sankaty Ltd."), is the managing member of Sankaty Investors. **Mr. W. Mitt Romney is the sole shareholder, a director and President of Sankaty Ltd. and thus is the controlling person of Sankaty, Ltd.**

Modus Media  
March 14, 2000

Summary of Bain stockholdings:

Consists of (i) 1,913,652 shares of Common Stock held by Bain Capital Fund IV, L.P., whose sole general partner is Bain Capital Partners IV, L.P., whose sole general partner is Bain Capital Investors, Inc., a Delaware corporation **wholly owned by W. Mitt Romney**, (ii) 2,189,986 shares of Common Stock owned by Bain Capital Fund IV-B, L.P., whose sole general partner is Bain Capital Partners IV, L.P., whose sole general partner is Bain Capital Investors, Inc., a Delaware corporation **wholly owned by W. Mitt Romney**, (iii) 2,042,670 shares of Common Stock held by Information Partners Capital Fund, L.P., whose general partner is Information Partners, a Massachusetts General Partnership, and whose managing general partner is Bain Capital Partners IV, L.P., the sole general partner of which is Bain Capital Investors, Inc., **a Delaware corporation wholly owned by W. Mitt Romney**; (iv) 287,028 shares of Common Stock held by BCIP Associates, a Delaware general partnership **of which W. Mitt Romney is a general partner and member of the management committee**; (v) 170,440 shares of Common Stock held by BCIP Trust Associates, L.P., a Delaware limited partnership **of which W. Mitt Romney is a general partner and member of the management committee**; and (vi) 3,445,028 shares of non-voting Common Stock held by Bain Capital Partners V, L.P., whose sole general partner is Bain Capital Investors V, Inc., **a Delaware corporation wholly owned by W. Mitt Romney.**

The language used in these filings leaves no room for any ambiguity. For example, Bain Capital's in-house hedge fund, Brookside, supplied the following language to companies in which it invested for their filings with the SEC: "Mr. W. Mitt Romney is the sole shareholder, sole director, President and Chief Executive Officer of Brookside Inc. and thus is the controlling person of Brookside Inc."

By our count, this description of Romney's control of Brookside was filed with the SEC a total of 33 times after March 1, 1999 and was listed as having "wholly owned" Brookside as of its own quarterly filing on May 14, 2001. Copies of these filings are available at your request.

Statements such as these in these filings end in 2001--just as a reader would expect after reviewing the full record, including what Romney, his wife and his lawyer said on the subject.

In sum, the statement that Gov. Romney "left" Bain in February 1999--a statement central to your fact-check-- is not accurate. Romney took an informal leave of absence but remained in full legal control of Bain and continued to be paid by Bain as such. Governor Romney would have the period of Bain service understood differently, for the obvious reason that there is much in this 1999-2002 period that he would prefer to avoid accountability for.

Finally, in addition to the wealth of support for the proposition that Romney participated in management and exercised control of Bain until 2001, there is also the matter of his other continued and significant ties to Bain even after he ended his active management role. His lawyer who was also a lawyer for and investor in Bain ran Governor Romney's not-so-blind trust that has held extensive interests in Bain, including "carried" or profits interests normally paid only to those active in the management of a private equity fund. This deep and continued relationship hardly squares with the suggestion that the Governor "left Bain" in 1999.

What we have set out here on Romney's ties to Bain from 1999-2001 and beyond is not an interpretation or claim or speculative assertion. Others have come to the same conclusion on these facts. On Friday, The Wall Street Journal reported the following:

"The Romney camp says some of the cases cited by the Obama team aren't valid because Mr. Romney relinquished day-to-day control of Bain in 1999 to prepare to run the 2002 Winter Olympics in Salt Lake City, Utah. But documents filed with the Securities and Exchange Commission and the state of Massachusetts show that he still had ties to the company as late as 2002, and he continues to report income from the firm years after his departure, including more than \$2 million in the past year, according to financial disclosures filed with the Federal Election Commission."

("The Murky Calculus of Job Exports")

And in 2007, five years ago, the Washington Post reported the relevant facts as follows:

In his autobiography, Romney wrote that he severed ties with Bain in 1999 when he took the Olympic job and told his partners he wasn't coming back. But R. Bradford Malt, one of Bain's lawyers, who now manages Romney's personal

finances, said Romney took a leave of absence, "partly because of the speed it all happened and partly because it was a limited gig." That meant Romney retained full, sole ownership of the firm for two more years as he worked on the Olympics.

Malt, who was designated by the campaign to address Romney's time at Bain, said Romney finally resigned and reduced his role at the company to that of a passive investor in 2001 when it became clear that he was going to run for Massachusetts governor after the Olympics. The campaign declined to comment further.

<http://www.washingtonpost.com/wp-dyn/content/article/2007/10/20/AR2007102000992.html>

In light of this record, we ask that you make whatever corrections, clarifications or revisions are appropriate. At a minimum, we ask that a copy of this letter be posted prominently along with your Outsource overreach report, enabling the readers you serve to draw their own conclusions.

Stephanie Cutter  
Deputy Campaign Manager  
Obama for America