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**TIME** this week

## The Money Trail: Gore's Friends In High Places

### The Veep Treatment

**Despite doubts about its technology, the company of a Gore contributor rakes in big federal contracts**

**By Michael Weisskopf/Washington**

(TIME, June 9) -- Al Gore believes in extending the hand of government to nurture promising technologies. The case of Bill Haney and his toxic-waste washing machine shows the Vice President knows how to get a hand in return. In Washington it's often hard to line up the quid with the quo. But what this Massachusetts entrepreneur apparently got for the \$82,000 he and his executives gave to Gore and the Democrats since 1994 is not hard to decipher: a fat contract from the Energy Department that kept being renewed over the objections of government scientists.



Since the Vice President took office, the Energy Department's cleanup division, headed until recently by a Gore protege, has awarded Haney's Molten Metal Technology \$33 million to test its process on the poisoned remains of

nuclear-weapons proving grounds--more money than 17 other companies have received collectively to do the same job. More startling is that the department kept lavishing dollars on the firm until this March, despite the advice of the government's own experts who, according to documents obtained by TIME, repeatedly challenged the effectiveness of Molten Metal's technology. They recommended the funding be stopped in November 1995, and are still unable to certify that Haney's machinery works against the hazardous mix left at more than 100 federal facilities.

A spokesman for Gore insisted last week that there was no connection between Molten Metal's success at securing government subsidies and the contributions Haney made to the Vice President and his party. But in this case, Gore did not need to pick up the phone to have direct influence on the fortunes of Haney's company; Haney had all the right connections. His lobbyist, Peter Knight, is the hub of Gore's political circle. He ran Gore's House and Senate office for years, helped finance his campaigns and chaired the Clinton-Gore re-election effort in 1996. In Knight, Haney also had a solid link to Tom Grumbly, who worked for Gore in the 1980s and became the assistant Energy Department secretary in charge of its multibillion-dollar nuclear-waste cleanup program. From where he stood between Haney and Grumbly, Knight came up with a fruitful arrangement: he began lobbying the Gore appointee on behalf of the businessman he was soliciting for Gore campaign cash.

Knight arranged extraordinary access for a small contractor like Haney. He got him or his top executives into 10 meetings with Grumbly over two years. Haney and Grumbly dined together three times at such Washington haunts as Sam and Harry's and the Prime Rib. Haney also accompanied Knight to a select dinner party at the Vice President's residence.

What resulted was an unambiguous marriage of money and power illustrated by a few important dates: on March 24, 1994, Grumbly's office upped Haney's original \$1.2 million award by \$9 million--the same day the Democratic Party recorded a \$15,000 contribution from Molten Metal. Fifteen months later, the Clinton-Gore campaign credited Haney and nine of his executives with \$10,000 in contributions, the very day that Molten Metal landed an additional \$10 million in research funds.

The circle widened after Molten Metal joined forces with another Knight client, the defense contractor Lockheed Martin, to pursue cleanup contracts. That company gave \$100,000 to the Democratic Party last June. Three months later, the new partners were awarded a \$27 million contract from Grumbly's staff to propose a clean-up strategy for one of the nation's most polluted nuclear sites, in Richland, Wash. The contract qualified the companies to bid later for the \$5 billion cleanup job.

"A string of coincidences and conjecture," says Haney's spokesman, adding that the company "categorically and in the strongest terms" denies any quid pro quo. Knight did not return telephone calls seeking comment. Grumbly, who left the government two months ago for a job with an environmental firm, dismissed as "baloney" any suggestion that Haney got favorable treatment because of Knight or contributions.

Haney, an environmental entrepreneur since his college days, when he launched a company to break down air pollutants, first went looking for government work in the last weeks of the Bush Administration. His technology, which neutralizes toxic detritus in a vat of iron heated to 3,000 degrees Fahrenheit, seemed like a promising solution for the Energy Department's nuclear mess. So Molten Metal was chosen as one of 18 firms to obtain research grants. But even then there were some skeptical voices: Energy

Department consultants warned in 1992 that Haney's process offered "no significant advantage" to "justify its preferred development" over rivals'.

Its political advantages were obvious by the time the plant opened in September 1993, early in the Clinton Administration. Thanks to Knight, one of the guest speakers there was Grumbly, whose trip the lobbyist had arranged. Grumbly suggested that the firm could receive as much as \$200 million in federal work, which sent the stock soaring. Gore, who wrote a best-selling book on the environment, joined the cheerleading in April 1995. He traveled to the Fall River, Mass., plant to deliver an Earth Day speech in which he plugged Knight's client as a "shining example of American ingenuity." But as Forbes magazine wrote in January 1996, Molten Metal had yet to prove its method was cost-effective.

Doubts like these were also raised by the scientific experts. In January 1994, the Lawrence Livermore National Laboratory reported that the process was probably inappropriate for the kind of waste at most nuclear weapons sites. By late 1995, a technical peer-review panel said the department should cease funding Molten Metal at the end of the fiscal year. Another Energy Department panel concluded last December that Haney's technology poses environmental and safety risks and might not be cost-effective. The company disputes this, insisting its bath method is both technically sound and marketable.

Now the Clinton-Gore Administration will have to explain to the Republicans its largesse toward Molten Metal. Last Friday, House Commerce Committee chairman Tom Bliley of Virginia opened an investigation into the company's federal contracts. In a letter to Energy Secretary Federico Pena, he noted "troubling issues," including the continued funding of Haney's technology "in light of its apparent technical and commercial limitations." It is an inquiry that is

sure to creep close to the Vice President's door.

### **The Haney-Gore Connection:**

The Massachusetts businessman gave often to the Veep and his party and snagged a string of federal contracts from the Energy Department.

Examples:

#### **What he gave**

\$15,000 from his firm to the Democratic Party on March 24, 1994

#### **What he got**

A \$9 million extension of his federal contract on March 24, 1994

#### **What he gave**

\$10,000 from his executives to the Clinton-Gore team on June 14, 1995

#### **What he got**

A \$10 million extension of his contract on June 14, 1995

#### **What he gave**

\$10,000 from his firm to the Democratic Party on May 7, 1996

#### **What he got**

An \$8 million extension of his contract on May 10, 1996

#### **What he gave**

Nothing directly, but partner Lockheed Martin donated \$100,000 to the Democratic Party on June 27, 1996

#### **What he got**

A \$27 million contract on Sept. 25, 1996, to the partnership he formed with Lockheed Martin to develop a cleanup plan for a site in Richland, Wash.

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