OVERSIGHT HEARING TO REVIEW THE ACTIVITIES OF THE CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION

HEARING

BEFORE THE

SUBCOMMITTEE ON
CENSUS AND POPULATION

OF THE

COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

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OVERSIGHT HEARING TO REVIEW THE ACTIVITIES OF THE CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION

TUESDAY, APRIL 23, 1991

House of Representatives,
Subcommittee on Census and Population,
Committee on Post Office and Civil Service,
Washington, DC.

The subcommittee met, pursuant to call, at 3 p.m., in room 311, Cannon House Office Building, Hon. Thomas C. Sawyer (chairman of the subcommittee) presiding.

Present: Representatives Sawyer, Ridge, and Gilman (ex officio).

Also present: Representative Guarini.

Mr. Sawyer. The subcommittee will come to order.

Good afternoon. I want to welcome our witnesses and thank everyone involved for your patience this afternoon. We have been trying to coordinate schedules among members, as you might expect.

I would also like to welcome Congressman Frank Guarini, whose interest and work on the Quincentenary has been one of real leadership.

October 12, 1992, will, obviously, mark the 500th anniversary of Christopher Columbus' maiden voyage to the "New World." The Commission was established in 1984 to coordinate appropriate ceremonies with local, national, and international observances that would educate the public, as well as focus attention on the significance of this historic event.

It appears that the Commission had envisioned some very exciting activities to recognize the quincentennial year of Columbus' first voyage west. Unfortunately, the former chairman of the Commission, John Goudie, was not capable of securing adequate financial backing for those activities. In fact, he may not have devoted enough of his energies to the development and coordination of a successful celebration.

As a result, the Commission may not be able to carry out some of its originally planned activities next year. Mr. Goudie resigned from his position in December 1990, amidst a rush of negative publicity. Prior to Mr. Goudie's resignation, the subcommittee had learned that the Commission was experiencing difficulties in planning its commemorative events.

Frankly, many individuals and local Columbus organizations began to question the Commission's ability to fulfill its mandate. The findings of a recent audit by the National Archives and the

General Accounting Office indicate poor management of financial resources and inadequate administrative controls at the Commission.

The exclusive sponsor of the Caravels tour, which was to be a centerpiece and hoped-for highlight of the Quincentenary activities, suspended its agreement with the Commission last fall, causing the Commission to default on a payment to Spain. Spain then terminated its relationship with the Commission, thus grounding, perhaps, the most visible event planned for 1992.

Earlier this year, President Bush appointed Mr. Frank Donatelli to fill the vacancy left by Mr. Goudie's resignation. Mr. Donatelli was elected by his fellow Commissioners as the new Chairman in February.

I have had the opportunity to meet with Mr. Donatelli and with his new executive director. While they face an enormous challenge in the coming months, I have confidence in their desire to plan and carry out a series of programs and activities that will ensure an appropriate role for the United States in an event of international significance.

But the task ahead will not be easy. The Commission's financial position is precarious. Its image from past activities has been tarnished and time is running out.

Our purpose today is to review those programs and activities and to determine the soundness or fragility of each of them. We hope to leave here with a good sense of what the Nation can realistically expect to see in 1992.

I want to take just a moment to make clear that the subcommittee is well aware that many individuals are deeply troubled by the status of their financial dealings with the Commission. For that reason, the subcommittee is conducting a comprehensive investigation with the assistance of the Office of Special Investigations of the GAO to review allegations of wrongful conduct on the part of certain individuals associated with the Commission.

If the subcommittee finds evidence of wrongful conduct, it will turn that evidence over to the appropriate authorities at the earliest possible time. However, I want to stress that the purpose of today's hearing is to review the Commission's standing and goals at this point, to ensure that an appropriate and realistic agenda is being developed for 1992 and to assure all involved that the subcommittee plans to work closely with Mr. Donatelli during the coming months.

We are hopeful that the Commission will be able to salvage its role in this enormously worthwhile project so that the Quincentenary activities reflect the cooperative international spirit appropriate to this event. In that spirit, I look forward to hearing from our witnesses today and to our continuing work in the days ahead.

With that, let me welcome Congressman Guarini. It is a pleasure to have you here, Frank.

Mr. GUARINI. Thank you, Mr. Chairman. I appreciate very much your invitation to be here and to join with this committee in this hearing.

It is important that we understand the beginnings of our new world and understand the history that led to the discovery of the unknown world at that time. Of course, some will say it was an encounter and from the European viewpoint, they would say it was a discovery. What is important, I think, is that we have a celebration under the auspices of the Quincentenary Commission that was appointed by the President and is now under the leadership of Frank Donatelli, who is the Chairman. We wanted the Commission to be successful and we would like to help in every way possible the success of the celebration of the Quincentennial. I look forward to the testimony.

I hope you heard me because I don't have much of a voice left at this moment.

Thank you very much, and I appreciate your invitation.

Mr. SAWYER. The full text of your statement, those which we could hear and those which we could not, will be entered into the record at the appropriate point.

Also, without objection, I would like to enter the following statements into the hearing record. First, Mr. William M. Ray, Chairman of the Native American Advisory Committee to the Commission; Paula Gellinghouse; and Richard D. Vanderpool of Discovery '92, Athens, Georgia.

[The prepared statement of William M. Ray follows:]

April 23, 1991

Report to the U. S. House of Representatives, Committee on Post Office and Civil Service, Subcommittee on Census and Population:

RE: 1992 Columbus Commission, Native American Advisory Committee:

The Honorable Thomas C. Sawyer, Chairman:

In addition to this written statemant, I would like to ask that oral testimony be presented by Suzan Harjo, also a member of the Native American Advisory Committee.

This statement is basically the same as the report I submitted to the Columbus Commission April 5, 1991 in Washington, D. C.

I have been in contact with a number of tribal governments and Indian organizations. There has been increasing activity around the 1992 commemoration in Indian country. One of the major efforts has been the formation The 1992 Alliance to further advance the efforts of the Native American Advisory Committee.

The 1992 Alliance was organized by representatives of various Indian organizations in a meeting sponsored in Winnebago Country in the Spring of 1990 and funded by the Threshold Foundation to provide an Indigenous Peoples' response to the 500th Anniversary of the voyage of Christopher Columbus to the Western Hemisphere. In October of 1990 in meetings of the Traditional Council of Elders and Youth, the governing body and structure for The 1992 Alliance were determined. In January of 1991, The 1992 Alliance began its national coordination work under the auspices of The Morning Star Foundation in Washington, D. C. , under the direction of Suzan Harjo.

The 1992 Alliance is a coalition of concerned individuals whose work and projects are guided by a Policy Circle of American Indian people, and supported by Indian and non-Indians. They are:

Ben Nighthorse Campbell(Cheyenne), U. S. Representative (D-Colorado)

Suzan Shown Harjo (Cheyenne & Hodulgee Muscogee), President and Executive Director, The Morning Star Foundation, and National Coordinator, The 1992 Alliance

Richard Hill (Tuscarora), Museum Director, Institute of American Indian Arts, Santa Fe, NM

Oren Lyons (Onondaga) Faithkeeper, Onondaga Nation, Six Nations Iroquois Confederacy, and Professor of American History, University of Buffalo, N

Allen V. Pinkham, Sr. (Nez Perce), Past Chairman Nez Perce Tribe and the Columbia River Inter-tribal Fish Commission, and Former President, of the Affiliated Tribes of Northwest Indians.

Lois Risling (Hoopa/Yurok), Historian and Director, Indian Teachers Program, Humbolt State University, CA.

Reuben A. Snake, Jr. (winnebago), Roadman, Native American Church, Past Chairman, Winnebago Tribe, and Former President, National Congress of American Indians.

Susan M. Williams, Esq. (Sisseton-Wahpeton Sioux), Partner in Gover, Statson & Williams, P. C. in New Mexico.

I have agreed to serve on the Policy Circle and serve as a liason with the Columbus Commission. One of the first projects of The 1992 Alliance is the co-sponsorship of the First Nationa Symposium on Arts Promotion and Cultural Tourism. With the appr ach of 1992 QUincentenary observances, it is predictable that there will be an increase in domestic and foreign in-bound tourist interest in visiting Indian Country and buying Native products. There is every likelihood that some Native communities could be overwhelmed by the numbers of visitors and be ill-prepared to benefit from the tourism revenue which will be an obvious boon to the states and reservation border-town economies.

I will be working with The 1992 Alliance to help coordinate a workshop on "Exploring ways that artists and Native Communities can respond to the 1992 Columbus Quincentenary and take advantage of the increasing interest in Native peoples and historic areas." The 1992 Alliance has asked for the official endorsement of the Columbus Commission. The Symposium agenda and information will be presented th's week at the national meeting of the National Tourism Association meeting in Portland, Oregon.

The other issue brought before the Columbus Commission in my report was to encourage changes in the language of H. R. 500 which has been introduced in the House. H. R. 500 requires the Secretary of the Treasury to mint coins in "commemoration of the quincentary of the discovery of American by Christopher Columbus and to establish the Christopher Columbus Fellowship Foundation" and establishes a Fellowship Foundation for Columbus Schoralrs. Native people will be working with their congressional representatives to chan the language from "discovery" to something more in line with what the Columbus Commission now uses, ie cultural encounter or the 1992 commemoration. They would like to see a change from "Columbus scholars"to '1992 scholars".

I would like to see the Columbus Commission have an increased presence in Indian Country by sending press releases and meeting notices to Indian press, tribal governments, and Native organizations. I have encouraged our new Chairman Frank. J. Danatelli to write to each Indian tribe to introduce himself and enourage their participation in the Commissions efforts. Tribal support is crucial in any effort. I would like to promote the participation of Native people in the state and local Quincentenary projects by requesting them to provide The 1992 Alliance with the names of Native people working with their committees.

I have made the recommendation to the Columbus Commission that the two vacancies on the Commission from the House and Senate be filled by an American Indian person.

Two publications are available which help to promote the view of Indian people; their voice and words need to be heard. They are NATIVE NATIONS and VIEW FROM THE SHORE.

It has been on honor to work with the Columbus Commission and we all look forward to 1992 with mutual respect.

Respectfully submitted

William M Ray

William M. Ray (Klamath)

Chairman
Native American Advisory Committee
1992 Columbus Commission

and

The 1992 Alliance, Member

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Portland, OR. 97202

NORTHEAST INDIAN
Quarterly

Volume VII, Number 3, Fall 1990

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[The prepared statement of Paula Jellinghaus follows:]

PAULA ELISABETH JELLINGHAUS

April 20, 1991

Congressman Tom Sawyer
Chairman
Subcommittee on Census and Population
United States House of Representatives
Annex One
Room 608
Washington, D.C. 20515

Dear Congressman Sawyer:

I am writing this letter at the request of your office to confirm the discussions we have had regarding the unethical and fraudulent actions of the staff and members of the Christopher Columbus Quincentenary Jubilee Commission over the past three years. My own personal experience with the Commission follows. Enclosed letters from Congressman Bill Green and the Executive Search Recruiter summarize the situation. In sum, the Christopher Columbus Quincentenary Jubilee Commission owes me the minimum sum of $65,000 and a formal apology for atrocities and unconscionable behavior exhibited to me over the past 2 1/2 years.

The Commission approached me in January 1988 via an executive search recruiter William G. Tobin about joining the staff as the Director of Development and Marketing. From that time until October, 1988, I was interviewed first in March 1988 by Chairman John Goudie, Executive Director John Williams, in April 1988 by Deputy Director Francisco Martinez-Alvarez, and in May 1988 by Commission Members Art Decio and Virgil Dechant just prior to the Commission's Executive Committee meeting. At that meeting, I was introduced to William McNeill and Fred Guardabassi as the individual that had been selected through the executive search process for joining the Commission's staff as the Director of Development and Marketing. Throughout this interviewing process, I was well aware of John Goudie's reluctance to hire me and was told that my professional and personal demeanor represented a threat to him. Thus, the positive votes of two key members of the Commission were needed to reassure him.

Within a day of the Executive Committee meeting, I was informed by Commission Member Dan DiCarlo via telephone that the Commission had voted to hire me, contingent upon funding. Prior to the meeting and, in fact, from as early as March 1988, I had indications from the Executive Director that I was their first choice.

Although the May 1988 meeting did not produce the expected six months' "seed money" to get the position going (which was thought to be forthcoming from Virgil Dechant), I was informed by Mr. DiCarlo and by John Williams that the Commission's commitment to me was firm, and that the only requirement was to raise approximately six months' "development seed money" to get me started. From that position and point in time, I was to have ample time to get the fund-raising program going and make it self-sufficient.

It was also clearly discussed from the outset with Mssrs. Goudie, Williams, Martinez-Alvarez, Joustra, Decio, Dechant, Decio and Tobin that this position was anticipated to last the duration of the period from 1988 - 1992/3. My requirements were $10,000 per month and a small amount to cover expenses. This was in line with similar positions within the nonprofit sector and was researched by Mr. Williams. Because there were ceilings on the compensation paid to Commission staff members funded from public funds, it was determined that I would be in the second category of individuals funded from private monies who were not considered "government employees" per se. I was told that the fund-raising needs, which included supporting indigenous efforts, approximated nearly $100 + million over the four year period. In addition, the Commission was already receiving bad press and had been notably unsuccessful in raising any monies up to this point. [My assessment of this was that they lacked a professional staff -- at least of the quality that I had experienced elsewhere in my career - with the State Department, American Express, Sears, and various non-profit organizations.]

In an effort to seek funds and at the recommendation of executive search recruiter, who had raised money for the Vietnam War Memorial, Mr. Williams drafted a proposal for seed money for RJR Nabisco which described the development program, the executive search, my selection and appointment to the position. I assisted Mr. Williams by rewriting this proposal, which spelled out fully the particulars of this position, my selection, scope of responsibility, ... was then immediately provided to Mssrs. Goudie, Martinez-Alvarez and Ms. Joustra for review and then forwarded to the Assistant Secretary of State Ed Fox for submission to the Secretary ... and then to RJR Nabisco. The relevant sections of this proposal are enclosed.

While that was in process, the Commission met again in September. I was called by Mr. DiCarlo during the meeting, in which Mr. DiCarlo indicated that the Commission members had personally pledged $100,000, of which $65,000 was for the purpose of guaranteeing the six months' compensation and $5,000 in expenses that I had indicated would be necessary. I agreed to go to work on that basis, with a view to having the program ongoing on a self-funding basis after six months, but on the condition that I be given at least a two year employment contract which, of course, was based on the self-funding nature of the position.

I commenced to work for the Commission on October 3, 1988 and was in attendance at the Columbus Day Proclamation at the White House, where I was introduced to members of Congress, corporations, and the relevant public as the Commission's new Director of Marketing, Development and Finance. [The additional function was included due to the lack of competent credentials among the staff members and the fact that I hold an MBA with Distinction in Finance from New York University].

I was instructed to have business cards made up with this title, utilizing the Commission's plate and printer on Capitol Hill. A copy of the proof is enclosed. From the time I commenced -- officially onboard -- until 10 days later when the Chairman terminated me, I was unable to get either the Chairman Goudie and Ms. Joustra to divulge to me the particulars of the "fund-raising" contractual arrangements. Simultaneously, a partner of the law firm of O'Connor & Hannan expressed extreme concern about the fund-raising contracts being signed by the Chairman. He forwarded some to me, expressing relief that a "professional" was on-board.

Congressman Tom Sawyer

Congressman Tom Sawyer
Chairman, Subcomittee on Census and Population
April 22, 1991
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On October 12, 1988, Ms. Joustra and Mr. Len Silverfine, who had a reputation of being a "huckster" according to reliable sources within New York City and a friend of Ms. Joustra's, requested a meeting with me to inform me that I was only to contact foundations, while Mr. Silverfine was to secure corporate sponsorships. Since it had been clearly indicated that I was to manage the spectrum of fund-raising arrangements, I indicated that this was not my understanding, and that we should "re-group" with the Commission to set the appropriate strategy. I requested that we take "two days" to review the overall strategy before proceeding. Two days later I was terminated because, as I now understand it, based on the statements and actions of Ms. Joustra and Mr. Silverfine subsequent to the meeting. Mr. Silverfine, incidentally, had a signed letter from the Chairman which indicated a potentially personally very lucrative fund-raising opportunity.

The Chairman "fired" me via John Williams with no explanation other than Jana Joustra wouldn't work with me and that they had a fund-raiser (Len Silverfine). No Commission members were consulted. The Executive Director Williams immediately offered to "settle" with me by compensating me for four weeks work (I had already put in at least that much time throughout the summer). I found this totally unacceptable. I later heard that Chairman Goudie approached Commission member DiCarlo with a settlement offer of $20,000. To date, nothing (not even my expenses for the TDY trip to Washington have been paid.

I secured the services of an attorney, George Cohen, Esq. of Bredhoff & Kaiser, asking that he telephone the Commission's staff. He preferred to write a letter and this letter (copy enclosed) was sent to each member of the Executive and Finance Committee. The Commission's response was to deny my employment and utter various misstatements (and in fact including a threat not to pay me at all).

I myself wrote to each and every Commission member without avail (copy of letter enclosed). The case was referred to the Justice Department where they did nothing for over 1 year (talking only about the situation with John Goudie, Jana Joustra and Francisco Martinez-Alvarez). No other Commission members were ever approached to discuss the particulars of the case. The bottom line was that the Justice Department and the Commission claimed that Mr. Williams signature was not valid. I finally sought the assistance of Congressman Bill Green, who represented the district in which I lived in New York City.

Congressman Green wrote two letters to the Department of Justice and, through his Administrative Assistant Sheila Greenwald, met with John Williams to discuss the facts of the situation. The result of this meeting is in the enclosed letter. At the suggestion of Congressman Green, I went on my own, not represented by an attorney, to the Department of Justice, indicating that I was willing, and had been willing, since December 1988, to forego the contractual conditions and to accept what the Commission members themselves had pledged as a guarantee to me - namely the $65,000. I never heard another word and, for the time being, gave up.

In the summer of 1990, I began to pursue the case again only to learn that the Justice Department had "closed" the case, claiming that I never responded to a letter I never received. When I tracked down Mr. McHale at the General Counsel's Office at Treasury, he acted annoyed. When I asked him for a copy of this "letter", I never received it.

Congressman Tom Sawyer
Chairman, Subcomittee on Census and Population
April 22, 1991
Page Four

Since then, I have received phone calls from Mr. Goudie [just prior to his leave] and have talked with Art Decio, Dan DiCarlo and John Williams. The Commission members who were among those pledging the money to fund me were Dan DiCarlo, Alecko Pappamarkou, Art Decio, Fred Guardabassi, Gene D'Angelo, Pete Secchia and Michael Valerio. There was absolutely no reason for my termination other than I represented a threat to Ms. Joustra and/or some fund-raising schemes. Even on that basis, the Commission had a verbal and written obligation to me and has tried to disclaim it, stating that "it's very difficult to sue the Government". I have sufficient information to win a lawsuit and, on that basis, would seek significant damages. However, I have tried through every channel to resolve this situation equitably. Most recently, I have met with individuals at the White House to seek their assistance.

The Commission, however, has done nothing but to deny the truth. The Commission (most likely funneled through Mr. Goudie and Ms. Joustra) attempted to slander my person by claiming that I lied about my background ... They tried to imply that I was a "personal" friend of the then Executive Director - John Williams. The repeated character assassinations that resulted as part of this coverup were quite hurtful, no matter how very untrue.

The Commission attempted to deny my employment, the legitimacy of the involvement (which was at their request -- not mine), the compensation verbally guaranteed to me in repeated conversations over the course of over six months, and the very obvious question as to "why" I was terminated to begin with. To cover up the situation, the Commission terminated John Williams without ever understanding what really happened.

Now, in light of the public attention to the behavior of this Commission, I had hopes that the current Executive Director and Chairman might be willing to address this situation. I regret that it appears as if all approaches to them by concerned individuals in Washington have fallen on deaf ears. And, unless this issue is addressed within the next th rty days, I will and shall sue ... and with a tremendous amount of support throughout both Washington, D.C. and New York City.

Thank you for your time and interest in this situation.

Sincerely,

Paula Jellinghaus

Paula Jellinghaus

Enclosures

BILL GREEN
15th District, New York

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEES
RANKING MINORITY MEMBER
HUD-INDEPENDENT AGENCIES
DISTRICT OF COLUMBIA

Congress of the United States
House of Representatives
Washington, DC 20515

August 3, 1989

Carol T. Crawford
Assistant Attorney General for
Legislative Affairs
U.S. Department of Justice
Washington, D.C. 20530

Dear Ms. Crawford:

I am in receipt of your letter of June 30 regarding the case of Paula Jellinghaus. Subsequent to receipt of your letter, a member of my staff met with Ms. Jellinghaus and John Williams. Ms. Jellinghaus asked that we pass the following information on to you.

Mr. Williams states that before the letter of agreement that he signed giving Ms. Jellinghaus a six month trial period, the Board of the Commission met and the 10 Members pledged $10,000 each to get Ms. Jellinghaus started. He further states that while he did not have written permission to hire Ms. Jellinghaus, he thought he had the authority to sign a letter of agreement with a consultant based on a trial period.

Ms. Jellinghaus states that she is anxious to settle this matter and has no interest in litigation. She asks that if the Justice Department is willing to talk with her directly, she is more than willing to work with Mr. McHale to resolve the matter.

Thank you for your time and attention to this matter.

Sincerely,

Bill Green
Bill Green
Member of Congress

BG:sap

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February 15, 1989

Mr. Stephen McHale
U.S. Department of Justice
Civil Division
550 11th Street, N.W., Room 756
Washington, D.C. 20530

Re: Paula Jellinghaus -- Christopher Columbus Quincentenary Jubilee Commission

Dear Mr. McHale:

In connection with your review of this file, I would request that you carefully consider the enclosed letter from William G. Tobin, who conducted the executive search on behalf of the Commission which culminated in Ms. Jellinghaus' appointment as Director of Development. Of particular importance, as Mr. Tobin's letter attests, the Commission requested Ms. Jellinghaus to remain "on hold" (i.e., not to seek other employment) from early 1988 until she was ultimately put on the payroll on or about October 1, 1988.

I would appreciate hearing from you in the near future.

Sincerely,

George Cohen

George H. Cohen

GHC/njc
Enclosure

cc: Paula E. Jellinghaus

February 6, 1989

Mr. George H. Cohen
Bredhoff & Kaiser
1000 Connecticut Avenue, N.W.
Washington, D.C. 20036

Dear Mr. Cohen:

The purpose of this letter is to clarify Ms. Paula Jellinghaus' involvement with the Christopher Columbus Quincentenary Commission.

As background, in the fall of 1987, while I was a General Partner in the Executive Search firm of Tobin, Dunaway, Sarroff, and Sager, I was approached by a member of the Commission to undertake a search for a new Director of Development. I met with the Executive Director who outlined the requirements for the position.

In February 1988, after interviewing Ms. Jellinghaus I presented her to the Commission. She was interviewed by the Executive Director and several Commission members and I was informed that she was very well suited for the position. However the Commission did not have any funds to be able to compensate her. Nevertheless the Executive Director requested that we keep her 'on hold' pending the receipt of sufficient monies.

In September 1988 I was told that some Commission members had personally pledged six months compensation for her and that from her position as Director of Development, she would then be responsible for raising monies to cover her salary, as well as to pay back the members who had made this pledge. On this basis, and on the receipt of a signed employment agreement from the Executive Director, she began work for the Commission. Six days later she was terminated for reasons that have never been officially communicated to me.

Should you wish clarification or amplification of these points I can be reached at (202) 822-9444.

Sincerely,

William G. Tobin

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January 5, 1989

Mr. Stephen McHale
U.S. Department of Justice
Civil Division
550 11th Street, N.W., Room 756
Washington, D.C. 20530

Re: Paula Jellinghaus -- Christopher Columbus Quincentenary Jubilee Commission

Dear Mr. McHale:

In connection with our ongoing effort to resolve this matter short of litigation, I thought you would be interested in the enclosed document -- a marked up copy of an Executive Summary of the Commission's proposal to obtain $300,000 per year from RJR Nabisco over the five year period 1988-1992. I have been advised that this draft document was prepared by Director John Williams in July 1984 and thereafter revised by Paula Jellinghaus (see her editorial comments on the document) so that it would be a more persuasive document. (You already have a copy of the final version.)

In any event, the relevant point is that at pp. 5-7 the Commission sets forth its description of the need to establish a Development Program and, more importantly, the central role that Development Director Paula Jellinghaus was to play in the performance of that critical function.

After you've had a chance to review this document and to discuss the overall situation with your client, please call me so we can move ahead with settlement discussions.

Sincerely,

George H. Cohen

Enclosure
cc: Paula E. Jellinghaus

BREDHOFF & KAISER
Attorneys and Counselors
1000 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 833-9340

Elliot Bredhoff
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Patricia Polach
Virginia A. Seitz

Henry Kaiser
Counsel to the Firm

Telecopier
(202) 833-5588

October 21, 1988

<u>Certified Mail - Return Receipt Requested</u>

Mr. John N. Goudie
Chairman, Christopher Columbus
  Quincentenary Jubilee Commission
c/o Goudie and Associates
2520 South Dixie Highway
Miami, Florida 33133

Dear Mr. Goudie:

I am writing on behalf of my client, Ms. Paula Jellinghaus, who was employed effective October 1, 1988, as Director - Finance, Marketing and Development of the Christopher Columbus Quincentenary Jubilee Commission ("the Commission"). One week ago -- on October 14, 1988 -- you terminated her employment. That precipitous action on your part was totally arbitrary and without justification. In any event, irrespective of the purported reasons for your action, the Commission has certain contractual obligations to my client resulting from her termination. The purpose of this letter is to officially demand that the Commission comply with the relevant provisions of the September 29, 1988 Letter Agreement executed by the Director, John Alexander Williams, and Ms. Jellinghaus. (A copy is enclosed.) That Agreement governs the employment relationship between the Commission and Ms. Jellinghaus.

Specifically, our demand is that the Commission immediately comply with its obligation as set forth in paragraph 9 of the Agreement:

> [Ms. Jellinghaus] will be guaranteed a minimum of two years' salary and benefits, payable in a lump sum, if [her] services are terminated at any time prior to the end of the term of employment.

That provision was inserted into the Agreement at the insistence of my client. Ms. Jellinghaus is an experienced, senior executive and she was being asked by the Commission to develop and implement a program to raise monies for the Quincentenary, consistent with the integrity and standards befitting a Presidential Commission. The program she was asked to develop and implement had been notably unsuccessful during the prior three years of your Chairmanship. Moreover, this appointment entailed Ms. Jellinghaus making a major career change and a commitment to the Commission through the end of 1993, including a relocation to Washington, D.C. In consideration, Ms. Jellinghaus demanded and the Commission agreed that she was entitled to a reasonable degree of economic security, reflected by the compensation guarantee set forth in paragraph 9 quoted above. In retrospect, it is noteworthy that in insisting upon that guarantee Ms. Jellinghaus was cognizant of two pertinent facts: (1) that, from the outset, you were ambivalent about employing her as Director of Finance, Marketing and Development, notwithstanding the support she received from other members of the Commission; and (2) you were known to want to be in the position of discharging staff as you pleased. In those circumstances, Ms. Jellinghaus needed to be protected against precisely the kind of precipitous, unjustified action on your part that regrettably took place on October 14, 1988.

For those and other reasons as well (including the fact that since at least as early as May 15, 1988, Ms. Jellinghaus' appointment had been authorized by your Executive Committee but her employment status remained in limbo through October 1st), the Letter Agreement was formulated to provide Ms. Jellinghaus the guaranteed economic security as set forth in paragraph 9..

In addition, Ms. Jellinghaus' appointment was a matter of public attention, especially in New York and Washington. Your precipitous action in terminating her has seriously injured her professional reputation and may well adversely affect her future career opportunities. Further, your action has inflicted and will continue to inflict emotional pain and suffering upon Ms. Jellinghaus. For all these reasons, she is entitled to substantial damages from the Commission.

We hope, of course, that this entire matter can be resolved quickly and informally. To that end, I would suggest that you or your counsel contact me as soon as possible so that we can arrange a mutually convenient time and place to discuss this matter.

Mr. John N. Goudie
October 21, 1988
Page 3

One final point -- my client is under considerable pressure to publicly disclose this regrettable incident and the central role you played in her unjustified termination. In the interests of trying to achieve a prompt satisfactory resolution I have prevailed upon her to forego any public disclosure at this time. I strongly believe, however, that time is of the essence in convening a meeting.

Sincerely,

George Cohen

George H. Cohen

cc: John Alexander Williams, Director
Executive Committee Members

CHRISTOPHER
COLUMBUS
500
QUINCENTENARY
JUBILEE
COMMISSION

8/88

MEMORANDUM

TO: Ed Fox

FROM: John Williams

SUBJECT: Cover letter from the Secretary for CCQJC proposal to RJR Nabisco

As per our discussion some weeks ago, I am enclosing a proposal which we wish to present to RJR Nabisco for seed money to establish a development program. The proposal was developed by me and by Paula Jellinghaus, the woman we have identified (though the pro bono efforts of a Manhattan-based search firm) as the best person to head the program. She has extensive business development experience and also a State Department background, both of which I believe are reflected in the proposal.

Attached to the proposal is a draft letter from Secretary Shultz to Ross Johnson, the CEO of RJR Nabisco. Included in the proposal are appendices with a list of Commission members and Paula's resume, along with John Goudie's and mine. Also attached is a copy of RJR Nabisco's SEC filing for 1987, which incorporates its 1987 annual report.

A letter from the Secretary is crucial to our success in this proposal and I hope, after his trip to South America, that he will have renewed interest in creating a leadership role for the U.S. in the Quincentenary. With the funds which Congress has provided or is likely to provide, we can continue our coordinating role vis a vis U.S. and foreign quincentenary planners, but our impact abroad in shaping the Quincentenary and its legacy in Latin America and Spain would be minimal.

If the Secretary agrees to provide the letter, it should be addressed to Ross Johnson, the CEO, with a copy to Kenneth Taylor, the former Canadian ambassador to Iran who is a senior vice-president at RJR Nabisco, who directs their corporate philanthropy. A note from you to Taylor emphasizing the importance and urgency of their support would also be helpful.

If a call from the Commission Vice-Chairman, Bill McNeill, who was Mr. Shultz's colleague at the University of Chicago for many years, would be helpful in speeding this along, please let me know.

Naturally, I am grateful for your help in this matter. Please let me know if I can provide any additional information.

ESTABLISHMENT OF MARKETING, FINANCE AND DEVELOPMENT PROGRAM

Rationale

The establishment of a dedicated Marketing, Finance, and Development program and staff is a base-line requirement for the Commission to carry out responsibilities mandated to it by Congress. The Program will enable the Commission to fund adequately and responsibly the national initiatives, dedicated programs, projects and commemorative celebrations, in a manner that upholds the Columbus tradition and the standards and ideals of the Quincentenary.

Importantly, the Program will enable the Commission, through its stature and as a focal point for the Quincentenary, to lead, leverage and coordinate - nationwide and internationally - development efforts for the broad-scoped domestic and joint-ventured international programs that might not otherwise be implemented -- or fall far short of their objectives -- or left incomplete.

By supporting, directly or indirectly, these programs, projects, commemorative events and legacies, the participating corporations, institutions and individuals of the United States, and the United States itself, will benefit from domestic and international recognition, and the world and its peoples from the richness of the treasures uncovered, the increased knowledge and understanding, and the reshaped vision of the world which will endure into the 21st Century.

Financial Requirements

The combined estimated funding needs for the Commission and for these programs is estimated to be from $400-$500 million, to be raised between 1988 and 1993. Of this total, approximately $14 million would be needed to support the administrative costs of the Commission and its total professional staff from 1988-1993.

Status of Financial Programs to Support these Needs

The U.S. Congress has authorized annual funding of $212,000 in Federal funds to support the Commission through 1993. The Commission has received authorization from Congress to receive contributions, which are tax-deductible, of up to $1 million per annum from corporations and up to $250,000 per year from individuals.

The Commission also proposes to sell commemorative coins issued by the U.S. Treasury for the long-term support of national initiatives. These coins will not be issued until 1991 and are projected to produce between $150 and $200 million. However, this projection is based on significant marketing of and awareness of the Quincentenary programs and initiatives prior to 1991.

The Grand Columbus Regatta, representing the Tall Ships from nations worldwide, and the Nina, Pinta and Santa Maria, along with other to-be-determined projects and celebrations, are expected to win commercial sponsorship. However, the bulk of the monies needed will come from the contributions of corporations, institutions and private individuals.

Leadership of the Program

The Director for the Program will report to the Chairman and the Commission through the Director, John Alexander Williams, and work closely with other senior staff members. The entrepreneurial stage of the Commission's professional staff requires that the leader of the Program be a multi-faceted professional who can start-up and evolve the program into an eventual staff of 10 or 15 professionals in-house and an external nationwide network of volunteers, consultants and agencies.

In cooperation with the Director, and other staff functions, the Director for the Program will be responsible for:

- Preparation of a strategic plan which will lay the foundation for the program thrust, marketing, advertising, donor prospects, staffing and financial requirements which will attract the level and quality of contributions needed to support the Commission's operating staff, programs, projects and commemorative events.

- Preparation of strategic development outreach program which will utilize the Commission's leverage in supporting development efforts of other Quincentenary programs and institutions.

- Organizing and managing all aspects of the development program, from proposal development and presentation to the selection and participation of outside marketing and communications firms, including the "account management" of major corporate/institutional donors.

- Serving as the Commission's liaison with major corporate/institutional donors to ensure that their objectives are being met and that the Commission's standards and criteria are upheld.

Ms. Jellinghaus holds an MBA in Finance and International Management and has over 15 years experience with Fortune 50 companies, the U.S. Department of State, and consulting to entrepreneurial organizations. She has strategic planning, business development, marketing, advertising, sales and finance experience in both domestic and international operations within the private sector.

Ms. Jellinghaus managed Fulbright-Hays International Educational and Cultural Exchange Programs for the State Department. She speaks Spanish and French, and has both the background and facility for interfacing throughout the corporate, governmental and non-profit sectors. A curriculum vitae for Ms. Jellinghaus is enclosed.

Funding Requirements

The $1.5 million required funding through December 31, 1993 is broken down as follows:

Through December 31, 1988	$250,000
1989	$500,000
1990	$200,000
1991	$200,000
1992	$200,000
1993	$150,000

These monies will be used to fund salaries, benefits, operating costs, start-up and base-line research, marketing and advertising programs for the Marketing, Finance and Development Program, secure the position of Director and the leadership of Ms. Jellinghaus through 1993, and to establish a core staff of 2-3 professionals and sufficient support staff within the next six months.

CHRISTOPHER
COLUMBUS

QUINCENTENARY
JUBILEE
COMMISSION

PAULA JELLINGHAUS, DIRECTOR
FINANCE, MARKETING AND DEVELOPMENT

1801 F STREET NORTHWEST, WASHINGTON, D.C. 20006
(212) 692-7900 (202) 632-1992

CHRISTOPHER
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(212) 692-7900 (202) 632-1992

OFFICIAL TDY TRAVEL AUTHORIZATION
(Note: See Privacy Act Statement on reverse)

1. AUTHORIZATION NO.: T44940305

TRAVELER (first name, middle initial, last name): Paula Jellinghaus

3. TITLE: Director, Finance, Marketing & Development

4. SOCIAL SECURITY NO.:

ADDRESS TO WHICH REIMBURSEMENT CHECK WILL BE MAILED:
215 East 93rd Street
New York, New York 10128

6A. OFFICE - SERVICE AND DIVISION: CC03C

6B. CORR. SYMBOL:

7. OFFICIAL DUTY STATION: New York, New York

8. OFFICE PHONE NO.: (212) 692-7900

9. TYPE: [X] ORIGINAL [ ] AMENDMENT

10. CATEGORY: [X] SINGLE TRIP [ ] ILOA ([ ] COST [ ] NO COST)

11. TRAVEL PURPOSE (check one): [ ] SITE VISIT [ ] INFORMATION MEETING [ ] TRAINING ATTENDANCE [X] SPEECH OR PRESENTATION [ ] CONFERENCE ATTENDANCE [ ] ENTITLEMENT [ ] SPECIAL MISSION [ ] OTHER (SPECIFY)

12. SPECIFIC TRAVEL PURPOSE:

13. AUTHORIZED OFFICIAL ITINERARY

NOTE: DO NOT include any personal sidetrips or modes of transportation that are for personal convenience and/or preference.

DATE (a)	WEEKDAY (b)	ITINERARY POINT — CITY	STATE	PER DIEM RATE — M&IE RATE	MAXIMUM LODGING	TOTAL MAXIMUM	ACTUAL EXPENSE RATE	MODE OF TRANS. BETWEEN ITINERARY POINTS	MODE OF LOCAL TRANSPORTATION
		FROM New York	NY						
10/2 88	Sun	TO Washington	DC	16.50	94	110.5		Air	Taxi
10/4 88	Tue	TO New York	NY	16.50		16.50		Air	Taxi

YES	NO	
	X	14. IS THE EMPLOYEE MAKING ANY DEVIATIONS FROM THE AUTHORIZED ITINERARY FOR PERSONAL CONVENIENCE, TAKING ANY ANNUAL LEAVE OR USING A DIFFERENT MODE OF TRANSPORTATION FOR PERSONAL CONVENIENCE? (If "YES" explain in item 22, "REMARKS") (Note: any deviations from the authorized itinerary requires a comparative cost statement on the SF 1012, Travel Voucher.)
	X	15. IF AIR TRANSPORTATION IS THE AUTHORIZED MODE OF TRAVEL BETWEEN ITINERARY POINTS, IS THE LOWEST PRICED CONTRACT CARRIER BEING USED BETWEEN ALL ITINERARY POINTS? (If "NO" justify in item 22)
	X	16. IS EXTRA FARE AIR (first class, business class, etc.) OR RAIL (Metroliner, pullman, etc.) AUTHORIZED? (If "YES" justify in item 22)
	X	17A. WILL POV BE USED FOR ANY TRAVEL BETWEEN ITINERARY POINTS? (If "YES" check one box below and complete item 17B)
		18. IS ACTUAL EXPENSE (UNUSUAL CIRCUMSTANCES) AUTHORIZED? (If "YES" justify in item 22)

21. EST. COST TO GOVERNMENT

A. TOTAL ESTIMATED FARE EXPENSE: $116.[illegible]

B. TOTAL PER DIEM AND OTHER: $ 234.[illegible]

C. TOTAL ESTIMATED COST: $ 350.[illegible]

IMPORTANT: SAFETY BELT USE IS MANDATORY. DRIVE SAFELY.

Copy of letter sent to every Commission member.

PAULA ELISABETH JELLINGHAUS
18 EAST 93RD STREET
NEW YORK, NEW YORK 10128

December 5, 1988

The Honorable William H. McNeill
Vice Chairman
Christopher Columbus Quincentenary
Jubilee Commission
P.O. Box 45
Schoolhouse Road
Colebrook, CT 06021

Dear Mr. McNeill:

Concerned parties in New York City and Washington, D.C. have encouraged me to write to you concerning the distressing and increasingly public situation in which I have been placed as a result of the Christopher Columbus Quincentenary Jubilee Commission.

In January 1988 I was approached on your behalf by an executive search firm for a senior position on the Commission's staff as Director of Development. I had been recommended for this position because of an extensive background in business development, marketing and finance within the private sector, which was coupled with experience as an Educational and Cultural Exchange Officer with the U.S. Department of State. My curriculum vitae is enclosed.

At the request of the Commission, I was extensively interviewed by the Chairman, the Commission's staff and your Executive Committee. In mid-May, I was informed that I had been selected as the top candidate after a 10-month search and that the Executive Committee had authorized my appointment to the position. Because I had a keen interest in returning to the public sector and in the Quincentenary, I was willing to accept this position at a level of compensation that was less than that of other positions for which I had been approached in the private sector. At this point, I terminated a consulting engagement and other employment discussions, informing everyone that I was accepting the position with the Commission.

Pending funding for the position, I assisted the Director by researching and preparing a formal private sector development proposal which was scrutinized by the Commission's staff and provided to the Chairman for his review. The proposal was forwarded on August 11th to Ed Fox, the Assistant Secretary of State for Legislative Affairs, in an attempt to seek the support of the Secretary of State in securing funding from RJR Nabisco, Inc. This proposal fully detailed the scope of a Finance, Marketing and Development program for the Commission, the responsibilities of the Director, and my appointment by the Commission as the Director. A copy of this proposal is enclosed.

In mid-September, I was informed that other funding was available from the Commission members themselves for bringing me onboard. At that point, I executed an employment agreement (a copy is enclosed) with the Director, who was acting as your delegated representative pursuant to your by-laws.

I began to work for you on October 1 as the Director of Finance, Marketing and Development with the explicit responsibilities for the management and coordination of fund-raising and marketing programs. On October 3rd, I was introduced in this role to Congressmen, members of Federal agencies and corporate invitees at the White House.

I worked in Washington, D.C. and New York City from October 3rd to October 14th for the Commission, following-up with companies who had been previously contacted, arranging meetings and requests for development proposals with other corporations, and putting together a written plan for a coordinated overall approach for marketing and fund-raising activities. That plan was to be reviewed with the Chairman the following week.

✓ At the request of the Director (who was in Spain), I attempted on numerous occasions - without any success - to be briefed by Ms. Joustra, the Public Relations Director, about the Commission's relationships with designated marketing agents and the corporations which had been contacted for sponsorship and licensing arrangements.

✓ On October 12th, Ms. Joustra and Len Silverfine of The Big Idea, an independent contractor, requested a meeting with me on a couple of hours notice. In the meeting, Mr. Silverfine informed me that he was beginning immediately to contact corporations for sponsorship and licensing agreements. I requested that all approaches to corporations be coordinated through the Commission and suggested that we take two days before any meetings be held to assess the best overall strategy for these efforts.

✓ In so stating, I was acting within the scope of my responsibilities, on the explicit instructions of the Director (whom I had called prior to the meeting), and on the basis of the Chairman's letter of agreement with Mr. Silverfine and written background material on the situation which had been provided to me by the law firm of O'Connor & Hannan.

✓ It is my understanding that Mr. Silverfine's and Ms. Joustra's subsequent actions based on their interpretation of and reaction to those statements led to my precipitous and unjustified termination on October 14th. Since the Chairman did not return my call, I never had an opportunity to discuss this matter with him.

I have been in a complete state of shock as a result of these events. Throughout an 18-year career, I have never been terminated for any cause related to my personal or professional judgement, performance or demeanor. I have lost over six months of my life, passed up attractive employment opportunities, and incurred an economic and opportunity cost that I cannot afford. I have also had inflicted upon me considerable damage to my person and to my professional reputation.

I trust that your sense of fairmindedness will recognize the breach of commitment and damages inherent in this experience. As I am sure you realize, if I were compelled to pursue litigation against the Commission the following informal settlement proposed could not be used against me in any respect. However, I am truly interested in reaching an amicable and informal equitable resolution of this matter as soon as possible. In anticipation of this, I would be receptive to discussing this situation with you and can be reached at my office (212) 692-7900 or home (212) 860-7430.

Thank you for your kind consideration of this matter.

Sincerely,

Paula Jellinghaus

Enclosures

[illegible]

[The prepared statement of Richard D. Vanderpool follows:]

Discovery 1492 · 1992

The Athens-Clarke Quincentennial Commission

Barbara M. Dooley
Chairman

Dean Rusk
Lamar Dodd
Honorary Co-Chairmen

April 23, 1991

The Honorable Thomas C. Sawyer, Chairman
U.S. House of Representatives
Subcommittee on Census and Population
1518 Longworth H.O.B.
Washington, DC 20515

Dear Mr. Sawyer,

I have received your April 16 letter regarding the oversight hearing to review the activities and plans of the Christopher Columbus Quincentenary Jubilee Commission. Thank you for noting my interest in the Quincentennial and inviting my statement.

I never met John Goudie personally, but as the most outspoken and widely traveled individual Quincentennial advocate in this country, I have had ample opportunity to see the effect of his efforts on behalf of the commemoration. As I have stated on numerous occasions, far more is being done in spite of his efforts, than in concert with them.

Under the alleged leadership of John Goudie, for the past 6 years only token effort has been made to educate grass roots America regarding the Quincentennial. Few of our citizens even know 1992 is out there, much less of it's broad historical significance. Chairman Sawyer, John Goudie very nearly succeeded in robbing this country of an opportunity to participate meaningfully and appropriately in the commemoration. He simply did not do his job as charged by President Reagan and Congress in August 1984 [Public Law 98-375]; "to plan, encourage, coordinate, and conduct" this country's Quincentennial observance.

You and your colleagues may rest assured that as hard as John Goudie may have worked to insure that the Quincentennial was his own personal provenance, he has not dealt it a fatal blow - <u>if</u> the White House and Congress move with all possible haste to put the national commission back on track. Many citizens in this country are waiting for some good news and direction for 1992.

Again I wish to state my interest in serving as a member of the Christopher Columbus Quincentenary Jubilee Commission, and remain available to meet with you at your convenience.

Thank you again for your attention to this matter, and with kindest regards, I am

Sincerely,

Richard D. Vanderpool
Discovery 92

P.O. Box 1492 Athens, Georgia USA 30603 (404)540-4755

Mr. SAWYER. Our first witness today is L. Nye Stevens, who is the Director of the General Business Operations Issues, General Government Division, U.S. General Accounting Office. It is a pleasure to have you here and if you would identify your colleagues for the record, we would appreciate it.

STATEMENT OF L. NYE STEVENS, DIRECTOR, GENERAL BUSINESS OPERATIONS ISSUES, GENERAL GOVERNMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY ROGER STOLTZ, ASSISTANT DIRECTOR, ACCOUNTING AND FINANCIAL MANAGEMENT DIVISION; AND LORETTA WALCH, EVALUATOR

Mr. STEVENS. Yes, I would be glad to, Mr. Chairman.

On my left is Roger Stoltz, who is an Assistant Director in our Accounting and Financial Management Division, and who has been responsible for the various examinations of accounting and financial records that we have been through during this work; and Loretta Walch, on my right, is the Evaluator in overall charge of our look at the Commission.

It is a pleasure to be here to discuss the Columbus Quincentenary Jubilee Commission. In summary, our review shows that in the 5½ years since the Commission's first meeting in 1985, the Commission has accomplished very little of what Congress envisioned as its mission and that its financial condition is precarious.

What should be the home stretch for the Commission at this point has become an operation bootstrap, to salvage whatever benefits are possible in the limited time that remains.

The 1984 legislation provided a broad mandate for the Commission. It essentially also provided seed money in appropriated funds, a maximum of $2 million spread out over 9 years or a little over $200,000 a year to support the Commission. In light of this clear congressional intent that the Commission's activities be funded primarily from sources other than Federal sources, the key measure of the Commission's success is its ability to raise sufficient funds from the private sector to fulfill its duties and obligations.

However, we have to report to you that the Commission's fundraising has fallen far short of its expectations. From 1986 through 1990, it expected to raise a total of about $3.3 million, but actually took in about $880,000, from all non-Federal sources, which was about 2.4 million less than its anticipated year-to-year needs or its expectations.

More than half of the total cash donations to the Commission were received from members of the Commission itself.

In retrospect, there are several reasons for the limited success of the Commission in its central objective of raising money. Its plans to hire a professional fundraiser fell through and the Commission staff itself had no real fundraising plan at that point. As a result, its requests for money were not specific and they failed to recognize that general appeals for support, particularly as a supplement to Federal support, are less attractive to donors than funding that is tied to particular projects and with definite aims.

The former Chairman, as you pointed out, Mr. Chairman, had centralized most of the fundraising at his own hands, but he didn't have a high public profile he lacked ready access to corporate chief executive officers.

The Commission's requests for money originally lacked a sense of urgency, too, because 1992 seemed quite a way off. By the time it became nearer, we were in an economic downturn, which I think also affected the Commission's prospects.

As of December 1990, our review at that point confirmed that the Commission was in disarray. It was in a deficit position financially and its activities were at a standstill. Its major corporate sponsor, Texaco, had suspended payments, and as a result, the Commission did not have funds to make its September 1990, $600,000 progress payment to Spain that it owed for the Caravel tour. The Director of the Commission had resigned in September 1990 and in the wake of the rather unfavorable publicity in December of that year, the first Chairman of the Commission resigned.

Not only had its fundraising efforts faltered, but its management of the funds that it did collect was also quite deficient. The Commission had no accountant or financial manager on its staff and had suffered from a lack of accounting and managerial knowledge, weak internal controls and incomplete or incorrect financial statements and recordkeeping. As a result, the Commission was keeping four sets of books that contained conflicting financial information.

The National Archives Inspector General audited the Commission's financial transactions for the period from April 1988, through June 1990 and identified numerous problems with its receipts and revenue recognition, its procurement, property inventory, its management of its agreements, of its payroll, of its travel obligations.

In our review of the Archives audit, which is not yet published, and also our review of transactions in the the last 6 months of 1990, indicated that the Commission has begun to take steps to correct these weaknesses, but it also shows that the Commission is insolvent and does not have funds needed to successfully carry out its planned work at this point.

In February 1991, as you pointed out, Mr. Donatelli, who will follow me in a few minutes, was appointed by the President and elected by the Commission as the new Chairman and he immediately hired Mr. Kuhn as its new Director. Since that time, the new management has gone through a process, quite appropriately, of regrouping and taking a fresh look at where they are and what they believe is needed to make the 1992 celebration a success.

While the new management approach appears quite reasonable to us, it is also true that the Commission faces many challenges and obstacles. Its appropriation request for $220,000 for fiscal year 1992 is certainly necessary, but we can't call it sufficient to ensure the survival of the Commission.

The adverse publicity, of course, surrounding the Commission may well have undermined its future ability to obtain the number of new sponsors and donors that are essential to the success of its efforts.

Straightening out the accounting and financial management system, while it is certainly a necessary step, will not resolve the biggest problem that the Commission faces, which is the lack of money to successfully carry out the programs that would support its mission.

One of the Commission's planned projects, the Columbus Scholars program, depends on whether legislation, separate legislation, is passed which would authorize the Mint to issue a Columbus commemorative coin. Our view on that is that if it is going to happen, it should happen fairly quickly because the market for the coin will disappear rapidly after 1992.

Given both the problems that the Commission ran into last year and the daunting scale of the challenges that its new leadership faces now, we believe that this subcommittee can most effectively contribute to achieving the purposes of the Columbus Jubilee Quincentenary Act by exercising close and frequent oversight of the Commission's activities and its progress. A clear demonstration that Congress retains a watchful and constructive interest in the Commission and in its success should be motivational to the staff of the Commission, certainly to its membership, and also reassuring to those in the private sector whose support the Commission very much needs.

That completes my prepared statement, Mr. Chairman, and we will respond to any questions you would like to ask.

[The prepared statement of L. Nye Stevens follows:]

United States General Accounting Office

GAO Testimony

For Release
on Delivery
Expected at
2:30 p.m. EDT
Tuesday
April 23, 1991

Christopher Columbus Quincentenary Jubilee Commission

Statement of
L. Nye Stevens, Director
Government Business Operations Issues
General Government Division

Before the
Subcommittee on Census and Population
Committee on Post Office and Civil Service
House of Representatives

GAO Form 160 (12/87)

CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION

SUMMARY OF STATEMENT BY
L. NYE STEVENS
DIRECTOR, GOVERNMENT BUSINESS OPERATIONS ISSUES
GENERAL GOVERNMENT DIVISION

The 500th anniversary of Christopher Columbus' first voyage to the "new world" is now less than 18 months away. To date the Christopher Columbus Quincentenary Jubilee Commission has accomplished very little of what Congress envisioned as its mission and its financial condition is precarious. It has experienced several setbacks including a spate of negative publicity, the withdrawal of the primary corporate sponsor, and the resignations of the Director in October 1990 and the Chairman in December 1990. What should be the "home stretch" for the Commission has become a rescue operation to salvage whatever benefits are possible in the limited time remaining.

Although Congress clearly intended that the Commission be funded primarily from private sources, the Commission's fundraising has fallen far short of expectations. There was no fundraising plan, and requests for support were general rather than specific. The former Chairman, who centralized most fundraising in his own hands, did not have a high public profile or ready access to corporate chief executive officers. Most of the unrestricted cash donations came from members of the Commission themselves. Financial management was deficient and the Commission became insolvent; by the end of 1990, cash was drawn down to a balance of $43,000, while liabilities amounted to $764,000.

In February 1991, a new Chairman was appointed by the President and elected by the Commission. The new Chairman immediately hired a new Director. Since that time, the new management has gone through a process of regrouping and taking a fresh look at where they are and what is needed to make the 1992 celebration a success. Steps have been taken to improve financial management. While the new management's approach appears reasonable, it will clearly require funding far in excess of appropriated funds.

While the Commission's success is still uncertain, it is important to remember that a celebration will still occur through projects conducted by other organizations. Given both the problems the Commission ran into last year and the daunting scale of the challenges its new leadership faces now, GAO believes that the Subcommittee can most effectively contribute to achieving the purposes of the Christopher Columbus Quincentenary Jubilee Act by exercising close and constructive oversight of the Commission's activities.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the Christopher Columbus Quincentenary Jubilee Commission which was tasked by Congress in 1984 to plan, encourage, coordinate and conduct the commemoration of Christopher Columbus' voyages of discovery. As agreed with the Subcommittee, we focused our work on the status of the Commission at the end of 1990 and its ability to carry out the celebration in 1992. This has become an issue of some urgency because during the past year the Commission experienced several setbacks and the date of the 500th anniversary (October 12, 1992) of Christopher Columbus' first voyage to the "new world" is fast approaching. The setbacks include a spate of negative publicity, the withdrawal of the primary corporate sponsor, and the resignations of the Director in October 1990 and the Chairman in December 1990.

In the course of our work we interviewed the current Commission Chairman and Director, all former Directors, three members of the Commission, and several Commission staff members. We also reviewed Commission files and financial records; the Christopher Columbus Quincentenary Jubilee Act, as amended, and its legislative history; and the National Archives and Records Administration Office of Inspector General's (OIG) workpapers from its audit of the Commission.

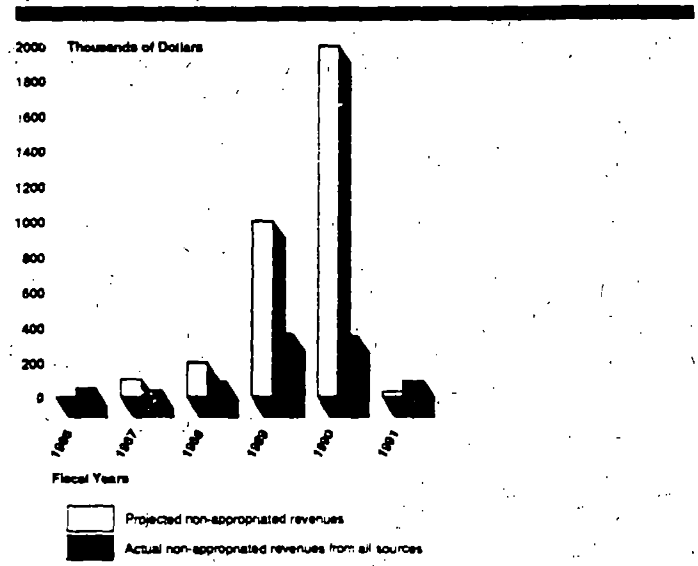
Mr. Chairman, our review shows that, in the five and a half years since its first meeting in September 1985, the Commission has accomplished very little of what Congress envisioned as its mission and its financial condition is precarious. What should be the "home stretch" for the Commission has become "operation boot strap" to salvage whatever benefits are possible in the limited time remaining.

Fundraising--A Key Expectation

The Commission was set up to carry out its statutory purposes largely through the use of donated funds. The 1984 authorizing legislation provided a broad mandate and what is essentially "seed money" in appropriated funds--a maximum of $2,000,000 over the 9-year life of the Commission. In comparison, the Commission on the Bicentennial of the United States Constitution received an appropriation of $15,000,000 just for fiscal year 1990. In light of Congress' clear intent that the Commission's activities be financed primarily from sources other than federal funds, the key measure of the Commission's success is its ability to raise sufficient funds to fulfill its duties and obligations.

However, the Commission's fundraising has fallen far short of its expectations. From 1986 through 1990 the Commission expected to raise a total of $3,300,000, but actually took in a total of $888,700 from all non-federal sources, $2,411,300 less than anticipated. Figure 1 shows the Commission's projected and actual non-appropriated revenues for each of these years.

Figure 1:
Projected and Actual Non-Appropriated Revenues



Actual non-appropriated revenues include fees from donations, licensing fees, and interest income.

Actual revenues for FY 1991 are through March 31, 1991.

Source: Christopher Columbus Quincentenary Jubilee Commission budgets submitted to Congress and Commission financial data

Despite the fact that many Commission members were noted more for intellectual or humanitarian than financial stature, support from members of the Commission itself has been essential to the Commission's survival. Of the $325,717 in total cash donations which the Commission received through March 31, 1991, $193,402 was donated by members of the Commission. In addition, Commission members, who serve without paid compensation, often paid their own expenses for traveling to and attending Commission meetings.

In retrospect, according to the past Directors and several Commission members, several reasons are apparent for the limited success of the Commission in raising money from the public. Plans to hire a professional fundraiser fell through and the Commission staff had no fundraising plan. As a result, its requests for money were not specific, and failed to recognize that general appeals for funding are less attractive to corporations and philanthropies than support identified with definite projects. The Chairman, who centralized most fund-raising in his own hands, did not have a high public profile or ready access to corporate chief executive officers. The Commission's requests for money lacked a sense of urgency because initially the year of commemoration was so far in the future, and later coincided with an economic downturn.

Commemorative Projects

The Commission's 1987 report to Congress recognized that many of the events and activities for the Quincentenary would not need the Commission's leadership or even participation, but rather its coordination and encouragement. Projects involving the Commission financially have not fared well to date.

In July and August of 1990, the Commission's New World Summer 1990 program brought together 64 American, Japanese, and Dominican high school students in the Dominican Republic to study international issues. The Commission set up the program without a signed sponsorship agreement. According to Commission staff, on the day the program started, the expected corporate sponsor declined to participate and the Commission was left with bills of $259,000 for the 1990 program, of which approximately $106,000 remained outstanding as of March 31, 1991. Because of the shortage of funds and the lack of a sponsor there will not be a New World Summers program for 1991 and the program for 1992 will depend on the success of fundraising efforts in the next few months.

In September 1989, the Commission entered into agreements with Texaco and Spain's Sociedad Estatal or "State Society". The agreements were intended to arrange a tour by "the caravels" -- replicas of the Nina, the Pinta, and the Santa Maria. Under these agreements the Commission was to be responsible for managing the tour, Spain was to be responsible for building and insuring the replicas, and Texaco pledged to pay $5 million payable in six installments scheduled over four years, and was named the exclusive national sponsor of the tour. Under the terms of the agreements, the Commission was to receive $850,000 of the $5 million to defray its normal operating expenses. After the Commission received $255,000 from the first two installment payments, Texaco suspended its payments beginning in September 1990 because of a contract dispute. The dispute concerned sufficiency of insurance, adequacy of tour planning and certification for the ships. The Commission therefore did not receive the $85,000 it expected in September 1990 and it is unlikely to receive the remaining $510,000 it was scheduled to receive from the agreements.

In July 1989, the Commission entered into an agreement in return for a $300,000 advance on royalties, which granted the Christopher Columbus Licensing Group the exclusive right to license the marketing of products with the Commission's official logo. The Commission will not receive any additional money from this contract until the advance on royalties is recouped by the Licensing Group. Any additional money will probably not be received early enough to be used in planning events or projects for 1992.

Condition as of December 1990

In December 1990, the fact that the Commission was in bad shape became a matter of broad public knowledge due to exposure in the New York Times, the Washington Post, and other media. Our review of the Commission's status as of December 31, 1990, confirms that it was in disarray. It was in a deficit position and its activities were at a standstill. Its major sponsor--Texaco--had suspended payments. As a result, the Commission did not have the funds to make its September 1990 $600,000 progress payment to Spain for the caravel tour. The Director of the Commission had resigned in October 1990. In the wake of the publicity, the Commission's first Chairman resigned in December 1990.

Not only had its fundraising efforts faltered, its management of the funds it did collect was also deficient. The Commission had no accountant or financial manager on its staff and suffered from a lack of accounting and managerial knowledge, weak internal controls, and incomplete or incorrect financial statements and recordkeeping. As a result, the Commission kept four sets of books that contained conflicting financial information.

The Archives Inspector General audited the Commission's financial transactions for the period April 1, 1988, through June 30, 1990, and identified problems with receipts and revenue recognition, procurement, property inventory, management of agreements, payroll, and travel. Our review of the Archives' audit and our review of transactions from June 30, 1990, to December 31, 1990, indicated that the Commission has begun to take steps to correct these weaknesses. But it also shows that the Commission is insolvent and does not have the funds needed to successfully carry out its planned work.

Statements of the Commission's financial condition as of December 31, 1990, are attached to my testimony. They show that the Commission's financial position has steadily deteriorated as total expenses exceeded total revenues by $126,000 for the 9 months ended

June 30, 1990, $1,070,000 for the year ended September 30, 1990, and another $77,000 for the 3 months ended December 31, 1990. As of December 31, 1990, the Commission's cash was drawn down to a balance of $43,000, of which only $12,000 was unrestricted. The remainder, $31,000, was designated by the Commission for specific projects as indicated on the balance sheet. Total liabilities, however, amounted to $764,000, including $600,000 for the overdue September 1990 caravels progress payment, and $128,000 of July and August 1990 bills relating to the New World Summer program.

Also, as of December 31, 1990, the Commission had not paid its office rent for the months of November and December 1990 although it was subsequently paid on February 8 and March 1, 1990, respectively. On January 4, 1991, Spain said it was terminating the caravel tour agreement with the Commission because of the nonpayment of the September 1990 $600,000 progress payment.

Challenges/obstacles facing the Commission

In February 1991, a new Chairman, Frank J. Donatelli, was appointed by the President and elected by the Commission. The new Chairman immediately hired a new Director. Since that time, the new management has gone through a process of regrouping and taking a fresh look at where they are and what they believe is needed to make the 1992 celebration a success. The new approach focuses on three areas: staffing, fundraising, and developing a core program.

The new Chairman and Director plan to strengthen the current staff by adding at least four additional staff members. These are to include an accountant, a fundraiser, someone to handle public relations, and a liaison officer to work with state and local organizations. They also recognize the need for additional legal assistance.

The new Commission managers' fundraising plan calls for seeking corporate sponsors, using direct mail solicitation, and establishing a Columbus 500 Council made up of volunteer fundraisers to seek contributions of between $2,000 and $5,000 from individual donors.

The Commission is focusing on a few specific projects which it plans to conduct. They believe that focusing on fewer, more specific projects will make it easier to interest corporations in becoming sponsors and contributing money if they can choose a specific event to sponsor. However, we believe the unresolved contract dispute with Texaco may have a negative effect on other potential corporate sponsors.

One of the Commission's planned projects--the Columbus Scholars Program--depends on whether legislation is passed which would authorize the U.S. Mint to issue a Christopher Columbus commemorative coin. This program, viewed as a lasting memorial to

Christopher Columbus, would be permanently endowed from the profits of commemorative coin sales. Time is running short because it will be difficult to market coins after the quincentenary celebration.

The Commission faces many challenges and obstacles; its appropriation request of $220,000 for fiscal year 1992 is necessary but is not in itself sufficient to ensure its survival. Perhaps it is important to remember that if the Commission succeeds in raising only enough money to pay its operating expenses, a celebration will still occur through projects conducted by other organizations. There are over 470 projects and events listed in the Quincentenary Calendar. The Commission has endorsed over 200 of these as Official Projects. Most of these projects and events will be conducted on a state or local level. In addition, the caravels still will make a tour of several cities in the United States. The Spanish Commission, however, now intends to manage the tour.

Conclusions

While the new management's approach appears reasonable, it is clear it will require funding far in excess of appropriated funds. The adverse publicity surrounding the Commission may have undermined its ability to obtain the number of new sponsors and donors essential to the success of the planned efforts. Straightening out the accounting and financial management system, while a necessary step, will not resolve the biggest problem the Commission faces--

the lack of money to successfully carry out the programs supporting its mission. The success or failure of the Commission's new management is directly contingent upon the ability to raise these funds--quickly--from private sources.

Given both the problems the Commission ran into last year and the daunting scale of the challenges its new leadership faces now, we believe that this Subcommittee can most effectively contribute to achieving the purposes of the Christopher Columbus Quincentenary Jubilee Act by exercising close and frequent oversight of the Commission's activities and progress. A clear demonstration that Congress retains a watchful and constructive interest in the Commission and its success should be motivational for the staff and the members of the Commission, and reassuring to those private entities whose support the Commission needs.

This concludes my prepared statement, Mr. Chairman. My colleagues and I would be pleased to respond to questions.

CHRISTOPHER COLUMBUS QUINCENTENARY
JUBILEE COMMISSION
Balance Sheets

	June 30, 1990	September 30, 1990	December 31, 1990
ASSETS			
Cash:			
Unrestricted:			
Income Fund	$ 65,195	$ 20,698	$ 2
Gift Fund	5,551	5,551	1,819
Appropriations	1,161	66	9,846
Money Market	312,405	145,437	177
Total Unrestricted Cash	384,312	171,752	11,844
Restricted:			
Medallion	-	25,000	15,975
Caravel	15,000	15,000	15,000
Total Restricted Cash	15,000	40,000	30,975
Total Cash	399,312	211,752	42,819
Prepaid Expenses	5,087	-	-
Total Assets	$404,399	$211,752	$ 42,819
LIABILITIES			
Accounts Payable:			
Undesignated	$ 78,942	$ 1,983	$ 15,689
Caravel (Note 4)	-	600,000	500,000
Scholars	-	239,848	228,076
Medallion	-	-	4,000
Total Accounts Payable	78,942	841,831	747,765
Accruals:			
Annual Leave	19,724	11,237	13,334
Comp Time	5,906	2,944	2,780
Total Accruals	25,630	14,181	16,114
Total Liabilities	104,572	856,012	763,879
Commitments and Contingencies (Note 4)	-	-	-
FUND BALANCES (Deficit)			
Unrestricted	287,327	174,488	113,997
Restricted - Caravel	15,000	(585,000)	(588,284)
Restricted - Scholars	(2,500)	(258,748)	(258,748)
Restricted - Medallion	-	25,000	11,975
Total Fund Balances (Deficit)	299,827	(644,260)	(721,060)
Total Liabilities and Fund Balances	$404,399	$211,752	$ 42,819

See Accompanying Notes

CHRISTOPHER COLUMBUS QUINCENTENARY
JUBILEE COMMISSION
Statement of Operations

	9 months ended June 30, 1990	Year ended September 30, 1990	3 months ended December 31, 1990
REVENUES:			
Appropriated Funds:			
Appropriations	$217,000	$217,000	$ 74,900
Prior Year Recoveries	5,281	5,281	4,990
Total Appropriated Funds	222,281	222,281	79,890
Nonappropriated Funds - Unrestricted:			
Interest Income	33,498	37,692	1,041
Corporation Donations	86,630	86,630	-
Individual Donations	5,000	5,000	2,561
Licensing Fees	200,000	200,000	-
Total Nonappropriated Funds - Unrestricted	325,128	329,322	3,602
Nonappropriated Funds - Restricted:			
Medallion Donations	-	25,000	-
Caravel Donations	415,000	415,000	-
Total Nonappropriated Funds - Restricted	415,000	440,000	-
Total Revenues	962,409	991,603	83,492
EXPENSES:			
Salaries (Note 2):			
Appropriated	172,926	173,812	54,092
Nonappropriated	25,277	91,830	-
Total Salaries	198,203	265,642	54,092
Benefits (Note 3):			
Appropriated	60,315	44,222	12,962
Nonappropriated	6,049	10,069	-
Total Benefits	66,364	54,291	12,962
Rent (Note 4)	50,149	66,460	16,495
Printing	9,038	10,668	3,597
Office Supplies	9,626	14,116	2,995
Telephone & Mailing (Note 2)	31,577	41,652	9,546

Travel:			
Commissioners	47,463	60,780	2,475
Staff	38,893	43,758	1,508
Guests	13,738	15,569	-
Total Travel	100,094	120,107	3,983
Services:			
Caravel	600,000	1,200,000	3,284
Scholars	2,500	258,748	-
Medallion	-	-	13,025
General	9,157	14,530	35,313
GSA Accounting (Note 2)	11,325	15,100	5,000
Total Services	622,982	1,488,378	56,622
Total Expenses	1,088,033	2,061,314	160,292
Excess of (Expenses) Over Revenues	(125,624)	(1,069,711)	(76,800)
Fund Balances (Deficit) - Beginning	425,451	425,451	(644,260)
Fund Balances (Deficit) - Ending	$299,827	$(644,260)	$(721,060)

See Accompanying Notes

CHRISTOPHER COLUMBUS QUINCENTENARY
JUBILEE COMMISSION
Statement of Cash Flows

	9 months ended June 30, 1990	Year ended September 30, 1990	3 months ended December 31, 1990
<u>Cash Flows From Operating Activities:</u>			
Cash Received From:			
Appropriations	$222,281	$222,281	$ 79,890
Licensing Fees	200,000	200,000	-
Unrestricted Donations	91,630	91,630	2,561
Restricted Donations	415,000	440,000	-
Cash Paid For:			
General Operations	(432,958)	(633,312)	(128,344)
Caravels	(1,230,000)	1,230,000)	(3,284)
Scholars	(2,500)	(18,900)	(111,772)
Medallion	-	-	(9,025)
Net Cash Used in Operating Activities	(736,547)	(928,301)	(169,974)
<u>Cash Flows From Investing Activities:</u>			
Cash Received From:			
Interest Income	33,498	37,692	1,041
Net Cash (Used)	(703,049)	(890,609)	(168,933)
Cash - Beginning of Period	1,102,361	1,102,361	211,752
Cash - End of Period	$399,312	$211,752	$ 42,819

CHRISTOPHER COLUMBUS QUINCENTENARY
JUBILEE COMMISSION
Statement of Cash Flows (continued)

Reconciliation of the Excess of Expenses over Revenues to Net Cash Used in Operating Activities			
Excess in Expenses Over Revenues	$(125,624)	$(1,069,711)	$(76,800)
Increase (Decrease) in:			
Prepaid Expenses	(5,087)	-	-
Accounts Payable:			
Undesignated	41,361	(35,598)	13,706
Caravel	(630,000)	(30,000)	-
Scholars	-	239,848	(111,772)
Medallion	-	-	4,000
Accruals	16,301	4,852	1,933
Interest Income	(33,498)	(37,692)	(1,041)
Net Cash Used in Operating Activities	$(736,547)	$(928,301)	$(169,974)

See Accompanying Notes

CHRISTOPHER COLUMBUS QUINCENTENARY
JUBILEE COMMISSION
Notes to Financial Statements

1. Organization and Significant Accounting Policies

The Christopher Columbus Quincentenary Jubilee Commission was created by Section 3 of the Christopher Columbus Quincentenary Jubilee Act, Public Law 98-375, on August 7, 1984. The Commission was created to plan, encourage, coordinate, and conduct the commemoration of the Five Hundredth Anniversary of the voyages of discovery of Christopher Columbus on October 12, 1992.

The law, as amended, provides that the Commission shall issue a final report of its activities to the Congress no later than December 31, 1993, upon which date the Commission shall terminate its existence.

Basis of Accounting

The General Services Administration's (GSA) Office of Finance and Administration in Kansas City, Missouri, performs part of the Commission's financial accounting using the federal budgetary basis of accounting for budgets, obligations and outlays. The Commission also maintains a general ledger on an accrual basis of accounting in accordance with generally accepted accounting principles, from which these financial statements are prepared.

Gifts and Donations

Section 7 of Public Law 98-375 permits the Commission to accept donations of money, property, or personal services within certain dollar limitations from a single contributor to finance its operations. These donations are recorded in the financial statements when received. Donations restricted for a specific purpose are designated as such in the financial statements along with any related expenses.

Appropriations

Section 11 of Public Law 98-375 authorizes the Commission to receive appropriations not to exceed a total of $2 million for the period of its existence. Amounts are appropriated annually and beginning October 1, 1990, are recognized on a quarterly basis based upon an Office of Management and Budget apportionment formula.

Leave and Compensatory Time

Annual leave and compensatory time are accrued as earned, and reduced as taken. Sick and other types of leave are expensed as taken.

2. Intergovernmental Activities

GSA provides accounting services to the Commission, including payroll, personnel, and bill paying at a fee of $11,325 for the 9 months ended June 30, 1990, $15,100 for the year ended September 30, 1990, and $5,000 for the 3 months ended December 31, 1990. GSA also provided office furniture to the Commission at no cost. Federal telephone service is also provided by GSA based upon usage at a fee of $10,397 for the 9 months ended June 30, 1990, $13,825 for the year ended September 30, 1990, and $1,748 for the 3 months ended December 31, 1990.

The Commission has one employee on detail whose salary and benefits are paid by the Library of Congress until the Commission's termination.

3. Employee Benefit Plan

Commission employees participate in the Social Security Benefits Plan of the Federal Employees' Retirement System. The Benefits Plan is a defined contribution plan, and contributions to it are based upon a percentage of employees' gross pay. The Commission's contribution to the plan was $25,876 for the 9 months ended June 30, 1990, $32,808 for the year ended September 30, 1990, and $4,995 for the 3 months ended December 31, 1990.

The Commission does not report Civil Service Retirement System assets, actuarial present value of accumulated plan benefits, or unfunded liabilities applicable to its employees, since this data is maintained by the Office of Personnel management and are not allocated to individual departments and agencies.

4. Contingencies and Commitments

The Commission has an agreement with the State Society of the Government of Spain for a program of activities centered around the construction of 3 replicas of Christopher Columbus ships (caravels). The agreement provides for the Commission to donate $3 million according to the following schedule:

September,	1989	$600,000
March,	1990	600,000
September,	1990	600,000
March,	1991	600,000
September,	1991	600,000

As of December 31, 1990, the September 1990 payment of $600,000 was overdue and payable. On January 4, 1991, the Commission received a letter from the State Society that states the agreement was terminated due to the nonpayment of the September 1990 installment.

Office rent of $5,087 monthly is paid using a blanket purchase agreement. The Commission has also entered into a 48 month copier lease in April 1989, at a monthly cost of $197.

Mr. SAWYER. Thank you very much, Mr. Stevens.

Let me just turn to our ranking member, Mr. Ridge, for any opening statement he might like to make.

Mr. RIDGE. Thank you, Mr. Chairman.

First of all, let me thank you and our witnesses and our colleagues for extending me the courtesy of waiting until the special order on Senator Heinz was completed so I could participate in this hearing.

I thank you for that and, to show my gratitude, I will not read any opening remarks. I ask unanimous consent that they be submitted as part of the record.

Mr. SAWYER. Without objection.

Mr. RIDGE. Thank you for the positive aura and nature of this particular hearing. Clearly, there are some problems that have been uncovered and probably additional problems that will be uncovered with the previous history surrounding this Commission and the potential celebration.

We have 18 months to work with this group, to see to it that the appropriate celebration—the appropriate focus is put on a positive way for the next 18 months and I look forward to working in that effort. I also want to thank my colleague from New Jersey, Mr. Guarini, for being here and welcome him to the committee.

I yield back.

[The prepared statement of Hon. Thomas J. Ridge follows:]

PREPARED STATEMENT OF HON. THOMAS J. RIDGE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Thank you Mr. Chairman. In elementary school, we all remember learning about the great explorer Christopher Columbus, his voyage across the ocean and his discovery of America. Since grade school, very few of us have given much thought to the historic achievement of Columbus or the impact his discovery has had on our lives. In 1984, Congress established the Christopher Columbus Quincentenary Jubilee Commission to prepare and coordinate a comprehensive program for commemorating the 500th anniversary of Christopher Columbus' maiden voyage to the "New World."

The Commission has had many setbacks since its inception, culminating in the resignation of the Chairman, John Goudie, last December. It is important to be aware of the problems the Commission has had, but most of these problems appear to have been brought about by the administration of John Goudie. I hope that with the new management, the Commission can proceed in a positive manner with regard to the Columbus celebration.

I look forward to hearing the testimony of our two witnesses today, especially with regard to the operation of the Commission, since the election of the new Chairman. I am interested in knowing how he intends to sail this damaged ship through the rough seas ahead. I know Mr. Donatelli has already developed a fund raising plan and is working on establishing projects, which the Commission will fund and implement over the next two years.

My only concern is that time is not on our side. The Commission has received so much bad publicity that they may not be able to raise the funds needed to pay both their operating costs and fund deserving projects. I would like to emphasize that this subcommittee will be willing to assist in any way possible, to ensure the best possible celebration.

Again, my thanks to you Mr. Chairman and to our witnesses.

Mr. SAWYER. Thank you.

Mr. Stevens, you point out the sorry state of recordkeeping at the Commission. Given that and its insolvency, can you give us any sense as to why the Inspector General didn't report his findings or concerns to Congress?

Mr. STEVENS. Essentially, the Inspector General was operating on a voluntary basis, reporting to the Commission itself. It was a Memorandum of Understanding between the two entities, and the timeframes are important here.

They did their audit work under this arrangement from September 17 of last year until December 17, so at the time their results were known, it was already almost the first of the year and the final report still is not complete. Their present release date for it, as I understand it, is May 3 of this year.

The period that the Inspector General looked at, which ended, again, in June 1990—at that point, the Commission's finances were not in all that bad shape. Immediately thereafter is when most of the problems occurred. For instance, the New World Summer program debt was recorded in July and August 1990. That was a big hit and when Texaco suspended its payments, it was September.

So, we certainly found the Archives IG's work to be very useful, but would not have expected them to have come to Congress in the preliminary state it was in early on.

Mr. SAWYER. You mentioned that fairly big hit that took place. There was a substantial depletion of funds between September of last year and December. Can you give us any sense of what happened to those dollars?

Mr. STEVENS. I can probably recite some numbers, but perhaps Loretta Walch could add a little flesh to them.

Ms. WALCH. The New World Summer program, a scholarship program that brought together high school students—I believe the debt that was incurred for it was—and Roger will have to help me on this—over $200,000——

Mr. STOLTZ. The total was 259,000 by the time all the bills eventually came in.

Mr. SAWYER. That was essentially the source of that depletion?

Ms. WALCH. That was the biggest cause of it, yes.

Mr. STEVENS. As I understand it, they had a sponsor that they thought was lined up until the very day the program began, and there was withdrawal. It was a Japanese entity and they were left with the bills and no dedicated means of paying for them.

Mr. SAWYER. A number of the donations that were received, over half of the unrestricted cash donations, were actually from members of the Commission themselves. Should members of the Commission have realized the precarious state of the financial condition of the Commission from that sort of experience? Do you have any sense of why none of them might come forward?

Mr. STEVENS. Again, I think, Mr. Chairman, there is a timing element here. They have not met, I believe, since these major problems have been revealed. As of June 30, if you look at the financial statements, it wasn't all that bad. The last meeting of the Commission was in September 1990 before the statements as of September 30 had been prepared.

The level of donations, certainly, at that point could have been a red flag because it was so much below what was expected. It could have been seen as a red flag that basically the Federal appropriation had already been spent by the end of the third quarter of the year, but the Commission, as an entity, really wasn't exposed to that situation.

I also think that the Chairman's personality—there is some testimonial evidence to this effect—was such that he tended to keep things to himself a great deal and the more aggressive members of the Commission felt he was the Chairman. He had been more or less anointed by the President and if that was his style, they weren't involved or committed enough perhaps to take him on on that matter. It would have taken quite an ego to do so, I believe.

Mr. SAWYER. Did Mr. Goudie make any personal contributions to the Commission that you could detect?

Mr. STEVENS. I believe they were of an in-kind nature only. Yes, he paid for some of his own travel and so forth, but we don't have the record of it. In fact, there is no record of that, but there is some oral indication that he did that. But no—unlike some of the other Commission members, he did not write out a check to the Commission.

Mr. SAWYER. Are there other specific examples of difficulty in tracking information with regard to travel, payroll, revenue recognition, that sort of thing, that you could cite?

Mr. STEVENS. Mr. Stoltz has spent a good many hours on that subject. I think he will answer in the affirmative.

Mr. STOLTZ. Yes, Mr. Chairman. A lot of the findings were done by the Archives auditors and they found problems in six areas, including the three you mentioned, plus inventory, management of the agreements, and procurement. There were some 27 separate items that had problems within these six areas.

If I could characterize those items, it probably falls into three categories. One is a lack of internal controls. That is inherent in any small organization where you just don't have the number of people or the experience level that you need to run a financial operation. Everyone is very program-oriented. The focus is all there and the accounting seems to be an afterthought until there are problems and then everyone wonders where the accountants were at at the time. This was certainly true in the case of the Commission.

Second, there were problems in terms of obtaining approvals. Limited Open Authorizations—what we call LOA's—are authorizations to incur travel. It is, in effect, a preauthorization. Commissioners were authorized to spend up to $50,000 apiece under the LOA's, which, for an entire budget the size of the Commission was rather large.

Finally, many of the problems just resulted from a lack of knowledge. Accounting knowledge as to what basis of accounting to use, how to present accounting entries, and when to record transactions. The financial statements were incomplete. They lacked a statement of funds flow, they lacked footnotes, and entries were recorded in the wrong period—primarily in the period when they had money to pay them.

So it took a while to sort of sort things out, but it did not appear throughout that there was any malicious intent through any of this. It was just, quite frankly, a lack of knowledge. To the extent the Archives auditors made recommendations, they were taken very positively by the Commission and, despite their limited resources, are trying to make whatever changes are necessary to rectify the problem.

Mr. SAWYER. Did you find any evidence that funds controlled by the Commission were used for purposes unrelated to the Commission's business?

Mr. STOLTZ. We don't really have a lot of money to work with here, so you take a look at the obvious things, like paying salaries, paying benefits, paying office and copier rent, buying office supplies, et cetera. There is very little exposure in those areas since those are normal-type expenses.

We had some cases where vouchers were missing, either through misfiling or for whatever reason, but that was only a small number. In general, the answer is no, we didn't really find anything that would indicate that the funds that they did have were used improperly. I think they were aware of their financial condition and they were really watching over what limited resources they had. They really didn't have the money to spend on outrageous things.

Mr. SAWYER. Let me shift gears just briefly.

The Commission has endorsed over 200 projects. Can you track the difference between those that had the direct involvement of the Commission versus those that simply had their approval?

Mr. STEVENS. The endorsement is fairly freely and easily given. This was appropriate, I think. The vast majority of those projects simply have a sort of seal of approval of the Commission. It becomes an official project as opposed to an unofficial project.

The ones in which the Commission was more directly involved, I think, have run into a good many more problems. They were larger projects. One was the Caravels tour, which I believe the United States is now out of, except as the place visited. Another was the New World Summer Program, which will not have anything going this summer, but they hope to have enough money to have something going by 1992 itself.

There were a few cases in which the Commission staff offered some assistance, some advice, project design and so forth, but really it was so small that there was little of that.

Mr. SAWYER. Thank you.

Mr. Ridge.

Mr. RIDGE. Mr. Stevens, we rely on you a great deal in this subcommittee. This is the first time you have appeared before us when we haven't been talking about the census for a while——

Mr. STEVENS. As many problems as we have had with the census, Mr. Ridge, this one seems quite a bit worse.

Mr. RIDGE. It sure does. It certainly does.

Were you able to determine through your review of the paper trail or document trail of information from the Chairman himself to members of the Commission as to whether or not they were given frequent and adequate statements concerning the financial state of affairs within the Commission? I mean, can you render an opinion as to the quality of information provided to Commission members, the frequency of the communication?

Were you able to find a paper trail and do you have any opinion about it?

Mr. STEVENS. I will get some help from my colleagues. The observations I have from going over this record are a couple. One, that Mr. Goudie was an individual who rather liked to centralize things in his own hands. I think his managerial style was one reason for the problems the Commission had.

Second, as Mr. Stoltz' work has pointed out, the information available through the very faulty accounting and financial management systems they had probably did not give him the option of freely exchanging with the Commission members the details on the financial conditions, because I think what is appended to our statement is the first time anything of that level has existed.

What I don't know is whether the meetings themselves were taken up with financial discussions.

Ms. WALCH. There was a Finance Committee that met as part of the regular sessions of the Commission. They would report on the financial situation, but it was not anything in great detail. It was done primarily at the Commission meetings, not in-between periods.

Mr. STEVENS. In addition, the minutes of the meetings indicated very little, if any, discussion about financial affairs at all. It was all directed toward the activities and the programs and that whole direction.

Mr. RIDGE. When you interviewed the members of the Commission, and I see in your report that you did, were you able to confirm whether or not the minutes accurately portrayed or reflected the nature of the discussions? If it came up. I mean, I am not trying to put you on the spot. I just want to know if the question was asked and answered. That is all.

Ms. WALCH. Not in that form, but from what they told us, the minutes did accurately reflect what occurred at the meeting.

Mr. RIDGE. Okay. All right.

Mr. STEVENS. The picture was not one of contention. I think most of the discussion was rather philosophical. They were questions of what are we trying to observe here, what should the nature of the programs be and so forth, which is, again, fairly appropriate. Not everybody on the Commission had an interest in the financial aspects of it.

Mr. RIDGE. You had an opportunity, I presume, to review some of the transactions and some of the agreements that the Commission entered into with the Christopher Columbus Licensing Group and others. Are you satisfied that they were all arm's-length transactions, and that the members of the Commission had sufficient information concerning those transactions to approve or disapprove, or better yet, were they in a position to approve or disapprove a relationship with—or approve a contract, or was that done independently of the Commission?

Mr. STEVENS. No, I believe the Finance Committee and the Commission itself did approve the licensing group arrangement. I think the information that was available to them indicated that this was the one opportunity they had to get some cash up front from that one asset that they had. It would not all wait until the items had been sold or whatever.

But we can't fully answer your question because part of that will be dependent on the work that the chairman referred to that our Office of Special Investigations is carrying out. We are not involved in that, but as far as the written arrangement itself, I don't think that we have any evidence that this was put over on the Commission membership or the staff. It seemed to be open and aboveboard. The terms were legitimate and known to anybody who cared to know.

Mr. RIDGE. All right. I realize I am asking some pretty subjective questions, but I do respect your professional judgment and, along the same line, I want to continue.

It was pretty clear that one of the major projects, the Caravels, to be completed involved an agreement with Texaco and the State Society. As I take a look at the terms and conditions of the agreement, it certainly looks like it would have been advantageous to both sides to comply with it and you mentioned that Texaco suspended a payment because a dispute arose concerning the sufficiency of insurance, adequacy of tour planning and certification for the ships.

Do you have a judgment as to whether or not the Commission, through its members and staff, made a good-faith effort to resolve those disputes in order to improve or to continue the relationship with Texaco and to avoid potential disruption of funds to the Commission?

Do you have an opinion, and if you don't, or you would rather not answer, that is all right.

Mr. STEVENS. We don't have an informed opinion, Mr. Ridge, and there is a potential liability here, so we had better not——

Mr. RIDGE. That is why I asked the question that way. I appreciate it.

For the time being, I don't have any additional questions. Mr. Chairman, I would like to reserve the right to submit a few in writing.

Mr. SAWYER. I suspect we all will.

Let me pause just a moment to turn to a member who has just joined us. The ranking member on the full committee, and a frequent participant in the work of this subcommittee for any opening statement that you may have, Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

I want to thank you for conducting this hearing and I am pleased we are joined by the gentleman from New Jersey, Mr. Guarini, who I know has a longstanding interest in the appropriate ceremonies honoring Christopher Columbus. It seems to me we are having more trouble financing this Commission than Christopher Columbus had financing his own mission. [Laughter.]

But permit me to take this opportunity to thank our good friend from Pennsylvania, Mr. Ridge, for arranging this hearing today to review the activities and the financial status of the Quincentenary Jubilee Commission in preparation to commemorate the 500th anniversary of Christopher Columbus' voyages of discovery, and it is an important event. We want to conduct it appropriately.

The CCQJC was established by Congress, as we know, back in 1984 to organize and to coordinate a comprehensive program and major events to celebrate Columbus' discovery of the new world through local, national and international observances and activities was the intent of the Congress. The Commission was to try to educate and focus attention on the significance of this historic event and we regret that it has been somewhat tarnished initially. Over the past few months, a number of allegations of poor management of financial resources and inadequate administrative controls of the Commission have been brought to the attention of our subcommittee.

Mr. Chairman, I am truly appreciative of the difficult situation the Commission was in when the new Chairman, Mr. Donatelli, took over in February, and I believe it is difficult at this point to fully ascertain the extent of the problems the Commission will have to overcome and I am confident that Mr. Donatelli will develop a reasonable agenda of the Commission's activities in 1992.

I totally support the efforts of this subcommittee in trying to assist our Commission and am prepared to try to help you and the Commission in any way to resolve the present difficulties, and with your permission, Mr. Chairman, I do have one question of the GAO.

Your testimony states that the new management's approach to the Commission's financial problem appears reasonable, but the Commission will clearly require funding in excess of its appropriated funds. How much money do you feel that the Commission is going to require in order to carry out a reasonable agenda of activities in 1992?

Mr. STEVENS. Mr. Gilman, we don't have a very precise number on that. One indication I could give you is the shortfall between what it had intended to raise and what it actually did raise, which, by the end of 1990, was about $2.4 million. I think Mr. Donatelli——

Mr. GILMAN. Is that the shortfall or the total amount?

Mr. STEVENS. That is the difference between what they at various points anticipated or expected—told the Congress that they expected to raise and what they actually did raise. They expected to raise $3.3 million and actually, from all sources, have collected no more than $830,000 in outside funds, the difference being about $2.4 million.

Mr. GILMAN. Am I correct that they fully expended the $800,000?

Mr. STEVENS. Oh, yes. They are in a deficit situation now, yes, sir.

Mr. GILMAN. Would raising the initial goal money to $3 million, with the additional $2 million that you talked about—will they be able to conduct the kind of appropriate ceremonies that we are talking about?

Mr. STEVENS. They have a ways to go just—to ensure their survival. There is a certain amount of money they need just to keep the doors open and pay the salaries that they are committed to and the office expenses and so forth.

Mr. GILMAN. I am talking about more than survival. We have given them a responsibility to prepare appropriate ceremonies and that is what I am asking you. What would they truly need to fulfill their responsibility?

Mr. STEVENS. I don't think the magnitude of their responsibility has been defined well enough to put a number on it. The coin legislation, for instance, which would be an enduring legacy of Columbus and designed to endow a scholar's program that will go on forever and live on the interest of that—that would take a very substantial amount of money, but it is also optional. If they don't raise the money, it won't happen. If the coin legislation doesn't go through, there will still be a celebration in 1992, but it will not be as enduring as if there were an endowment behind it, for instance.

Mr. GILMAN. We don't want to meet in the coffee shop and say that is a celebration. You are not answering my question.

Mr. STEVENS. I don't have an answer to your question, Mr. Gilman.

Mr. GILMAN. What do you truly think—can you give us some ballpark figure of what you think they would need to properly prepare for this kind of a celebration?

Mr. STEVENS. I don't, in my mind, have one, and our methodology can't tell us what an appropriate celebration wouid be for the 500th anniversary of Columbus——

Mr. GILMAN. If we gave you some time, could you submit to us some information and make it part of our record? Could you make a recommendation of what you think would be needed to properly conduct this kind of——

Mr. RIDGE. Would the gentleman yield?

Mr. GILMAN. Be pleased to yield to the gentleman.

Mr. RIDGE. I am also interested in that line of inquiry. I say to that to my friend from New York, and what I am thinking is that, with your indulgence, maybe we could ask Mr. Donatelli, who hopefully at this point would have a better handle on what they are going to do and how much they need and then maybe GAO can say whether or not those are goals that can be reached.

I think it might be helpful for all of us and I appreciate your line of questioning.

Mr. GILMAN. I thank the gentleman for his suggestion. I certainly will abide by that information and after hearing Mr. Donatelli, if you can tell us whether he is on target or not, we would welcome your thoughts.

Mr. STEVENS. We would feel much more comfortable looking at a program they suggested and put a price tag on it.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. SAWYER. Thank you, Mr. Gilman.

I can't help but respond to your inquiry about whether or not it took Christopher Columbus as much time. In fact, it did. It took him 8 years to raise the money to get to the "New World." When he did, a couple of his Caravels went aground, too.

Mr. Guarini.

Mr. GUARINI. I think it is interesting to observe, Mr. Chairman, that, as pointed out by Mr. Gilman and yourself, Christopher Columbus was not a financial success. In fact, it was very frustrating to Queen Isabella and King Ferdinand that the four voyages were a complete financial fiasco. So Columbus started out with great intentions and great zeal, but in the long run, he died a failure as far as the financial success of the voyage was concerned. But I think history will treat him much kinder than it will Mr. Goudie, because Mr. Goudie has had the opportunity of being able to make up for that lost crown. [Laughter.]

I want to thank you for your objective view. There have been a number of outstanding Americans that have been appointed by the President of the United States and by Congress from Government and business and labor to the Quincentennial Jubilee Commission. This positive statement by the GAO is very, very important and by this committee. We want the success of the undertaking, which is a national undertaking.

As I understand from your testimony, the problems were because of mismanagement, a bad business style. There was no misappropriation of funds or anything that was illegal that was carried out. Is that correct?

Mr. STEVENS. The work we did—the audit group at GAO—did not turn up illegality, but I should caution you that there is a separate investigation going on by our Office of Special Investigations. I don't know the outcome of that and therefore, can't fully agree with what you are saying.

Mr. GUARINI. I see. So all the evidence is not in, from what you are saying?

Mr. STEVENS. Correct.

Mr. GUARINI. In your opinion, will this hurt future fund-raising as a result of the bad publicity that has come out?

Mr. STEVENS. I think that is one of the challenges the new leadership of the Commission faces, that there has been a good deal of negative publicity. The Commission has not succeeded in meeting its goals so far. If I were a corporate donor, I would want some assurances that the new leadership really did have its act together to a greater extent than the past——

Mr. GUARINI. Do you think it will threaten the sale of the coins, which raise a great deal of money for scholarships and other activities that they have, like the Caravel and the New World Summer program and the various programs that have been put in place?

Mr. STEVENS. I wouldn't think that the coin sales would be as much affected, partly because they are to a broad public. There is a ready-made market for commemorative coins of all kinds. Maybe even the publicity might help a little in that case.

But I don't believe that the knowledge of the Commission's problems has penetrated very broadly out in the country. I think it certainly has in philanthropic circles where large donations would be sought, and therefore, there would be an effect, but I am not sure that carries over to the public at large.

In fact, I hope for the Commission's sake, that it doesn't.

Mr. GUARINI. I join with you in that.

Lastly, let me ask you about the Texaco contribution. Has that been jeopardized? In your judgment, from your investigation, is that still a live prospect? Will they still make up the rest of the funds that they had committed to the program?

Mr. STEVENS. I had better have Ms. Walch reply to the Texaco question.

Ms. WALCH. The latest that we heard on it was that it is still being negotiated. It has not been settled yet.

Mr. GUARINI. All right, thank you very much.

Thank you, Mr. Chairman.

Mr. SAWYER. Thank you very much. We appreciate your testimony today and the full text of your testimony will be included as a part of the record. Also, we appreciate your willingness to answer follow-up questions in writing. Thank you.

Our next witness is the Honorable Frank J. Donatelli. He is the Chairman of the Christopher Columbus Quincentenary Jubilee Commission and we are pleased to have him join us today.

STATEMENT OF HON. FRANK DONATELLI, CHAIRMAN, CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION; ACCOMPANIED BY JAMES KUHN, STAFF DIRECTOR, CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION

Mr. DONATELLI. Good afternoon, Mr. Chairman.

Mr. SAWYER. Good afternoon, Mr. Donatelli, we are pleased to welcome you and for purposes of the record, we would appreciate it if you would identify your colleague.

Mr. DONATELLI. Thank you. To my right is Mr. James Kuhn, who is the new Executive Director, full-time, for the Christopher Columbus Quincentenary Committee.

Mr. SAWYER. Thank you.

Mr. DONATELLI. Mr. Chairman, I have submitted a written statement for the record and so, rather than reading my entire testimony, what I would like to do would be to offer some highlights and then, obviously, Mr. Kuhn or I are available to answer any questions that the committee might have.

Mr. Chairman, I was elected Chairman of the Christopher Columbus Quincentenary Jubilee Commission in February of this year. Just recently, prior to that, I had been appointed to an at-large Commissioner post by the President.

Before I begin a discussion of present Commission activities and an update on our goals for the future, I would like to review several recent events which have taken place from the Commission's perspective and which may be of interest to this committee.

First, the Commission's staff has met with the General Accounting Office representatives, from whom you just heard, and the Commission offices have remained open to this investigation for several months. Members of the Commission, including myself, have also met with GAO and have cooperated fully with their investigation and will continue to do so for that portion which remains open.

Second, the Christopher Columbus Licensing Group has also been the subject of a great deal of interest by this committee. I have met with the senior representatives of this organization to request a full accounting of their sub-licensing transactions, as well as their long-term plan for licensing development. It is my understanding that they submitted to a full investigation of their accounting and financial practices to the team of investigators from GAO.

We are currently working with CCLG management to devise procedures to ensure that the Commission's rights are fully protected during the course of the licensing arrangement.

Third, as far as staff is concerned, the Commission, as you have heard before, is sorely understaffed. I would like to report a bit of progress on that front that we have recently been in contact with the General Services Administration, who have agreed to detail a Government comptroller expert to the Commission. Interviews are currently under way with several candidates and we expect that such an individual be on board in this position within the next 2 weeks, essentially, to become our internal accountant to handle and hopefully preclude many of the questions that have been raised already this afternoon.

I am also pleased to report that an Endowment Director Fundraiser has been hired by the Commission and began work this past week and her responsibility will be to work full-time with corporations and interested individuals to raise funds for the Commission on a full-time basis.

In addition to that, we are hopeful of additional staff positions in the areas of public relations, State and local commission and program liaison and a contracts expert for licensing and sponsorship activities that will be upcoming.

Finally, Mr. Chairman, a word about our fund-raising plan for the private sector to augment the appropriation that we have asked the Congress for. It consists of three parts: corporate sponsors; what we call the Columbus Council; and a program of direct mail. First, as regards corporate sponsors, the Commission is in the process of contacting a number of corporations regarding the possibility of their participation as official sponsors of the Commission. Second, the Columbus Council. The Commission is currently putting together a group of individuals from the private sector who are interested in helping to raise money for the Commission's programs. The group will be known as the Columbus 500 Council and will be headed by Mr. Joseph Canizero, Chief Executive Officer of Canizero Interests, New Orleans, LA.

We will primarily solicit individuals in this category, Mr. Chairman, become members of the Council and, in return, they will be kept fully briefed and informed and receive some recognition for, hopefully, which will be financial contributions to the Commission. We believe that this Council offers the best possibility of short-term fund-raising for the Commission, hopefully until some additional corporate sponsors can be brought on board.

Finally, in the area of direct mail, in order to raise both money and heighten the national level of awareness of the Quincentenary, the Commission has begun a direct mail campaign aimed at bringing information about the upcoming events in 1992 to as many Americans as possible.

Now, with that background, Mr. Chairman, I would like to provide the committee with an update on the Commission's current plans for commemorative programs in 1992.

Up until now, the Commission has endorsed more than 200 official projects. Many of these are educational and are being conducted through schools, museums and other cultural institutions. Endorsement of these programs is consistent with the Commission's desire to foster and encourage improvements in education.

We felt, Mr. Chairman, when we came aboard just two months ago that while we had an impressive list of local and State programs that would be implemented regardless of what happened at the national level, that it was important that we had a national public focus for our program in 1992. So, to that end, and with the concurrence of our Commission, which met in plenary session just 2 weeks ago, we devised what we call a core program of essentially eight projects that we hope will be at least partially funded and administered at the national level.

The list is balanced to include those which emphasize public education and those which seek to focus public attention on the Quincentenary. I would like very briefly to review them with you today.

First, the Columbus Scholars program. This ongoing program consists of two parts, New World Summer, designed for high school juniors; and Columbus Scholars, a program that provides scholarships and stipends for undergraduates who demonstrate outstanding potential. As I think has already been indicated in prior testimony, we are hopeful that if the coin bill passes the Congress soon, that this could be a fitting—this could continue indefinitely, obviously, in terms of providing scholarships to New World Summer participants.

Number two, the Commission has discussed with the Department of Education the possibility of conducting an essay contest for elementary school children. It is hoped that this competition will create an interest in Columbus at the grade school level on a parallel with the enthusiasm that will hopefully be generated in high schools by the Columbus Scholars program.

Number three, one of the responsibilities Congress entrusted to the Commission was to carry out the establishment of a Quincentenary Calendar of Programs and Events. This official calendar, a computerized collection of information from across America, is now available through the Commission office here in Washington, in essence, your one-stop shopping for wanting to know what is going on nationally and internationally, for that matter, regarding the Quincentenary.

The plan is for this massive file to be turned over to the Archives as a permanent record of this commemoration at the end of 1992.

Number four, another program being discussed is the Discover Columbus Lecture Series, which would be held in conjunction with National Geographic Magazine. The lectures would feature renowned scholars in a variety of fields related to the Quincentenary.

Project number five, our kick-off celebration. The District of Columbia boasts one of the finest statues of Christopher Columbus. In fact, the city gets its name, Columbia, from its founder's desire to honor the famous explorer. On Columbus Day, 1991, ceremonies will take place at the site of the Columbus statue, located at the restored Union Station here in Washington.

Number six, Mr. Chairman, is a project that we call our Quincentenary Minutes. The Columbus Quincentenary Minutes will present an encapsulated view of the events which took place in 1492. The plan is for well-known individuals from the arts and entertainment, business, industrialists and world leaders to deliver brief messages related to the discoveries that have shaped our changing world since the time of Columbus. These 60-second spots will also highlight the life of Columbus.

Number seven, the Caravels. Replica ships of the Nina, Pinta, and Santa Maria are, hopefully, scheduled to tour several U.S. cities in the United States during 1992. The Commission is currently in negotiation with the Spanish Commission and we are providing as much assistance as possible to ensure that these ships will be available to the American public in 1992.

Number eight, the Commission is in the process of designing a brochure that will serve as an educational tool for elementary, junior high, and secondary schools during 1992.

Finally, the Tall Ships Regatta. There will be several Tall Ships parades held during 1992 in conjunction with the festivities surounding the Grand Regatta. Two cities will have major commemo-ations on historic dates: New York, July 4, 1992; San Francisco,)ctober 12, 1992, and I might note that a number of other cities ave expressed interest in hosting regattas of their own, specifical-y Boston, Los Angeles, and I believe it is Newport, RI.

Let me conclude, Mr. Chairman, by saying that the Commission ully intends to meet the mandate laid out for it by Congress. We ope to continue to meet in the future with representatives of this ommittee to keep you fully informed and updated on our activi-ies.

I believe that, if the Commission is able to implement the core rogram I have described, we will have a very successful Quincen-enary next year.

Mr. Chairman, thank you for the opportunity to come before you oday and I look forward to answering your questions and the ques-ions of the members of your committee. Thank you.

[The prepared statement of Hon. Frank Donatelli follows:]

Prepared Statement of Hon. Frank J. Donatelli, Chairman, Christopher Columbus Quincentenary Jubilee Commission

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

SUBCOMMITTEE ON CENSUS AND POPULATION

HOUSE OF REPRESENTATIVES

April 23, 1991

Mr. Chairman, Members of the Subcommittee,

My name is Frank Donatelli, and I am Chairman of the Christopher Columbus Quincentenary Jubilee Commission. As you know, the Commission was created in 1984, pursuant to P.L. 98-375. I was appointed to the Commission this year, and elected by the full membership on February 6. I come before this Committee today to present the Commission's revised objectives for our national Quincentenary commemoration, and to discuss our mission plan for 1991-1992.

Before I begin a discussion of present Commission activities and update on its goals for the future, I would like to review recent events which have taken place, from the Commission's perspective, including the GAO investigation.

This review of the Commission's financial and accounting procedures came shortly after an audit was conducted by the National Archives, in compliance with our annual requirements. The auditors from the Archives have advised us that they have been in contact with GAO, and have made information available to them as requested. In addition, the Commission's staff has met repeatedly with GAO, and the Commission offices have remained open to this investigation for several months. Members of the Commission, including myself, have also met with GAO, and have cooperated fully with their investigation.

It should be noted here that, since the activities of our licensing agent, the Christopher Columbus Licensing Group, have been the subject of a great deal of interest by this Committee, I have met with the senior representatives of this organization, to request a full accounting of their sublicensing transactions, as well as their long-range plan for licensing development. It is my understanding that they submitted to a full investigation of their accounting and financial practices by the team of investigators from GAO. We are currently working with CCLG management to devise procedures to ensure that the Commission's rights are fully protected during the course of the Licensing Agreement.

When I bec hairman of this Commission, I was quickly
made aware of a difficulties that face it. To begin
with, as the of anization charged with coordination and
implementation al commemorative program of this scope,
the Commission understaffed. At present, the
Commission has five full-time employees, including one
who is detailed Library of Congress. Of these
individuals, not fficiently versed in the intricacies of

government reporting and accounting procedures so as to be able to ensure compliance with all federal regulations on such everyday issues as travel and procurement.

I would like to note here that we have recently been in contact with the General Services Administration, who has agreed to detail a government comptroller expert to the Commission, and interviews are currently underway with several candidates. We expect that an individual will be on board in this position within the next two weeks.

There are a number of other areas of responsibility in which the Commission is in substantial need of assistance, including public relations, funding development, state and local Commission and program liaison, and a contracts expert for licensing and sponsorship activities. I have had discussions with White House Personnel with regard to these issues, and I am pleased to report that we have been promised additional detailees to work at the Commission on a full time basis.

The Commission is also in need of an extensive fundraising campaign. At present the Commission has worked out acceptable payment agreements with vendors and other creditors, to enable it to secure the necessary supplies and services to maintain its operations. However, it is clear that the annual appropriation provided for the Commission will not be sufficient to sustain the program of events required by a commemoration of this importance. Therefore, a new plan for raising money from the private sector to augment the federal appropriation has been developed. This plan will consist of three key elements:

Sponsors. The Commission is in the process of contacting a number of corporations regarding the possibility of their participation as Official Sponsors of the Commission and its sponsors.

Columbus Council. The Commission is currently putting together a group of individuals from the private sector, who are interested in helping to raise money for the Commission's programs. This group will be known as the "Columbus 500 Council," and will solicit private donations to support the Columbus Scholars, the National Maritime Celebration, and other programs that I will discuss in greater detail in a moment. The Council will be headed by Joe Canizaro, Chief Executive Officer of Canizaro Interests, New Orleans, LA. Mr. Canizaro is a self-employed real estate developer who is very active in community affairs, and has taken a particular interest in the Quincentenary.

Direct Mail. In order to both raise money and heighten the national level of awareness for the Quincentenary, the Commission has begun a direct mail campaign, aimed at bringing information about the upcoming events in 1992 to as many Americans as possible. The program features a quarterly newsletter of Commission activities, and offers subscribers commemorative pins, maps, and other collectibles, in exchange for nominal donations of $25, $50, or $100, to the Commission's programs. Preliminary mailings have been very positive, and the Commission expects to begin to realize a regular profit flow later this year.

Now I would like to provide this Committee with an update on the Commission's current plans for commemoratiave programs in 1992.

Up to now, the Commission has endorsed more than two hundred Official Projects. Many of these are educational, and are being conducted through schools, museums, and other cultural institutions. The endorsement of these programs is consistent with the Commission's desire to foster and encourage improvements in education. The Official Projects of the Commission are for the most part conducted on a state or local level, although some will span the nation, and a few will even travel to other countries. They include museum exhibits, films, lectures, musical competitions, opera, theater, and dance.

It is also important to note that the Commission works closely with a number of Federal agencies who are also sponsoring a wide array of Quincentenary programs. Several of these agencies are members of the Commission, including: the Departments of State and Commerce; the National Endowments for the Arts and for the Humanities; the Library of Congress; and the National Archives. In addition to these, the Commission has established a close rapport with the Smithsonian Institution, whose Quincentenary program, "Seeds of Change," was one of the Commission's first Official Projects.

Furthermore, the Commission has established eight major National Projects that it will fund and implement over the next two years. The list is balanced to include those which emphasize public education, and those which seek to focus public attention on the Quincentenary.

These projects include:

Columbus Scholars. Since its conception five years ago, the Columbus Scholars Program has been seen as a means to encourage young people to develop exemplary skills and experiences to enable them to participate fully in this multi-cultural world.

The spirit of seeking and understanding, so vividly demonstrated by Christopher Columbus in his voyage of 1492, is the foundation upon which the permanent Columbus Scholars Program has been built.

This ongoing program consists of two parts: **New World Summer**, designed for high school juniors; and **Columbus Scholars**, a program that provides scholarships and stipends for undergraduates who demonstrate outstanding potential. It is planned that eventually, 25 percent of all participants in the **New World Summer** will be selected as **Columbus Scholars.**

With this purpose firmly in mind, **New World Summer 1992** is being planned as a second pilot program. The New World Summer program of 1990, held in the Dominican Republic for fifty high school juniors from United States, ten from Santo Domingo and four from Japan, provided a base upon which planning for the program can be further tested. Procedures and curriculum were field tested. Students gave helpful suggestions for improvement. Teachers were thoroughly tested and, most important, the driving concept was proven valid. **New World Summer 1992** is planned to expand and refine the permanent Columbus Scholars Program to reflect changes and improvements learned from past sessions.

In the **New World Summer 1992**, two hundred and fifty students from the United States will join two hundred and fifty European, Asian and South American students in an intense exchange on issues of international importance. The Commission is considering several foreign study sites as well as the United States. The focus of study will be different at each site, and will be designed to take maximum advantage of local resources. Classroom studies will include instruction in language, literature, and geography, in addition to a central theme, unique to each location.

Essay Contest. The Commission has discussed with the Department of Education the possibility of conducting an essay contest for elementary school children. It is hoped that this competition will create an interest in Columbus at the grade school level on a parallel with the enthusiasm that will be generated in high schools by the Columbus Scholars Program.

Quincentenary Calendar. One of the responsibilities Congress entrusted to the Christopher Columbus Quincentenary Jubilee Commission was to carry out the establishment of a <u>Quincentenary Calendar of Programs and Events</u>. This Official Calendar, a computerized collection of information from across America, is now available through the Commission office here in Washington.

Because programs and events are in many stages of planning in universities, museums, local schools and cities and towns of all sizes, this Calendar is constantly being updated. New entries are made daily. Date changes and contact names are altered as quickly as the Commission is notified. The Calendar will not be finished until the final event of the Quincentenary has closed. Then, the massive file will be turned over to the Archives as a permanent record of this commemoration. It is expected that by the end of 1992, more than 5,000 entries will have been made to the Calendar, announcing each special event or program created in honor of the Quincentenary.

Lecture Series. Another program being discussed is the "Discover Columbus" lecture series, which would be held in conjunction with National Geographic Magazine. The lectures would feature renowned scholars in a variety of fields related to the Quincentenary. It is anticipated that the site of the first lecture would be the National Geographic headquarters, located in Washington, DC. Others in the series will follow in numerous sites around the country.

Although plans for this program have not been finalized between Geographic and the Commission, it is considered by both organizations to be a positive project that will be a mutual enhancement to their Quincentenary activities.

Kickoff Celebration. The District of Columbia boasts one of the finest statues of Christopher Columbus. In fact, the city gets its name ("Columbia") from its founders' desire to honor the famous explorer. On Columbus Day, 1991, ceremonies will take place at the site of the Columbus statue, located at the restored Union Station.

The Commission, in conjunction with the National Park Service and the Knights of Columbus, hopes to host an elaborate reception in the Columbus Club, located above the Great Hall in Union Station, to serve as the nation's formal commencement of the Quincentenary.

Quincentenary Minutes. The "Columbus Quincentenary Minutes" will present an encapsulated view of the events which took place in 1492. Well-known individuals from the arts and entertainment, business industrialists, and world leaders, will deliver brief messages related to the discoveries that have shaped our changing world since the time of Columbus. These sixty-second spots will also highlight the life of Columbus.

The Quincentenary Minutes will not be produced by the Commission, but will be a collaborative effort between a national network and one or more corporate sponsors. The Minutes will be endorsed by the Commission, who will have editorial input, and the program will use the Commission's Official Logo. Preliminary discussions have already been held with network representatives.

Caravels. The Caravels, replica ships of the Nina, Pinta, and Santa Maria, are scheduled to tour several cities in the United States during 1992. The Commission is currently in negotiations with the Spanish Commission, and we are providing as much assistance as possible, to ensure that these ships will be available to the American public in 1992. A great amount of time has been spent in trying to resolve this situation and the Commission's efforts will continue in that regard.

Brochure. The Commission is also in the process of designing a brochure that will serve as an educational tool for all elementary, junior high, and secondary schools during 1992. The brochure is currently being designed under the supervision of Dr. William McNeill, a member of the Commission who is a former Professor Emeritus of the University of Chicago. The brochure would be made available to all public and private schoolchildren throughout the United States.

Tall Ships. There will be several tall ships parades held during 1992 in conjunction with festivities surrounding the Grand Regatta. Two cities will have major commemorations on historic dates--New York, July 4, 1992, and San Francisco, October 12, 1992. Although a detailed budget on these events is not yet available from the host cities, general estimates place costs in the $1.5 to $2 million (plus in-kind services) range for large cities such as New York, San Francisco, and Los Angeles, and approximately $750,000 to $1 million (plus in-kind) for festivities in cities like Boston and Baltimore. More detailed information will be provided as it is provided to the Commission.

I would like to take this opportunity to mention two Commission activities that are noteworthy. On April 4th and 5th, the Commission held its first full meeting since I was elected Chairman. It provided a good opportunity for me to officially meet all the members, and to give them a briefing on recent Commission developments, with ample time for their questions to be answered. I believe the meeting was very successful, and covered a variety of internal issues that needed to be addressed, in addition to the usual agenda items such as project proposal reviews and Committee reports.

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Our next meeting is being planned for state and local Quincentenary representatives, to serve as a forum for the exchange ideas and project information. It will be held here in Washington, and is being scheduled for late June. This will be a significant meeting in that it will enable us to offer one another the kind of mutual support it will take to have a successful Quincentenary.

I would just like to conclude by saying, Mr. Chairman, that the Commission fully intends to meet the mandate laid out for it by Congress, and we hope to continue to meet in the future with representatives of this Committee, to keep you fully informed and updated on our activities. I believe that if the Commission is able to implement the core program I described, we will have a very successful Quincentenary next year. Thank you, Mr. Chairman, for the opportunity to come before you today. I thank the members of the Committee for their attention and I will be happy to answer any questions.

Mr. SAWYER. Thank you very much, Mr. Donatelli.

At the end of last year, the Commission was scraping the bottom of its financial barrel. How have you been paying its basic expenses since the end of last year?

Mr. DONATELLI. We have cut expenses back to the bone, Mr. Chairman, and we are able to meet our current obligations which, you understand, include basically rent and salaries and photo-copying and so forth, as distinguished from new program obligations, primarily, out of the Federal appropriation that is available to us, and also from a very generous infusion of private cash from members of the Commission, which has taken place in the last 2 months.

Mr. SAWYER. Your testimony mentioned the potential for the need of additional dollars from government sources, a substantial fundraising effort from the Council, and a direct mail campaign. Can you put a budget to those figures and the sources, as well as their potential uses?

Mr. DONATELLI. Yes, sir, we can do that and we are prepared to respond. We would like to respond to the committee directly in writing on that point, but for purposes of this afternoon, if you accept our core program, which is essentially the eight activities that I have just outlined for you, to try to put a dollar figure on those as best we possibly can.

The two wild cards that we have to leave out for purposes of calculation are the Tall Ships because that had been understood to be primarily the responsibility of the local cities to fund those. But we think that those celebrations are important enough that if we have some monies available, we would like to contribute also.

Also, the Quincentenary Minutes. Obviously, if we can interest a network to do the whole thing themselves, it wouldn't cost the Commission anything. If, on the other hand, we have to find our own corporate sponsors, that would increase the amount also. So with those qualifiers, we think we could implement this program or a reasonable variation thereof for a total of several millions of dollars, I mean less than $10 million, but probably more than $3 million.

Again, understanding it is a function of how much we are willing to do for the Tall Ships and how much can be done locally.

But the point I want to make, Mr. Chairman, is I think if we do our homework, certainly the low end of that figure is very achievable and I don't think that the upper end is impossible. But I think it is a realistic program that we put together and it is within our reach if we stick to the targets and the timetable that we have set for ourselves.

Mr. SAWYER. GAO mentioned that some of the unresolved contract disputes that are still pending could have an effect on the success of that fundraising effort. Have any of your efforts so far borne out this concern?

Mr. DONATELLI. I wish I could sit before you today and say that we have been able to negotiate the Caravels coming to the United States, for example. Regrettably, Mr. Chairman, I cannot do that, though I can assure you it is not for lack of trying and we will continue to try.

Mr. SAWYER. Is it your belief at this point that if they do visit, they will do so solely under the management of the Spanish Government?

Mr. DONATELLI. That is one of the things, obviously, that are a part of our negotiations. The contracts that were signed approximately 2 years ago envisioned a shared management arrangement between the U.S. Commission and the Spanish Commission. Obviously, that was the reason that money was paid to the Spanish Commission in exchange for co-management rights. If the co-management rights are going to be given to Spain, obviously there would have to be a return of the moneys that we have already paid, but that is one of the points that we are negotiating right now.

I think, again, just to summarize our view, we would like to see the Caravels come to the United States. I think this may be an overstatement to say that it is the central part of the celebration. I think I have indicated that we have a lot of other things that are going on, too. Nevertheless, it is an important part and it would be something that would arouse public interest, which is what we are very interested in.

Mr. SAWYER. Can you describe the degree to which you believe the Commission is or is not still liable to Spain for the agreements to make payments so far?

Mr. DONATELLI. Mr. Chairman, the Commission's—the U.S. Commission's legal position is that the failure of payment was induced by a breach on the part of the Spanish Commission, so we do not accept responsibility by any means for the lack of payment. That being said, that is our legal position. That being said, we remain hopeful that U.S., in conjunction with Spain and our national sponsor, Texaco, can reach a new arrangement that will benefit everyone.

I believe that we are in one of those happy situations where it is to everyone's advantage to come to some arrangement and I think our partners think the same thing and that is why we continue these discussions.

Mr. SAWYER. I have several additional questions I would like to ask, but rather than monopolize the time at this point, let me turn to my colleague, Mr. Ridge, and then I will be back to you.

Mr. RIDGE. Thank you, Mr. Chairman.

They handed you a real easy one, huh, Frank?

Mr. DONATELLI. That is true.

Mr. RIDGE. I was just reading your testimony and what I know about the situation, it seems that they are looking to you to meet a congressional mandate set 5 years ago with an entirely different environment. You have 18 months left. Time has been compressed. The environment has been changed, sadly, to this point because it has been adversely affected by what has gone on prior and yet you still seem upbeat, that you will be able to meet the mandate of Congress and see the celebration almost on the same scale as was intended 3 or 4 years ago.

Am I right in that assessment or are there some programs that have been scaled back and is the comprehensive nature of your effort understandably going to be reduced because of time and money constraints?

Mr. DONATELLI. Congressman Ridge, I would certainly agree that I am an optimist. I certainly can't afford to be anything else at this point, but I think I am an optimist for good reason. No matter—just in the 2 months that I have been associated with the Commission, I can honestly say that no matter who I have talked to Washington, Members of Congress, even people that have had problems with the Commission in the past, have all expressed good will toward us. They think that this is an important time that we must commemorate appropriately, and I think there is—I believe there is a tremendous reservoir of good will on the part of the American public, and frankly, your colleagues and yourself, to make sure that we have an appropriate celebration.

That being said, would we have different plans if this were 1986, as opposed to 1991, and I think that the answer would be unquestionably yes to that. I am sure we can all envision tremendous possibilities or other projects that I didn't enumerate in our eight core programs that would be spectacular and that would be quite feasible.

I am a realist and I like to play the hand that is dealt and so I don't think those are possible now. The Caravels, clearly, have been impacted. Even if the Caravels come, it was originally envisioned that you would have a 50-city tour. I mean, now, if they come, you are probably looking at maybe 12, if you are lucky. So, clearly, there is fallout right there. But again, is the glass half full or half empty? I think that it is half full and we want to spend our time making sure that, given the amount of time we have available, it will be an appropriate commemoration and obviously worthy of the interest that Members of Congress and the public for this commemoration.

Mr. RIDGE. I am pleased to hear that because I do think you have assessed the congressional interest accurately. We want you and the Commission to succeed and that success is measured by the kind and quality of the celebration throughout 1992.

Will you be personally involved in the discussions with the Spanish Government, with Texaco and the like in order to overcome whatever legal—would appear presently to be some legal impediments to a smoother relationship? I get real nervous when I take a look at that 18-month timeframe and I hear that the legal position of the Commission is this, and I understand why you must take it for that time being, but I know you and I know the kind of advocate you can be and I am just curious whether or not your agenda reflects a personal commitment to addressing some of these key problems yourself, without—sans lawsuits, without lawyers?

Mr. DONATELLI. Congressman, I am absolutely committed to that. I can tell you that I have personally—and Mr. Kuhn also has attended at least a half dozen meetings with the Spanish and with Texaco in an effort to try to resolve this dispute. Again, while we are all hopeful for a solution, I should only note that I have seen an equal amount of enthusiasm from the Spanish and from Texaco to try to find a solution.

Again, I wish I could say we are there. We are not there yet, but we are going to continue to try and these next two months probably will be very critical in an attempt to find a new solution.

Mr. RIDGE. The Christopher Columbus coin program is one of the fundraising keys for the success of the Columbus Scholars program and it is my recollection that we passed the coin out of the House last year. It got tied up in the Senate on the debate over coin redesign. Is it your intention to make this a high priority with the relevant committees to try to get that coin legislation on track in order to support this program?

Where does it sit in your system of priorities?

Mr. DONATELLI. As we have indicated, the Columbus Scholars program, we hope, is the one project that will survive the Commission, will essentially run into perpetuity with an endowment. Obviously, for that to happen, the coin legislation is a must. The Commission cannot possibly raise such an endowment in such a short period of time.

As you also indicate, Congressman, we were very close last year to enacting coin legislation in the last Congress. It passed the House and then, unfortunately, became entangled with another coin bill, a redesigned coin bill, and so it died in the Senate.

This year, under the chairmanship of Congressman Annunzio, I believe there are a majority of co-sponsors from the entire House already for this legislation. In the Senate, Senator Dixon has introduced an alternate version is slightly different.

So we are hopeful that the committee will act soon, as was indicated by the previous witnesses. If we are going to have legislation, let it be sooner rather than later because there is a lead time, obviously, for the Treasury to market these coins and obviously for there to be a market.

The optimum time for the market will obviously be 1992, not 1993 or 1994, so in this case, time is of the essence.

Mr. RIDGE. In conclusion, Mr. Chairman, I note that the good testimony of the GAO suggests that the subcommittee and full committee could be helpful in promoting a successful celebration by continuous and positive oversight and I think the chairman and I are certainly committed to that, but in addition to looking over your shoulder—although I am occasionally reluctant to speak for anybody else who serves in the Congress of the United States, I think I can speak for my colleague and myself, in addition to looking over your shoulder to ensure that everything is moving in the right direction if there is a way that you thought that we could be helpful as individual members or as members of the subcommittee having oversight responsibility, we would certainly like to do that. We want you to succeed. We want the kind of celebration that that historic moment deserves throughout this country.

Mr. DONATELLI. Thank you.

Mr. SAWYER. Thank you very much for your kind words. It really reflects the kind of teamwork we have had on the committee and we expect it to continue in the course of this matter.

Mr. Guarini.

Mr. GUARINI. Your committee, Mr. Chairman, is to be commended for its attitude and its positive thinking. I also want to commend Mr. Donatelli for picking up the mantle at a difficult time with so few months left and with so little funds that are available.

My way of looking at it is that the 500th year begins this October and that it ends next October 1992. Therefore, in 6 precious months begins the celebration. You have very, very little time to operate and to raise the funds to put the programs on line. To do all the things that are part of a very ambitious exciting program.

I understand that of the Federal funds that have been appropriated for this year, as of December 31, 1990, there are only $9,000 left by the time you had taken over. This is according to an accounting sheet that I have seen here.

Could I ask you whether or not most of the public funds for this year are already expended?

Mr. DONATELLI. Congressman, I would reserve the right to check my figures. I believe that may be referring to that particular quarter. I know there was a very large drawdown—I think funds are made available to our Commission by quarter, and the first quarter of this fiscal year, there was a large drawdown of funds for that particular quarter quickly.

I am almost certain it is not the case that we have only $9,000 left of our appropriation for calendar year 1991. As a matter of fact, I believe that that appropriation will be sufficient to take our rent and most of our salaries through the end of this fiscal year.

Now, understand that that doesn't count making any downpayments on any of these programs that I have been discussing here or being able to pay off our entire deficit.

Mr. GUARINI. If you could pay the moneys that are already owed, do you consider yourselves solvent or insolvent at this point?

Mr. DONATELLI. We are not in good shape. I certainly would not hazard—I don't know what the legal definition of solvent is. We certainly could be in better shape.

Mr. GUARINI. You are much better than our savings and loan banks throughout our country, I assume?

Mr. DONATELLI. Not quite that bad. But we—I think the intent of your question clearly is, is not fundraising probably the major priority for us in the next 3 to 6 months and the answer is that it absolutely is. I think this is a good and well-balanced program, but in point of fact, unless we are able to raise sufficient funds to implement it, obviously it is not going to happen and we will not have been successful.

So we place great emphasis on fund-raising and in the near term.

Mr. GUARINI. You will have corporate and private funds and you will also have funds that will be solicited privately and also by mail. Have you placed any targets on the amount of moneys that you would like to realize. Because I understand that $3.3 million was the original target of the Quincentenary Commission and that you have only raised about $800,000. Could you address that as to what your targets are now?

Mr. DONATELLI. These are just internal working targets and, obviously, they can change. On the Columbus 500 Council, we would hope we might bring in as much as a million dollars on that. I think that is very doable. That would then mean that we are looking at another $4 to $5 million if we are able to get corporate sponsors, as we are permitted by law to do at a million dollars each, so again, I am not saying that we are going to do it. I am saying, though, that I think it is reasonable. I think it is reasonable to look in those terms.

Now, whether we can do it quickly enough, all I can tell you is · are going to do our very best. And for the first time, we do have sustained effort. We are not going to just drop the ball and move . I mean, we have people working on this full time.

Mr. GUARINI. You have experience in fundraising, I understand. ›u have knowledge of accounting and you have a hands-on ap- ɔach and I think that will serve the Quincentenary Commission ry well.

Are these funds that you raise nationally to be used in helping t with the State and local celebrations or will they be on their 'n?

Mr. DONATELLI. With the one exception of the Tall Ships, which ; envision to be a shared responsibility. We have made—the Com- ission made clear from the very beginning that its endorsement a local project does not carry with it fundraising abilities also. ɔw, the exception to that is that many of these local projects do ive the ability under limited circumstances to use the commit- e's logo, which is helpful, I think, for purposes of fund-raising ıd maybe local corporate sponsorship.

So I want to make it clear that making funds available to State ıd locals are not part of the budget that I am discussing with you day. If, on the other hand, we are tremendously successful and go :yond—are able to raise more money than what I have envisioned ›re, then obviously, one of the first things we would want to do is ok around to see what State and local projects are worthwhile ıd how we could be helpful. But that is really a fall-back position.

Mr. GUARINI. Do you think any money could be realized through levision and the media with regard to the Caravels that will be ›ming here? Is there a positive flow of funds from that source or . that just a break-even proposition?

Mr. DONATELLI. At this point, it is very early, Congressman. You ave sort of anecdotal interest, I guess, from a lot of sources, but hether the Caravels or, probably more likely, the Tall Ships, espe- ally July 4 and October 12, 1992—it is possible that there could ; some interest there. Again, I don't think it is something we ıould count on, but if it happens, it would obviously be of great ɜnefit and not just financially to the Commission; also in terms of xposure. That would be very important.

Mr. GUARINI. It is interesting to note that this is probably one of ıe greatest events—the founding of the New World—in history. ertainly, one of the most outstanding events that has taken place nd we are struggling for funds so we can have an adequate cele- ration. Yet we pay baseball players more than $5 million to pitch few games during the season. Our national values seem to be ɔmewhat distorted, but I just throw that out as an observation.

I want to thank you for everything that you are doing and I now they have the right man for the right job.

Mr. DONATELLI. Thank you, sir.

Mr. GUARINI. I further want to commend you for undertaking uch an assignment and the trust that the President has placed in our hands.

Mr. DONATELLI. Thank you, sir. We will do our best. Thank you.

Mr. SAWYER. I would like to echo the immediate comments that Mr. Guarini offered. That is clearly the goal and intent that we all share. There is no more important message that we can send than that.

Some of that requires drawing a clear distinction between those things that happened prior to your tenure on this Commission and those things which happened subsequent to it. I think it is fair to say that at least in some regard, some of the activities of people associated with this Commission prior to your tenure would be laughable if they weren't so sad.

That notwithstanding, the ability to draw that distinction is critically important and we want to do everything that we can to help you achieve that.

To that end, we have a number of questions that we would like to submit to you in writing. Given your level of cooperation, we are sure that they will receive a prompt response. One final question. There are a number of people who have invested a substantial amount of money in the Christopher Columbus Licensing Group, with the reasonable expectation of return on their investment. Could you share with us the kinds of things that you are doing to ensure that those investors, who are perhaps best viewed as innocent bystanders in some of this, aren't left out in the cold, and that they can get the kind of information that they need?

Mr. DONATELLI. Mr. Chairman, thank you.

I think on this point, I must say I am somewhat constrained in what I can say because until recently you have had litigation ongoing between minority and majority shareowners of the CCLG and also, as was made clear by your previous panel, there is an ongoing investigation also by GAO.

Mr. SAWYER. As you know, we are not only aware of that, we were the genesis of it. We are sensitive to those constraints.

Mr. DONATELLI. I appreciate that. My sole point was that I have to be careful what I say publicly. I don't want to prejudge any issue that may still be subject to investigation or to prejudice rights of any parties. I think what I can say, generally, is that obviously the best thing we can probably do is to ensure in the mean time, until the GAO renders its report, a strict accounting of all rights due the Commission and a very strict view of all the monies and any rights that might be due to the Commission.

Obviously, if we can maximize sales, everybody benefits. The Commission benefits because of revenue and I would assume all the shareholders would benefit also. Again, please understand the—I am treading very delicately here because I am told by lawyers from everyone that these matters are still unfolding and obviously, we would take very seriously any credible evidence that would be developed by GAO and we would look very carefully at that.

We continue to look at the issues, but as I say, outside of assuring that the contract in the interim is strictly adhered to. I think the best thing we could do for everybody concerned is to get CCLG up and moving as far as sub-licensees and sales and so forth.

Mr. SAWYER. Thank you. We will follow up with additional questions and greatly appreciate your participation here today.

[Questions submitted to Mr. Donatelli follow:]

CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION

QUESTIONS

FRANK DONATELLI
CHAIRMAN
CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION

1. The Commission received an annual appropriation of $200,000 for fiscal year 1991.

To date, how much of that amount has been spent? Please provide a breakdown of exactly how these monies were spent.

In the first six months of FY 91, $128,400 of the total $214,000.00 in appropriated funds were made available to the Commission. At the end of this period, $126,200 had been spent. The breakdown of these expenditures is as follows:

$116,000.00 - compensation (salaries & benefits)
10,200.00 - rent

2. As of March 31, the Commission owed $106,000 for costs incurred during the New World Summer program in 1990.

How will the Commission pay off that debt?

The Commission is paying the debts incurred by New World Summer 1990 on an installment basis, with the full cooperation of creditors. As donations come in, a percentage of those funds is applied to the outstanding bills. In addition, plans are already underway to secure a Founding Sponsor for the Columbus Scholars Program. A portion of those donated funds would pay off any remaining debt attributable to the New World Summer 1990.

3. When do you expect the "Columbus 500 Council" to begin its work?

Actions have already been taken to pull together a group of energetic, capable national leaders for the Columbus 500 Council. Over 500 letters have been sent to potential contributors, and follow up contacts are regularly being made by Joe Canizaro, the Council's Chairman, Chairman Donatelli, and Laura Hunt, the Commission's new Endowment Director. The first donations, totaling approximately $40,000.00, have already been pledged.

4. What is your estimate of the cost for each of the core projects you described in your testimony?

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202-632-1992

The Cost of each of these programs is expected to be as follows:

Columbus Scholars Program - $2 million
Essay Contest - $150,000.00
Lecture Series - $350,000.00
National Maritime Celebration - $10 million
National Kickoff Ceremonies - $750,000.00
The "500" Handbook - $750,000.00
Quincentenary Calendar - $150,000.00
The Columbus Minutes - $2 million

5. What is your total fundraising goal over the next two years?

In order to effectively carry out its core program and maintain the necessary involvement with other Quincentenary events and organizations, the Commission must raise a minimum of $6 million. To implement these programs in the most expansive manner possible, giving the maximum number of people access to their benefits, the Commission would have to raise approximately $16.5 million. This would include $10 million to be dedicated to cities who are planning the tall ships and other maritime activities that will take place in various locations around the nation in 1992, including the New York celebration on July 4, 1992, and the San Francisco celebration on October 12, 1992.

It should be noted that each city will share the responsibility of fundraising with the Commission.

6. Please provide the subcommittee a listing of Commission staff and their titles.

James F. Kuhn - Executive Director
Jana A. Joustra - Deputy Director
William F. Miner - Program Director
Laura B. Hunt - Endowment Director
Christopher J. Lehman - Maritime Program Officer
Norman L. Richards - Comptroller
Maria Delgado - Executive Assistant

Interns:
Mark Green
Daisy Delgado
Hilary Anderson

Mr. DONATELLI. Thank you, Mr. Chairman.

Mr. SAWYER. Thank you.

If there is no further business to come before the subcommittee, we will stand ajourned.

[Whereupon, at 4:22 p.m., the subcommittee was adjourned, to reconvene subject to call of the Chair.]

[Additional material submitted for the record:]

The National Italian American Foundation
666 Eleventh Street, N.W., Suite 600 • Washington, D.C. 20001-4596 • (202) 638-0220
FAX (202) 638-0002

TESTIMONY OF FRANK D. STELLA, VICE CHAIRMAN
THE NATIONAL ITALIAN AMERICAN FOUNDATION TO
SUBCOMMITTEE ON CENSUS AND POPULATION
HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE
THE COLUMBUS QUINCENTENARY

The National Italian American Foundation (NIAF) is pleased to participate in these oversight hearings of the Subcommittee on Census and Population of the Committee on Post Office and Civil Service. On behalf of the Foundation, let me commend Chairman Thomas Sawyer as well as ranking Republican member Thomas Ridge for their interest in seeing the Quincentenary proceed forward as a national celebration.

Let me also take this occasion to commend President Bush for his nomination of Frank J. Donatelli to the Christopher Columbus Quincentenary Jubilee Commission -- and the subsequent decision by the Commissioners to elect Frank as Chairman. Frank Donatelli is a long-time, active member of the National Italian American Foundation. We recognize that the task before him is daunting but we have full confidence that he will continue to provide strong and focused leadership for the Commission as we approach the Quincentenary.

As this Subcommittee well knows, NIAF has been deeply involved with the Quincentenary and the Commission since 1984, when the original Public Law establishing the CCQJC was enacted. Since that time, we have worked closely with the Quincentenary

The National Italian American Foundation, Inc. is an independent, non-profit, non-partisan, non-sectarian foundation legally incorporated in the District of Columbia. Contributions are tax deductible.

Commission to make sure that the strong interests of the Italian-American community in the Quincentenary are addressed. Our joint activities have included three annual conferences on the Quincentenary held in conjunction with our Washington weekend, which draws more than 3,000 individuals from the United States and Italy. These conferences have focused on difference themes associated with the Quincentenary. Our 1991 joint conference will focus on the theme of entrepreneurs, which is consistent with the story of Columbus.

In addition, NIAF is proud to chair the Italian American Leaders Advisory Committee to the Jubilee Commission. Under this Advisory Committee, we have built a national coalition of Italian-American organizations committed to ensuring full participation in the plans and programs of the Jubilee Commission. I am especially proud to note that the chairman of the NIAF Columbus program and the Italian American Leaders Advisory Committee is your distinguished colleague from New Jersey, Frank Guarini. He has provided this organization and the entire Quincentenary initiative with outstanding and dedicated leadership.

We realize that these hearings are not called under the best of circumstances for the Commission and the Quincentenary as a whole. We share the concerns of many that we are not farther along with the national plans and programs to ensure a successful Quincentenary celebration. We are concerned about those who have elected to engage in revisionist history to try and discredit Columbus and his discovery of America and throw into question the entire celebration. We are concerned about the negative publicity that the Commission has faced in recent months. We are very concerned about the precarious fiscal condition of the Commission at this pivotal point in time.

Yet, we stand prepared as one national organization to do what is necessary to help ensure that we triumph over these current obstacles. We have maintained from the very beginning that the Quincentenary and all that it represents is far more important than any one individual or group associated with it. We are developing our own programs around the theme of using the Quincentenary as a vehicle to promote closer dialogues among all peoples of the world. Columbus did more than discover land in a geographic sense. He bridged the old and new worlds.

The Quincentenary gives us an opportunity not only to celebrate the achievements of Columbus, but to re-examine our nation's history and heritage. 1992 will be an especially relevant occasion to pay tribute to the many immigrants who, like Columbus, sought a new land of freedom and liberty and whose descendants today continue to play an important role in the development of this country. Likewise, the Quincentenary is a time for all Americans to reflect upon the important contributions of their forefathers and to celebrate their cultures and traditions that have truly made this land a vast mosaic.

The National Italian American Foundation pledges its continued full support for the programs and plans of the Christopher Columbus Quincentenary Jubilee Commission. We pledge to work in conjunctions with them and with the Italian-American communities in the 40 states that have established commissions for the Quincentenary. We view this cooperative relationship as vital toward promoting the positive message of the Quincentenary while ensuring that proper recognition is given to the contributions made by Italian Americans to our nation.

We again commend this Subcommittee for exercising its important oversight responsibilities over the Quincentenary and the Columbus Commission. We join with you in encouraging the new chairman to continue on the path he has established.

We share a common goal -- a Quincentenary that can truly be a celebration for all Americans by all Americans.

James C Pruitt
Vice President
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Corporate Communications
a Division of Texaco Inc

1050 17th Street NW
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May 28, 1991

Honorable Tom Sawyer
U.S. House of Representatives
1518 Longworth House Office Bldg.
Washington, D.C. 20515

Dear Congressman Sawyer:

Texaco is vitally interested in the success of the Christopher Columbus Commission and the Quincentenary Celebration scheduled to begin this year. We therefore appreciate the opportunity to respond to the concerns raised in your letter of April 9, 1991 and the subsequent invitation to file testimony in conjunction with the hearing by the Subcommittee on Census and Population held on April 23, 1991.

Attached is a written statement on behalf of Texaco Inc. We respectfully request that the statement be included in the official record of the April 23rd hearing.

We look forward to working with you and your staff to insure a meaningful role for the Christopher Columbus Commission in the upcoming festivities.

Sincerely,

James C. Pruitt

JCP:caa
Attachment

cc: Honorable Tom Ridge

STATEMENT OF

WILLIAM K. TELL, JR.

SENIOR VICE PRESIDENT

TEXACO INC.

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

SUBCOMMITTEE ON CENSUS AND POPULATION

HOUSE OF REPRESENTATIVES

APRIL 23, 1991

Mr. Chairman, Members of the Subcommittee,

Thank you for inviting Texaco to submit a statement for the record as part of the Committee's oversight hearing to review the activities and plans of the Christopher Columbus Quincentenary Jubilee Commission.

Texaco became a sponsor of the Commission in September, 1989, and since that time has worked continuously with the U.S. Commission and its joint venture partner, Spain, on a wide variety of initiatives designed to lay the necessary groundwork for the planning and implementation of a two-and-a-half year Western Hemisphere tour of the Spanish-built replicas of the Niña, Pinta and Santa Maria. Full details of the history of our involvement are outlined in Appendix A.

Texaco's decision to support the caravel project was based on our belief that the 500th anniversary of the voyages of discovery of Christopher Columbus would offer a significant opportunity to recognize the importance of this achievement while at the same time inspire the spirit of exploration, adventure and discovery in the American people and throughout the Western Hemisphere.

Texaco is the nation's third largest petroleum company with operations in 150 countries worldwide; it is a company with a long and distinguished marine history; it is the largest marketer of petroleum products in the Caribbean; and is widely recognized for its support of educational projects as well as the arts. For these reasons Texaco was and is ideally positioned to assist the Commission in fulfilling its Congressional mandate to increase public awareness of the significance of Columbus's feat in 1492 and to conduct a successful tour that would be a credit to the Commission.

In the past year and a half, however, our efforts to help the Commission create the kind of commemorative project which Congress envisioned for the American public have been hampered by a wide variety of problems involving the organization, management and funding of the caravel tour. In order for the caravel project to be realized, Texaco, the U.S. Commission and Spain need to resolve these areas of misunderstanding. Efforts to reach agreement are underway, and we are hopeful that the three parties can find mutually acceptable solutions to outstanding issues. Only then will the American people have the commemorative tour they deserve.

APPENDIX A

I. Background

On September 28, 1989, Texaco signed an agreement at the U.S. Department of State with the Christopher Columbus Quincentenary Jubilee Commission providing for Texaco's exclusive sponsorship of a 50-city, two and a half year Western Hemisphere tour of the three replicas of Columbus's original ships of discovery. Texaco committed $5 million to be paid over a period of five years to the U.S. Commission for this purpose.

The tour was a joint venture between the Spanish government's Quincentenary Commission, the Sociedad Estatal, which had built the replicas, and the U.S. Columbus Commission, which had management responsibility for the Western Hemisphere tour. The specifics of the understanding between the two countries were established in a Protocol Agreement between these two parties signed on September 12, 1989.

Texaco also signed an agreement at the U.S. Department of State on September 28, 1989, with the Sociedad Estatal, represented by then-Secretary of State of Spain and President of the Sociedad Estatal Luis Yañez, wherein the Sociedad agreed to Texaco's acting as sponsor of the caravel program pursuant to the terms of the sponsorship agreement with the U.S. Commission.

II. October, 1989 - March, 1990

From October 1989 through February 1990 Texaco worked with both Commissions to help prepare for the caravel tour, which was originally planned to occur between June 1991 and December 1993. At the Commissions' request Texaco devoted hundreds of hours of professional time and made significant expenditures over and above its contract commitments involving outside consultants, travel and promotional expenses to assist the Commissions in planning for the tour. We provided advice on a wide variety of subjects including marine, public relations, advertising, graphic design, trademark, legal and business matters. Texaco representatives also visited Spain on several occasions to help the Commissions finalize such important matters as an itinerary and management and promotion plan for the tour.

During this period Texaco, recognizing that the U.S. Commission's limited funding was a hindrance to its ability to create the necessary infrastructure to organize the commemorative activities planned for the Quincentenary, also provided advice on fundraising and offered to assist the U.S. Commission in its discussions with other potential sponsors.

In February 1990, however, Texaco gave formal notice to the U.S. Commission that there were a number of areas where the Commission was not fully in compliance with its obligations and commitments under the Texaco sponsorship agreement of September 28, 1989. The U.S. Commission attempted to address these concerns, and, although the Commission was not fully in compliance in a number of important areas, Texaco made its second installment payment under the terms of the Sponsorship Agreement on March 31, 1990.

III. April, 1990 through September, 1990

Between April and September, 1990, Texaco continued to urge both Commissions to come to an agreement on the basic issues underlying the planning of the tour, especially with respect to the itinerary, management structure and funding arrangements. Texaco representatives travelled to Spain and hosted Spanish representatives in the United States in an effort to facilitate these discussions.

In spite of Texaco's efforts, however, the U.S. Commission and Spain were unable to complete the required arrangements, notwithstanding their contractual commitments to do so. For this reason, and for other fundamental contractual failures by the Commission and Spain, Texaco suspended its payments pursuant to the Spnsorship Agreement on September 30, 1990.

IV. October, 1990 - May, 1990

Since the fall of 1990 several important developments which have had a direct effect on the progress of the project have occurred, including: the resignation of former U.S. Commission Chairman John Goudie on December 17, 1990, followed by the election of Frank Donatelli as the new Chairman on February 6, 1991; the resignation of Spanish Secretary of State Luis Yañez, who signed the agreements on behalf of Spain with the U.S. Commission and Texaco; and the investigation of the U.S. Commission by the General

Accounting Office.

Nevertheless, Texaco has continued to try to resolve the outstanding issues relating to the caravel tour and to assist the two Commissions in moving forward with the project. In light of the reduced lead time for planning the tour, a modified itinerary is under consideration by Spain and the U.S., as well as adjustments in the management and funding responsibilities.

Because of the extremely short time remaining before the Quincentenary, Texaco has urged both Commissions to re-negotiate the terms of the 1989 Protocol Agreement to reflect changing circumstances and capacities.

Texaco continues to make a good faith effort to maintain an ongoing dialogue with both Commissions in the hope that our mutual goal of creating an educational, high-quality caravel tour of which all participants can be proud, can be achieved in a timely fashion. At the current time Texaco is actively involved in discussions with the U.S. Commission and Spain, looking toward Spain assuming full control of the management and commercial areas of the U.S. tour. Such discussions include a review of Texaco's future role in light of this new organizational plan and changing circumstances in the project.

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