THE WHITE HOUSE
WASHINGTON

February 8, 1996

Mr. President:

Harold thinks Sheila Anthony
should be nominated.

THE PRESIDENT HAS SEEN

Todd Stern

2/9/96

We need to
discuss — BL & HI
should ok USTRO —

Do Not
send to ORM
since it's
Personal

2/9

TODD
per the small Sticky note,
Should this original go Back
to Bruce Lindsey?

S

PHOTOCOPY
WJC HANDWRITING

THE WHITE HOUSE

WASHINGTON

96 FEB 7 P3:23

February 7, 1996

MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN
2/9/96

FROM: BRUCE R. LINDSEY
DEPUTY COUNSEL

RE: FEDERAL TRADE COMMISSION

Several months ago you tentatively signed off on Karen Shepherd for the Federal Election Commission. After your approval, it was decided that we should reappoint John McGarry, whose term has expired, to that Commission. Harold then spoke with Karen about the Federal Trade Commission, and she expressed interest. At the same time, Bob Nash had been speaking with Sheila Anthony about the FTC. Upon learning of Harold's discussions with Karen, Bob tried to steer Sheila to another position. He offered her the general counsel position at the Federal Highway Administration, which she rejected. While saying that she will do whatever you want her to do, Sheila continues to express strong interest in the FTC. In addition, Senator David Pryor has called both Bob and me on Sheila's behalf.

We need to make a decision one way or the other. Right now, everyone is unhappy with us.

______ Nominate Sheila Anthony

______ Nominate Karen Shepherd

150041

Todd - I'd be extra careful if I were you of this / Laura discussed w/ me but I think this is very confidential / [illegible]

THE PRESIDENT HAS SEEN
1-31-96

THE WHITE HOUSE

WASHINGTON

96 JAN 29 P7:38

January 29, 1996

Laura — agree w/ you - set meeting w/ Greenspan & Rubin this week - & set up meeting w/ Rivlin per yr. rec. - BC

MEMORANDUM TO THE PRESIDENT

FROM: LAURA TYSON Laura D. Tyson

RE: FEDERAL RESERVE APPOINTMENTS

During the last ten days the press has carried several reports indicating your interest in appointing Felix Rohatyn as the next Vice Chair of the Federal Reserve System. Once this information was leaked to the press, at least in part by Administration officials who should have honored the confidentiality of the internal selection process, I confirmed that Felix is indeed a serious candidate for this position. Now that his name is out there in the press, those who might oppose his selection can begin to run a press campaign against him, in much the same way that those opposed to Alicia Munnell for a seat on the Board ran a successful press campaign against her last spring. In Felix's case, such a campaign could begin to focus on a serious technical problem with his nomination concerning the so-called "district representation requirement."

According to the Federal Reserve Act,

" In selecting the members of the Board, not more than one of whom shall be selected from any one Federal Reserve District, the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country."

This requirement has not been interpreted by the Congress as a strict residency requirement but as a requirement that the contacts between a nominee and a particular open district he is nominated to represent be substantial enough to qualify him as being from that district. There is no definitive bright-line test for determining whether this condition is met; the ultimate judgement rests with the Senate and is therefore a political decision.

Felix has spent the last forty-eight years of his life in New York, a Federal Reserve District that is already represented by Alan Greenspan. As the Washington Post reported in a story on Friday, (a story which I am afraid may have been fed by those within the Administration who harbor reservations about Felix's possible appointment), there are only two possible open Federal Reserve Districts--Boston and Kansas City--which Felix could conceivably represent. His substantial contact with the Boston district would have to be based on the fact that he attended Middlebury College nearly fifty years ago, while his substantial contact with the Kansas City district would have to be based on the fact that he owns a substantial amount of land in Wyoming, that he is building a home on the land and that he has partial interest in a functioning ranch there.

Most of the legal and political people with whom I have spoken inside the Administration believe that there is a more credible case to be made for the Kansas City District than for the Boston District, but even the former case is not a strong one and could easily be challenged by any member of the Senate who wants to oppose Felix's nomination for political reasons.

There are a number of things we can do to help make a strong case that Felix satisfies the District representation requirement for Kansas City, including trying to win support for his candidacy from both of the Senators from Wyoming, and trying to mobilize the national business community to support Felix's appointment through contacts with their Senators. Winning the support--or at the very least preventing the open opposition--of Senator D'Amato, who chairs the Senate Banking Committee responsible for moving Federal Reserve appointments within the Senate, is crucial to a successful outcome. We cannot begin to lay the groundwork for any of these efforts, however, until you make an official announcement of your intent to nominate Felix as Vice Chair. And even with our best efforts, his nomination will remain highly susceptible to challenge on district representation grounds and could be subjected to substantial delay or ultimate defeat.

I believe that your best hope of winning confirmation for Felix depends on two things: announcing your intent to nominate him as Vice Chair at the same time that you announce your decision to reappoint Alan Greenspan as Chair of the Federal Reserve; and announcing both decisions as soon as possible. During the last few weeks there have also been a growing number of press reports criticizing the Administration for not announcing its intention to reappoint Alan in an attempt to influence his behavior (attachment). If you in fact have decided to reappoint Alan, then announcing your decision soon after the next FOMC meeting on January 30 - 31 would seem to be a prudent move. I understand that you want to talk to Alan before this announcement to obtain his support for your nomination of Felix as the Vice Chair, so I urge you to find a time to meet with him as soon as possible.

Finally, as you know, we are also looking for someone to fill the third open seat on the Board. We are interviewing several candidates for this position, and our final selection will depend in part on your decisions about Alan and Felix. If you do decide on that package, we will probably recommend a macroeconomist for the third position, and we may be able to forward a recommendation to you by the end of this week. In that case, it would be possible--and if possible, desirable--to announce a three-person package sometime during the week of February 5.

Over the next several years, the course of the macroeconomy will be largely determined by monetary policy as fiscal policy continues on a net contractionary path toward budgetary balance. Your decisions about the composition of the Federal Reserve Board are among the most important economic decisions you will make during your Presidency. Therefore, I strongly recommend that you meet with a small group of your economic and political advisers prior to making your final decisions about nominations to the Federal Reserve Board, so that we have the opportunity to provide you with all of the relevant information and viewpoints. Since I also believe that your decisions should be announced as expeditiously as possible, I believe that such a meeting should occur as soon as possible, so that we can begin a broadbased effort to secure confirmation of your choices for these important economic positions.

BY RUDI DORNBUSCH

DON'T MAKE ALAN GREENSPAN A POLITICAL FOOTBALL

ACT NOW: Greenspan has done a great job, but Clinton is letting him dangle in hopes of forcing him to cut rates further

After President Clinton took office, Federal Reserve Chairman Alan Greenspan got a front row seat at the first State of the Union address, right next to the First Lady. That raised a few eyebrows. Cynics were fast to argue that the President was pampering the chairman; in an age of budget-cutting, Greenspan's monetary easing is the only path to growth. Of course, there is another view: President Clinton wanted to look financially conservative to collect a vote of confidence in the markets in the form of a drop in long-term interest rates. What better way than to have the cameras zoom in on conservatism incarnate, Alan Greenspan, smiling at the party?

Greenspan's term as Fed chairman is up in March, but the White House has been slow to discuss reappointment or succession. Capital markets take reappointment to be the only choice and view any other move as catastrophic. But if that is so obvious, why is the White House so slow to act?

In his role as chairman of the Fed since 1987, Greenspan has done an outstanding job in establishing sound money policy in the U. S. The Fed's response to the 1987 stock market crash warded off much bigger and more threatening economic fallout. Its successful slowing of the economy from 1989 through 1991 avoided a reigniting of inflation. Since then, the Fed's fine-tuning has worked wonders. The economy is at full employment, inflation is negligible, and long-term interest rates are low, almost to the point of straining belief. There has definitely been a major turnabout: Today, the U. S. is a sound money country.

WAYWARD BANKERS. Of course, there are critics. Some would like to eke out an extra 1% in economic growth just to find out exactly where inflation starts. Others would like to lower growth even further in order to push for zero inflation. Greenspan has found a pragmatic middle ground that stays away from inflation without sacrificing growth. He is short on bombastic ideology of the kind the hard-money crowd spouts, but he is long on delivering in a way the economy has not seen for three decades. Clearly, he deserves reappointment on his record alone, if only to express a firm commitment to just this kind of policy and these results.

Nobody is irreplaceable. Yet failure to reappoint would be tantamount to a wish to play with the economy, experiment, and lose. A liberal at the helm would spell a dollar collapse and a steep rise of rates. Finding the right conservative is hard. When bankers were gods, anyone might have served the role. In today's hot money world, experience on the job accounts for more than ideology. Besides, in the '90s, you can't even trust a banker to be conservative. Of course, there are always alternative candidates, but why experiment with clones if you can have the real thing?

CLOUD OF SUSPICION. The delay in reappointing Greenspan can only mean one thing: The President is trying to hold the bait, pressuring the chairman to earn his reappointment with enough interest-rate cuts to boost the economy and generate an economic boomlet in time for the 1996 Presidential election. We just had a 25-basis-point cut in rates in December; another might come in January or February. With a lag of six to twelve months, this would give a kick to the economy on election eve.

Holding out on reappointment unnecessarily politicizes monetary policy, at least in appearance. The economy at this stage, with growth slipping all over the world, requires an immediate cut in rates. If good management of monetary policy has, as a byproduct, the President's reelection, so be it. But until Greenspan is reappointed, any interest cuts create the suspicion that he is merely courting political favor. This is not the way to run policy or the economy.

The President has a responsibility to support the shift to sound money in the U. S. with a timely appointment of the next Fed chair. The appointee must obviously convey the image of continuity. Even though the appointment process is political, that should not allow it to intrude on the key consideration: Low inflation and financial stability are the top priorities.

The President should make a commitment to a speedy reappointment of Greenspan. That will do more for his reelection than the games being played now. Moreover, as the Continent messes around with a form of money, the "Euro," and as Japan flounders, the U. S. can reassert its role as the financial stronghold in the world. If the President wants to show leadership and benefit America by helping abolish a key source of macroeconomic instability, here is a good opportunity.

Rudi Dornbusch is professor of economics and management at Massachusetts Institute of Technology

DETERMINED TO BE AN ADMINISTRATIVE
INITIALS: MJ DATE: 2/5/20
2019-0990-S

THE PRESIDENT HAS SEEN
11.29.94

THE WHITE HOUSE
WASHINGTON

94 NOV 28 A 9 : 47

PRIVILEGED AND CONFIDENTIAL

November 21, 1994

MEMORANDUM FOR THE PRESIDENT
THROUGH LEON PANETTA

PHOTOCOPY
WJC HANDWRITING

FROM: ABNER J. MIKVA

RE: Edwin Quinones

A federal bankruptcy judge in Puerto Rico recently issued a court opinion finding that Mr. Quinones, a Presidential appointee to the President's Commission on Educational Excellence for Hispanic Americans, and his wife "knowingly and fraudulently made a false oath by filing their Statements and Schedules, signed under penalty of perjury, containing incomplete information and falsehoods regarding their financial condition."

The plaintiff in the bankruptcy action was a client of Quinones, an attorney. Quinones owed the plaintiff approximately $385,000 for breach of contract, tort and collection of monies. The plaintiff was convicted in 1990 of a federal drug conspiracy charge and was sentenced to eleven years in prison. In 1990, Quinones and his wife filed for bankruptcy and the plaintiff challenged that filing.

The Department of Justice has informed us that the judge is supposed to refer possible fraudulent activities to the United States Attorney's Office for any investigation or action, but has not done so. The United States Attorney's Office will not act unless it receives a referral.

Our office cleared this appointee in May 1994, pursuant to our policy of requiring only a limited background check for appointees to part-time boards and commissions. We would not have cleared this appointee if this court finding were in effect at the time.

RECOMMENDATION: Given the potential for embarrassment and the considerable publicity this matter has received in Puerto Rico, I strongly recommend that Quinones be asked to tender his resignation.

✓ AGREE ____DISAGREE ____LET'S DISCUSS

But do we need to check our friends in Puerto Rico 1st as a courtesy—

Mr. President -

THE WHITE HOUSE
WASHINGTON

Max Rabb
strongly endorses
Frank Guarini
for Amb. to
Rome —
He (Guarini) is
Pres of Italian
American Foundation
36 million (?)
Charlie Rangel

THE PRESIDENT HAS SEEN
9-26-95

Erskine / Leon
Senator Mitchell

BC

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. note	Erskine to POTUS [partial] (1 page)	04/05/1995	b(6)
002. memo	Nancy Hernreich to POTUS re: Today, June 28, 1994 [partial] (1 page)	06/28/1994	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Too Late to Process
OA/Box Number: 22057

FOLDER TITLE:

Sensitive-Personnel-Related [2]

2019-0990-S
rs3476

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker
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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
4/5/95

Mr. President

1:45
95 APR 5 ~~A12 : 54~~

The VP may bring up at lunch tomorrow two personnel issues

(1) Gov McWherter wants to go on Postal Board. VP had a candidate (McSweeney) who originally wanted to be on Kennedy Center Board but has now gotten excited about Postal Board. We can now put him on Kennedy Center Bd & Jack Quinn is going to see if we can get McSweeney to accept this - freeing up spot for Ned Ray.

all our Ark folks against him

(2) Head of Corp of Engineers - Blanche & others have complained about VPs guy - (b)(6) VP is

PHOTOCOPY
WJC HANDWRITING

Strong for him but will yield if
you ask him to. Bob Nash has
two other candidates he is
checking out now. Cong. Lancaster
has taken the job on Chemical
weapons —

Call if questions

Erskine

ALL-STATE CAREER

Joseph W. Marino, Sr.
President

501 Seminole Street
Lester, PA 19029
(610) 521-1818
FAX (610) 521-5210

201 S. Arlington Avenue
Baltimore, Maryland 21223
(410) 685-1818
FAX (410) 783-1660

1-800-TRAIN-18

Craig / Jenny
call this man - He says Labor & HHS are supporting training schools like his but Ed Dept trying to put him out of business - get his side - something is [illegible] - important - BC

THE PRESIDENT HAS SEEN
6.28.94

M E M O R A N D U M

TO: THE PRESIDENT

FROM: BETTY CURRIE

RE: PHONE CALLS

DATE: JUNE 13, 1994

SECRETARY RON BROWN

DAVID GERGEN - WOULD LIKE 5 MINUTES TODAY

DICK KELLEY - RETURNED YOUR CALL

CONG. MARCY KAPTUR - STATED CALL WAS PERSONAL

DAVID KENDALL - CALLED BACK. NOTHING URGENT. HE CAN BE REACHED AT THE RIVERFRONT HILTON HOTEL IN LITTLE ROCK TONIGHT. YOU CAN CALL AS LATE AS MIDNIGHT EST. 501-371-9000

CAROLYN STALEY - CALLED TO LET YOU KNOW PAUL CAIN IS NOW AT THE RESIDENCE INN (703-893-0120 - X313)

THE PRESIDENT HAS SEEN
4/23/94

PHOTOCOPY
WJC HANDWRITING

M E M O R A N D U M

TO: THE PRESIDENT

FROM: BETTY CURRIE

RE; OUTSTANDING PHONE CALLS

DATE: MAY 26, 1994 - THURSDAY

5-31-94	LEON RITZENTHALER - (Judy 916-872-5339)
5-25-94	STATE SEN. JAY BRADFORD - 501-535-6161 / 535 5549
5-19-94	SEN. DOMENICI - 224-7090 - (Leg Aff handling
5-18-94	ELIZABETH BINGAMON 501-753-5144 JOAN WATKINS - 501-572-3550 (HELENA) 501-521-5675 (FAYETTEVILLE) CONG. GLICKMAN - POTUS DECIDE TO CALL
4-16-94	STEVE GROSSMAN 617-623-8000/964-9940 CONG. BILL RICHARDSON 202-225-6190
5-13-94	BUDDY YOUNG - PRESIDENT PLACED CALL
5-10-94	JOHN Y. BROWN 606-224-4217/4222 TED TURNER/JANE FONDA
5-6-94	RUDY MOORE JOE KEEFE
5-5-94	ESTELLE BLAIR - IN HOSPITAL 501-321-1000
5-3-94	DAVID LAMBERT/MOKA LAMBERT
5-2-94	ARSENIO HALL
4-30-94	ART GIVENS TONY CAMPOLO BILL MOYERS
4-25-94	TOM KEAN - PER VERNON JORDAN CONG. GEORGE MILLER
4-14-94	ARTHUR SCHLESSINGER- POTUS PLACED CALL

3-25-94	ANN & GEROME FISHER (donated $200,000 VK
3-2-94	HILLARY JONES - PER BETSEY WRIGHT 501-743-2266 MELVIN LAPIDES - PER BETSEY WRIGHT
2-1-94	JUDGE OLAN PARKER
1-24-94	RAMA (FOR LARRY KING) 818-734-3001

1993 CALLS: KING OF MOROCCO - Per Cody Shearer
WALTER THOMPSON
PETER B. LEWIS
Thelonious Monk
Dennis Byrd
GEORGE SMITH

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. memo	Nancy Hernreich to POTUS re: Today, June 28, 1994 [partial] (1 page)	06/28/1994	b(6)

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MEMORANDUM

TO: THE PRESIDENT

FROM: NANCY HERNREICH

RE: TODAY, JUNE 28, 1994

CALLS

Bob Graham

Crime Bill Calls- Lynn Woolsley, Mike Castle, Butler Derrick

Space Station Calls- maybe

No

Lynda Dixon- did you ever call her?

BIRTHDAYS

Leon Panetta
Laura Tyson

VISITORS

Mike and Kay Gaines and Peggy Tucker are coming by today at 2:30. If you have time, will you have your photo made with them?

SCHEDULE ADDITIONS

(b)(6)

Re: The African American reception-- Jimmy Wilson asked you to look into a federal court case and Willis said he sent it to Hubbell when he was at Justice if Wilson asks you about it. carol told me he would find out more about it.

Also there was a nice article about Ben McGee's daughter in the Democrat which I will have for you before the reception.

M E M O R A N D U M

THE PRESIDENT HAS SEEN
6-29-94

TO: THE PRESIDENT

FROM: BETTY CURRIE

RE; OUTSTANDING PHONE CALLS

DATE: JUNE 28, 1994 - TUESDAY

6-28-94	SEN. BOB GRAHAM - HAITI (WILL BE AT FUNDRAISER TONIGHT) GOV. LEAVITT (R-UT) CONG. WOOLSEY - SPACE STATION CONG. CASTLE - SPACE STATION CONG. DERRICK - SPACE STATION
6-27-94	CONG. MFUME - CRIME (hold) PAT PARISI - 201-445-9225 (SON DIED)
6-25-94	TONY CAMPOLO
6-23-94	DEREK SHEARER - 310-399-5924 BISHOP WILLIAM GRAVES 901-527-7300 901-332-5968 901-345-0580 MARSHA SCOTT
6-22-94	CHRISTINE DOLAN - 202-337-2692 CARL KIRKLAND - 501-224-6288 STANLEY SHUMAN 212-832-8000 MAYOR JERRY ABRAMSON (Louisville) (502-574-3065)(FEEL GOOD CALL) FRANK GREER
6-15-94	HOWIE FRANKLIN (Chief Steward on AF-1) PETE GLASGOW (FATHER OF DENNIS GLASGOW) 313-382-021
6-14-94	LYNDA DIXON MAHLON MARTIN
6-13-94	POLITICAL CALLS - SIGN LETTERS OR CALL (LIST ATTACHED)

5-25-94	STATE SEN. JAY BRADFORD - 501-535-6161 (Potus called on 6/1)
5-18-94	CONG. GLICKMAN - POTUS DECIDE TO CALL
4-16-94	STEVE GROSSMAN 617-623-8000/964-9940
5-13-94	BUDDY YOUNG - PRESIDENT PLACED CALL
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WALTER THOMPSON
PETER B. LEWIS
Thelonious Monk
Dennis Byrd
GEORGE SMITH

THE PRESIDENT HAS SEEN 6/27/94

DRAFT DRAFT DRAFT DRAFT

Today I would like to announce some changes in personnel that will bring added strength and vitality to the administration.

In coming months, this White House faces a series of major challenges that are critical to the country. In Congress, we are seeking to pass the first major overhaul of health care in our history, a sweeping crime bill, a significant trade bill, lobbying and campaign finance reform, a re-employment act, welfare reform, deficit reduction ~~-- not to mention our proposal for a dramatic change in the welfare system. Simultaneously, we want to move forward with our budget plan~~ and other economic measures so that our economy can continue to create nearly 7,000 jobs a week. Overseas, we are tackling serious issues well known ~~in North~~ Korea, ~~Haiti and Bosnia, even as we also seek continued progress in the former Soviet Union, a greater integration of Europe, a strengthening of our economic ties in Asia and Latin America, and the spread of democracy, human rights and economic well being in places such as Africa. Before the end of the year, I will be engaged in face-to-face summit talks with a host of other leaders from around the world~~.

~~By any standard~~, we have embraced an agenda that is not only daunting but very important to the lives of American citizens. To meet those challenges, ~~it is essential that~~ here at the White House we must use our people ~~deploy our human resources~~ as wisely as possible, matching responsibilities to talents.

More than a month ago, my chief of staff Mack McLarty initiated discussions with me on ideas that he had for a better deployment of our people, who provided the basic framework of the decisions I announce today. I came home fr. Italy trip determ. to proceed w/ reorg + strengthening W.H. He and I ~~and~~ Vice President Gore, worked w/ a~~long with others, have since worked with~~ and others on these recommendations, and I am pleased to announce my decisions here.

Today I am naming Mack McLarty as Counselor to the President. Mack has been and will continue to be my closest, ~~most trusted~~ personal adviser here in the White House; ~~in fact, he will be moving in next door to the Oval Office. I want him nearby as I sort out major decisions in my presidency~~. This new role will also permit him to spend much ~~greater~~ more time as my personal representative to people I believe important to this office -- Democrats and Republicans in Congress, constituent groups ~~business and labor, consumers and producers, as well as many friends and supporters~~ friends + supp who helped to bring me to the White House. In addition, I am asking Mack to assume greater responsibility in shepherding our legislative program through Congress -- including GATT, health care and welfare reform -- and to help lay the groundwork for summits this fall with Latin and Asian leaders.

Mack McLarty has served this country ably and well as chief of staff during the past 18 months, and I shall always be grateful to him. He was reluctant to be chief of staff, but he selflessly agreed when I told him I needed him in Washington. ~~Some of the critics say it hasn't always been pretty. Okay, but~~ I say look at the record -- the most productive first year of any White House working w/ Cong in at least three decades, the sparking of an

NAFTA
3 yrs of deficit red 1st HST, big crime bill Brady, Ass, Family, ~~[illegible]~~

economic revival, ~~the reformulation of American foreign policy~~ ~~the heart~~ Ec + Tr, Rus
~~for a new world~~, progress in pushing along historic plans for Health, welfare-
reform, and on and on. He has also run an open White House, treating others and their ideas with unfailing courtesy. Mack McLarty has delivered, ~~and he has done~~ ~~so~~ with a decency, integrity and good will that has endeared him to many, many good people here and around the nation. Mack, thank you.

I am delighted to announce today that Leon Panetta will become the new chief of staff at the White House. Over the past year and a half, Leon has been a pillar of strength for this administration. In the early days, he was a prime architect of our economic strategy -- an integrated plan that has laid the foundations for a sustained period of growth. Then he took the lead in formulating and gaining passage of the biggest deficit reduction program, in history in the federal budget. He will go down in history as the budget director who started to slay the deficit dragon.

In an era of tightening budgets, Leon Panetta has also found ways to fund many of my new initiatives; That put program 1st → Ed, jobs, techn he has worked closely with the Vice President in reinventing the management practices of the federal government; he has been an innovative adviser in drawing up a host of domestic policies. In his skillful handling of the 500 people who work at OMB, he has demonstrated his prowess as a manager. And as the good citizens of Rome have learned, he ~~does a pretty mean interpretation of~~ speaks pretty good Italian. No one in Washington better understands the two ends of Pennsylvania Avenue than Leon Panetta, and no one has earned greater respect at both ends.

Incidentally, I am expecting Panetta and McLarty to be a great team. Back in Little Rock, Leon was Mack's recommendation to be OMB director; here, Leon was Mack's recommendation to be chief of staff. ~~As they assume their new posts, I am reminded of those famous running backs at Army a half century ago, Doc Blanchard and Glenn Davis. In Panetta and McLarty, we now have our own "Mr. Inside" and "Mr. Outside" at the White House.~~

As I've learned

I am also announcing today that I will nominate Alice Rivlin to be the next director of the Office of Management and Budget. She has been a superb deputy of ~~that department~~ OMB for the past 18 months, playing a major role in helping to run ~~the department~~ the organization, in developing and gaining Congressional approval of our budgets, and in chairing the President's management council. She also brought with her to this administration a long and distinguished record in this field. She was, of course, the founding director of the Congressional Budget Office, serving there for more than eight years, and she has also written pathbreaking studies of fiscal policies while at the Brookings Institution. Economists have also recognized her brilliance, electing her in the past as president of the American Economic Association. In short, OMB will continue in very good hands.

Finally today, I want to announce a shorter-term assignment. For the past year, I have drawn heavily upon the counsel of David Gergen; he has been a wise, steady voice for bipartisanship, for moderation and for an effective presidency. It has been widely understood that he anticipates returning to the private sector in the next few months. I have asked David to stay on for the remainder of this year, concentrating his full energies in the foreign policy arena. On several occasions in the past, I have found him helpful in the formulation, conceptualization as well as the communication of national security policies. I now want him to play a larger role, joining my team of principal advisers in this field. Other members of the team have expressed their enthusiasm, and David has graciously agreed to serve as Special Adviser to the President and the Secretary of State.

~~These changes will take effect upon my return from Europe in 15 days~~. Taken together, I believe these appointments will produce a strong, energetic and unified team for the administration -- one well suited to the challenges ahead. Thank you.

To: The President
From: Mack

THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

94 MAR 31 P5:38 THE PRESIDENT HAS SEEN

March 29, 1994 4-11-94

Mr. George Stephanopoulos
Senior Advisor to the President
The White House
Washington DC 20500

Dear George,

I deeply regret the recent press controversy involving you. It is fundamentally unfair.

But, you handled it well and it seems to be fading already. You have a deep and deserved reservoir of Washington goodwill, which is showing through. This will turn out to be much ado about nothing.

I want you to know, in the most heartfelt way, that neither I nor my advisors were the source of any of those accounts. I did not speak, for example, to anyone at *The Washington Post* or *Time Magazine* over the past week. Specific questions were referred to Treasury Public Affairs and others, and I have confirmed that they were discreet.

I have never leaked a story to anyone since arriving in Washington and this is the last one I'd have contributed to. After all, it would have been better for me had this surfaced a lot earlier. I hope you understand.

Sincerely,

Roger

Roger C. Altman

cc: Secretary Bentsen
Mr. McLarty

3.17.94
THE PRESIDENT HAS SEEN

HANK

Mack

fyi-
Mack Mclarty

B

Curtis H. Barnette
Chairman
and
Chief Executive Officer

BETHLEHEM STEEL CORPORATION
1170 Eighth Avenue
Bethlehem, Pennsylvania 18016-7699

Telephone: (610) 694-6137
Telefax: (610) 694-3686

THE PRESIDENT HAS SEEN
3.17.94

HANK BARNETTE

3/10/94

Dear Mr. President —

Lloyd Cutler is a long time friend, and you have chosen very wisely in selecting him as Counsel. You are handling this very difficult situation very well by keeping the messages simple, and your cooperation and willingness to get this resolved as the first priority. Your continued leadership is essential, and you continue to have solid support. If I can be of assistance please let me know.

Hank

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
5/26/95

DETERMINED TO BE AN ADMINISTRATIVE
MARKING INITIALS: M1 DATE: 2/5/20

24 May 1995

2015-0940-S

~~Confidential~~

MEMORANDUM TO THE PRESIDENT
LEON PANETTA
ERSKINE BOWLES
BOB NASH

FROM: Harold Ickes HI

SUBJECT: Lane Kirkland

It has been strongly suggested to me by one of the leading opponents to Mr. Kirkland's re-election this October that the Administration should try to find an appropriate "foreign affairs" position for him such as an Ambassadorial position or something dealing with international labor, etc., in which Mr. Kirkland has had a long abiding interest.

This request was based on the assumption that, at least at present, he does not have enough votes to be re-elected at the October AFL-CIO convention, and that a graceful alternative to a possibly bitter fight would be not only helpful but very welcome.

THE PRESIDENT HAS SEEN
5-25-95

THE WHITE HOUSE

WASHINGTON

95 MAY 18 A11 : 45

May 18, 1995

MEMORANDUM FOR THE PRESIDENT

CC: LEON PANETTA

FROM: Harold Ickes

SUBJECT: Attorney General's application to appoint an independent counsel to investigate allegations about Secretary Ron Brown

As you requested, attached is a copy of the Attorney General's application, dated 16 May 1995, requesting the 3 judge court to appoint an independent counsel to investigate allegations about Secretary Ron Brown.

United States Court of Appeals
For the District of Columbia Circuit
FILED MAY 1 6 1995
CLERK

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT
INDEPENDENT COUNSEL DIVISION

In re Ronald H. Brown) No. FN 95-1

APPLICATION TO THE COURT PURSUANT TO 28 U.S.C. § 592(c)(1)
FOR THE APPOINTMENT OF AN INDEPENDENT COUNSEL

In accordance with the Independent Counsel Reauthorization Act of 1994 (the Act), I hereby apply for the appointment of an Independent Counsel to investigate whether Ronald H. Brown, the Secretary of the Department of Commerce, committed any violations of federal criminal law: (i) in connection with his acceptance of things of value from Nolanda Hill and/or First International, Inc. (First International); (ii) in connection with the financial disclosure reports he filed; or (iii) in connection with his application for a mortgage to finance the purchase of a townhouse in January 1993. The Independent Counsel should determine whether prosecution of Secretary Brown on any or all of these matters is warranted.

INFORMATION RECEIVED

On January 17, 1995, the Department of Justice received media reports that Secretary Brown may have failed to disclose required information about First International, a company that he had owned with Hill, on his annual Financial Disclosure Report for 1993, filed May 15, 1994 (the Annual Report). Following an initial inquiry into these allegations, I determined that there was specific information from a credible source that Secretary Brown had failed to disclose on his Annual Report both that he had received income from First International during 1993, and that he had an account receivable from the company at the end of 1993. 28 U.S.C. § 591(d)(1). Those allegations raised questions under the statute prohibiting a false statement to the government, 18 U.S.C. § 1001. Accordingly, on February 15, 1995, I notified the Court that we had commenced a preliminary investigation. 28 U.S.C. § 592(a).

During the initial inquiry and preliminary investigation, we received information about other alleged inaccuracies in both the Annual Report and a financial disclosure report that Secretary Brown submitted in January of 1993, before he entered office (the Entry Report). We also received information that caused us to investigate the payments Secretary Brown received from selling his interest in First International during December of 1993. This allegation required us to inquire into the operations of First International and other companies controlled or operated by Hill. Additionally, in the course of our investigation, we developed information that Secretary Brown's application for a mortgage to finance the purchase of a townhouse may have been inaccurate.

During the 90-day time period allotted by the Act, we conducted as complete an investigation as possible of all of these allegations. In light of the strictures and procedures imposed on a preliminary investigation by the Act, however, I conclude that there are reasonable grounds to believe that further investigation into each of these matters is warranted, in order to determine if Secretary Brown may have violated a federal criminal law other than a Class B or C misdemeanor or an infraction. 28 U.S.C. § 592(c)(1)(A). I therefore apply to this Court for the appointment of an Independent Counsel to conduct that investigation.

RESULTS OF THE PRELIMINARY INVESTIGATION

A. Allegations Concerning the First International Transaction

Our investigation established that Secretary Brown received things of value totalling almost $500,000 from First International while he was Secretary of Commerce. Secretary Brown, who cooperated with our preliminary investigation by providing documents and submitting to an interview, has explained that he and Hill formed First International in 1990 as a "merchant bank," with the object of matching potential investors with promising projects around the world. Secretary Brown and Hill each owned 50 percent of the stock. Secretary Brown invested no money in First International.

In December of 1993, Secretary Brown sold his interest in First International back to the company. He received a payment package composed of three parts: (1) $135,000, which already had been provided to him in three $45,000 payments during 1993; (2) forgiveness of a $72,000 debt he owed to a company owned by Hill; and (3) an agreement by First International to pay off approximately $300,000 of his personal debts, which subsequently were paid off in 1994.

During our preliminary investigation, we received information challenging the million-dollar valuation of First International. We also received information that the money used to pay Secretary Brown had been taken from other corporations owned or controlled by Hill. Finally, we received allegations that there may have been some linkage between the payments to Secretary Brown and his official position.

Under the Act, we have limited powers with which to conduct our preliminary investigation. In particular, we are not able to use a grand jury, or otherwise compel the attendance or testimony of witnesses. In this case, a number of witnesses have declined to cooperate fully and, without these mechanisms, we are unable to compel them to do so. Given the state of the evidence, in an investigation not involving an official covered by the Act, we would ordinarily investigate the transaction further, including employing the grand jury process, to determine whether the money was given for or because of an official act, otherwise than as provided by law, in violation of the federal gratuity statute. 18 U.S.C. § 201(c). Because of the limits on our investigative powers, we are unable to resolve the issues raised by the facts known to us at this point without the appointment of an Independent Counsel.

B. Rationale for Including Hill and her Companies <u>In the Independent Counsel's Jurisdiction</u>

When an Independent Counsel is appointed to investigate a particular subject matter involving a person covered by the Act, the Act directs that the Independent Counsel's jurisdiction include "all matters related to the subject matter," 28 U.S.C. § 593(b)(3), and that the Department of Justice suspend all investigations and proceedings regarding matters in the prosecutorial jurisdiction of the Independent Counsel. 28 U.S.C. § 597(a).

In this case, our preliminary investigation of Secretary Brown's financial transaction involving First International expanded, by necessity, into a related but broader inquiry into the financial affairs of Hill and the companies she owned, controlled, and managed. Because the issues surrounding Secretary Brown's receipt of things of value from First International are inextricably intertwined with questions about more than one of the entities that Hill formed, owned or managed, I recommend that the Independent Counsel's jurisdiction include the investigation of possible violations of federal criminal law by Hill or her companies. Such an investigation could not separately be undertaken by the Department of Justice without the substantial risk of interfering with the Independent Counsel's mission.

C. Allegations of False Statements <u>On the Financial Disclosure Reports</u>

1. <u>Disclosures regarding First International</u>

Secretary Brown disclosed on his Annual Report that he had sold his interest in First International, and reported that the transaction had a value of between $250,000 and $500,000. However, on other sections of the form, Secretary Brown did not record either that he had received the $135,000 from First

International in 1993 or that, pursuant to his divestiture, at the end of 1993 First International had an outstanding obligation to pay approximately $300,000 of his personal debts. With exceptions not relevant here, such disclosures are required by the form, which calls for the disclosure of the source and amount of income received by the filer, and of assets held by the filer at the close of the reporting period.

A deliberate omission of material information required by a financial disclosure form may violate 18 U.S.C. § 1001. Under the Act, I cannot decline to seek the appointment of an Independent Counsel based on a subject's lack of criminal intent unless I have clear and convincing evidence that he or she lacked the state of mind required by the statute. 28 U.S.C. § 592(a)(2)(B). Although there is evidence tending to suggest that Secretary Brown lacked criminal intent in his failure to disclose this information, I am unable to conclude at this juncture that such evidence is clear and convincing. For this reason, and because, as I have concluded above, further investigation of the First International transaction itself is warranted, I recommend that the Independent Counsel's jurisdiction include possible false statements or omissions concerning First International on Secretary Brown's disclosure reports.

2. <u>Other Disclosures</u>

During our preliminary investigation, we examined other allegations of inaccuracies in Secretary Brown's financial disclosure reports. Our investigation revealed that, although most of the information on Secretary Brown's reports appears to be accurate, there are several errors on the forms. For example, his Entry Report failed to disclose that he held his interest in the Boston Bank of Commerce through a partnership, and he misidentified the location of property held by the Potomac Housing Fund Limited, a real estate partnership in which he was a limited partner, on both his Entry Report and his Annual Report.

Although the evidence from our investigation suggests that these inaccuracies may not have been deliberate, I am unable to conclude at this juncture that the evidence of lack of intent is clear and convincing, as the Act requires. Additionally, since I have concluded that the Independent Counsel's jurisdiction should include possible false statements regarding First International, the Independent Counsel should not be restricted from fully investigating Secretary Brown's disclosure reports and evaluating whether there were any material, willful misstatements. Accordingly, these matters should be included in the Independent Counsel's jurisdiction.

D. Allegation of False Statements <u>On the Townhouse Mortgage Application</u>

In the course of our preliminary investigation, we received evidence suggesting that Secretary Brown may have signed an inaccurate application for a mortgage for a townhouse in 1993. On the application form, Secretary Brown failed to reveal all of his debts, and misstated the source of the downpayment on the townhouse. Although payments on the loan are current, there is evidence that this information could have been a factor in the lending institution's decision concerning the form of the mortgage, and therefore could have been material within the meaning of 18 U.S.C. § 1014, the statute prohibiting false statements to financial institutions. For these reasons, and because I am unable to conclude at this juncture that there is clear and convincing evidence of a lack of the requisite criminal intent, the issue of possible false statements in connection with the application for the mortgage loan warrants further investigation.

E. No Further Investigation of Other Allegations Warranted

In a letter dated February 27, 1995, William F. Clinger, Jr., Chairman of the House Committee on Government Reform and Oversight, outlined a series of allegations against Secretary Brown and requested that an Independent Counsel be appointed to investigate these matters. During our preliminary investigation, we reviewed documents and interviewed witnesses relating to each of the matters raised in Congressman Clinger's letter. Except as they may be included within the issues set forth in the preceding sections of this Application, I conclude that the allegations in Congressman Clinger's letter do not warrant further investigation.[1]

[1] Congressman Clinger's allegations that Secretary Brown made false statements to Congress in describing First International and his relationship to that company and associated corporations would be related matters within the appropriate jurisdiction of the Independent Counsel. 28 U.S.C. § 593(b)(3).

Specifically, I find no reasonable grounds to conclude that further investigation is warranted of allegations that Secretary Brown may have violated the conflicts of interest statute, 18 U.S.C. § 208. Congressman Clinger alleges that Secretary Brown may have violated the conflicts of interest laws in three respects: (1) by inviting the Chief Executive Officer of Digital Equipment Corporation (Digital) on a trade mission to Latin America; (2) by assisting AT&T in obtaining a contract to upgrade the telephone system in Saudi Arabia; and (3) by arranging for Hill to attend luncheons at the White House during 1993. Our investigation has revealed that there is no factual basis to support any of these allegations, and therefore there are no reasonable grounds to investigate further.

1. Alleged conflict of interest regarding the Boston Bank of Commerce and Digital

Congressman Clinger alleges that Secretary Brown, although recused from matters affecting Digital because of his partnership interest in the Boston Bank of Commerce, nevertheless violated the conflicts of interest statute by inviting the Chairman and Chief Executive Officer of Digital on a trade mission to Latin America in April 1994. We found no support for this allegation in our preliminary investigation.

Our investigation revealed that Secretary Brown held his interest in the Boston Bank of Commerce through a partnership. Under the conflicts of interest laws, an official is barred from participating personally and substantially in matters affecting the financial interests of his partners. Because Secretary Brown was aware that one of his partners had an interest in Digital, the Secretary had an interest in Digital attributed to him for conflicts purposes. The Secretary promptly recused himself from participating personally and substantially in matters having a specialized effect on Digital, and ultimately divested himself of his interest in the Boston Bank of Commerce partnership.

In early 1994, the Department of Commerce organized a trade mission to Latin America, and a number of executives from computer companies were invited, including Digital. Our investigation revealed that Secretary Brown was not personally or substantially involved in selecting the invitees for the trip. Accordingly, there is no evidence of any personal or substantial action on the Secretary's part that would implicate the conflicts of interest laws, and no further investigation is warranted.

2. Alleged conflict of interest regarding <u>AT&T and Kellee Communications, Inc.</u>

Congressman Clinger also alleges that Secretary Brown violated the conflicts of interest laws when he took official actions that benefitted AT&T, while knowing that a joint venture with AT&T was the primary source of income for Kellee Communications, Inc. (Kellee), a company in which the Secretary had an interest. We found no support for this allegation in our preliminary investigation.

The allegation that the Secretary violated the criminal laws[2] by assisting AT&T with its bid to acquire a contract in Saudi Arabia would require a link between the Secretary's official actions on AT&T's behalf and the expansion of the joint venture agreement between AT&T and Kellee. Our investigation revealed no direct or indirect connection between Kellee's enhanced business and the Secretary's efforts on AT&T's behalf. For this reason, the allegation that the Secretary's actions on AT&T's behalf violated federal criminal law does not warrant further investigation.

3. Alleged conflict of interest regarding <u>White House luncheon invitations to Hill</u>

Congressman Clinger also alleges that Secretary Brown may have violated federal criminal law by arranging for Hill, his business partner in First International, to attend two luncheons at the White House.[3] Our investigation revealed that Hill was invited to attend two White House luncheons for executives of American companies during the summer of 1993. Secretary Brown had no involvement in or influence over the decision to extend

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[2] Although it is undisputed that Secretary Brown had no direct financial interest in AT&T, we considered Congressman Clinger's allegation that the Secretary violated 18 U.S.C. § 208 by his actions on AT&T's behalf. We also considered the provisions of the criminal code regarding bribes and gratuities, 18 U.S.C. § 201, which might have been implicated if AT&T had agreed to expand its business venture with Kellee as an inducement or reward to the Secretary for his official actions on AT&T's behalf.

[3] Congressman Clinger's allegation concerning the White House lunches invokes the conflicts of interest statute, 18 U.S.C. § 208, but we also considered the allegation as a hypothetical gratuity, 18 U.S.C. § 201(c).

either invitation to Hill. For this reason, there are no grounds to investigate further the allegation that the Secretary violated federal criminal law in connection with Hill's invitation to those lunches.

Accordingly, I conclude that the Independent Counsel's jurisdiction should not include allegations that Secretary Brown violated 18 U.S.C. § 208.

CONCLUSION

Based on the results of the above-described preliminary investigation, I hereby notify the Court that there are reasonable grounds to believe that further investigation is warranted, as set out above, and therefore I seek the appointment of an Independent Counsel. I have appended a recommended statement of the scope of the prosecutorial jurisdiction for the Independent Counsel.

Respectfully submitted,

Janet Reno

Janet Reno
Attorney General of the United States

DATED: May 16, 1995

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT
INDEPENDENT COUNSEL DIVISION

In re Ronald H. Brown) No. PN 95-1

APPLICATION TO THE COURT PURSUANT TO 28 U.S.C. § 592(c)(1)
FOR THE APPOINTMENT OF AN INDEPENDENT COUNSEL

In accordance with the Independent Counsel Reauthorization Act of 1994 (the Act), I hereby apply for the appointment of an Independent Counsel to investigate whether Ronald H. Brown, the Secretary of the Department of Commerce, committed any violations of federal criminal law: (i) in connection with his acceptance of things of value from Nolanda Hill and/or First International, Inc. (First International); (ii) in connection with the financial disclosure reports he filed; or (iii) in connection with his application for a mortgage to finance the purchase of a townhouse in January 1993. The Independent Counsel should determine whether prosecution of Secretary Brown on any or all of these matters is warranted.

INFORMATION RECEIVED

On January 17, 1995, the Department of Justice received media reports that Secretary Brown may have failed to disclose required information about First International, a company that he had owned with Hill, on his annual Financial Disclosure Report for 1993, filed May 15, 1994 (the Annual Report). Following an initial inquiry into these allegations, I determined that there was specific information from a credible source that Secretary Brown had failed to disclose on his Annual Report both that he had received income from First International during 1993, and that he had an account receivable from the company at the end of 1993. 28 U.S.C. § 591(d)(1). Those allegations raised questions under the statute prohibiting a false statement to the government, 18 U.S.C. § 1001. Accordingly, on February 15, 1995, I notified the Court that we had commenced a preliminary investigation. 28 U.S.C. § 592(a).

During the initial inquiry and preliminary investigation, we received information about other alleged inaccuracies in both the Annual Report and a financial disclosure report that Secretary Brown submitted in January of 1993, before he entered office (the Entry Report). We also received information that caused us to investigate the payments Secretary Brown received from selling his interest in First International during December of 1993. This allegation required us to inquire into the operations of First International and other companies controlled or operated by Hill. Additionally, in the course of our investigation, we developed information that Secretary Brown's application for a mortgage to finance the purchase of a townhouse may have been inaccurate.

During the 90-day time period allotted by the Act, we conducted as complete an investigation as possible of all of these allegations. In light of the strictures and procedures imposed on a preliminary investigation by the Act, however, I conclude that there are reasonable grounds to believe that further investigation into each of these matters is warranted, in order to determine if Secretary Brown may have violated a federal criminal law other than a Class B or C misdemeanor or an infraction. 28 U.S.C. § 592(c)(1)(A). I therefore apply to this Court for the appointment of an Independent Counsel to conduct that investigation.

RESULTS OF THE PRELIMINARY INVESTIGATION

A. Allegations Concerning the First International Transaction

Our investigation established that Secretary Brown received things of value totalling almost $500,000 from First International while he was Secretary of Commerce. Secretary Brown, who cooperated with our preliminary investigation by providing documents and submitting to an interview, has explained that he and Hill formed First International in 1990 as a "merchant bank," with the object of matching potential investors with promising projects around the world. Secretary Brown and Hill each owned 50 percent of the stock. Secretary Brown invested no money in First International.

In December of 1993, Secretary Brown sold his interest in First International back to the company. He received a payment package composed of three parts: (1) $135,000, which already had been provided to him in three $45,000 payments during 1993; (2) forgiveness of a $72,000 debt he owed to a company owned by Hill; and (3) an agreement by First International to pay off approximately $300,000 of his personal debts, which subsequently were paid off in 1994.

During our preliminary investigation, we received information challenging the million-dollar valuation of First International. We also received information that the money used to pay Secretary Brown had been taken from other corporations owned or controlled by Hill. Finally, we received allegations that there may have been some linkage between the payments to Secretary Brown and his official position.

Under the Act, we have limited powers with which to conduct our preliminary investigation. In particular, we are not able to use a grand jury, or otherwise compel the attendance or testimony of witnesses. In this case, a number of witnesses have declined to cooperate fully and, without these mechanisms, we are unable to compel them to do so. Given the state of the evidence, in an investigation not involving an official covered by the Act, we would ordinarily investigate the transaction further, including employing the grand jury process, to determine whether the money was given for or because of an official act, otherwise than as provided by law, in violation of the federal gratuity statute. 18 U.S.C. § 201(c). Because of the limits on our investigative powers, we are unable to resolve the issues raised by the facts known to us at this point without the appointment of an Independent Counsel.

B. Rationale for Including Hill and her Companies In the Independent Counsel's Jurisdiction

When an Independent Counsel is appointed to investigate a particular subject matter involving a person covered by the Act, the Act directs that the Independent Counsel's jurisdiction include "all matters related to the subject matter," 28 U.S.C. § 593(b)(3), and that the Department of Justice suspend all investigations and proceedings regarding matters in the prosecutorial jurisdiction of the Independent Counsel. 28 U.S.C. § 597(a).

In this case, our preliminary investigation of Secretary Brown's financial transaction involving First International expanded, by necessity, into a related but broader inquiry into the financial affairs of Hill and the companies she owned, controlled, and managed. Because the issues surrounding Secretary Brown's receipt of things of value from First International are inextricably intertwined with questions about more than one of the entities that Hill formed, owned or managed, I recommend that the Independent Counsel's jurisdiction include the investigation of possible violations of federal criminal law by Hill or her companies. Such an investigation could not separately be undertaken by the Department of Justice without the substantial risk of interfering with the Independent Counsel's mission.

C. Allegations of False Statements <u>On the Financial Disclosure Reports</u>

1. <u>Disclosures regarding First International</u>

Secretary Brown disclosed on his Annual Report that he had sold his interest in First International, and reported that the transaction had a value of between $250,000 and $500,000. However, on other sections of the form, Secretary Brown did not record either that he had received the $135,000 from First

International in 1993 or that, pursuant to his divestiture, at the end of 1993 First International had an outstanding obligation to pay approximately $300,000 of his personal debts. With exceptions not relevant here, such disclosures are required by the form, which calls for the disclosure of the source and amount of income received by the filer, and of assets held by the filer at the close of the reporting period.

A deliberate omission of material information required by a financial disclosure form may violate 18 U.S.C. § 1001. Under the Act, I cannot decline to seek the appointment of an Independent Counsel based on a subject's lack of criminal intent unless I have clear and convincing evidence that he or she lacked the state of mind required by the statute. 28 U.S.C. § 592(a)(2)(B). Although there is evidence tending to suggest that Secretary Brown lacked criminal intent in his failure to disclose this information, I am unable to conclude at this juncture that such evidence is clear and convincing. For this reason, and because, as I have concluded above, further investigation of the First International transaction itself is warranted, I recommend that the Independent Counsel's jurisdiction include possible false statements or omissions concerning First International on Secretary Brown's disclosure reports.

2. Other Disclosures

During our preliminary investigation, we examined other allegations of inaccuracies in Secretary Brown's financial disclosure reports. Our investigation revealed that, although most of the information on Secretary Brown's reports appears to be accurate, there are several errors on the forms. For example, his Entry Report failed to disclose that he held his interest in the Boston Bank of Commerce through a partnership, and he misidentified the location of property held by the Potomac Housing Fund Limited, a real estate partnership in which he was a limited partner, on both his Entry Report and his Annual Report.

Although the evidence from our investigation suggests that these inaccuracies may not have been deliberate, I am unable to conclude at this juncture that the evidence of lack of intent is clear and convincing, as the Act requires. Additionally, since I have concluded that the Independent Counsel's jurisdiction should include possible false statements regarding First International, the Independent Counsel should not be restricted from fully investigating Secretary Brown's disclosure reports and evaluating whether there were any material, willful misstatements. Accordingly, these matters should be included in the Independent Counsel's jurisdiction.

D. Allegation of False Statements On the Townhouse Mortgage Application

In the course of our preliminary investigation, we received evidence suggesting that Secretary Brown may have signed an inaccurate application for a mortgage for a townhouse in 1993. On the application form, Secretary Brown failed to reveal all of his debts, and misstated the source of the downpayment on the townhouse. Although payments on the loan are current, there is evidence that this information could have been a factor in the lending institution's decision concerning the form of the mortgage, and therefore could have been material within the meaning of 18 U.S.C. § 1014, the statute prohibiting false statements to financial institutions. For these reasons, and because I am unable to conclude at this juncture that there is clear and convincing evidence of a lack of the requisite criminal intent, the issue of possible false statements in connection with the application for the mortgage loan warrants further investigation.

E. No Further Investigation of Other Allegations Warranted

In a letter dated February 27, 1995, William F. Clinger, Jr., Chairman of the House Committee on Government Reform and Oversight, outlined a series of allegations against Secretary Brown and requested that an Independent Counsel be appointed to investigate these matters. During our preliminary investigation, we reviewed documents and interviewed witnesses relating to each of the matters raised in Congressman Clinger's letter. Except as they may be included within the issues set forth in the preceding sections of this Application, I conclude that the allegations in Congressman Clinger's letter do not warrant further investigation.[1]

[1] Congressman Clinger's allegations that Secretary Brown made false statements to Congress in describing First International and his relationship to that company and associated corporations would be related matters within the appropriate jurisdiction of the Independent Counsel. 28 U.S.C. § 593(b)(3).

Specifically, I find no reasonable grounds to conclude that further investigation is warranted of allegations that Secretary Brown may have violated the conflicts of interest statute, 18 U.S.C. § 208. Congressman Clinger alleges that Secretary Brown may have violated the conflicts of interest laws in three respects: (1) by inviting the Chief Executive Officer of Digital Equipment Corporation (Digital) on a trade mission to Latin America; (2) by assisting AT&T in obtaining a contract to upgrade the telephone system in Saudi Arabia; and (3) by arranging for Hill to attend luncheons at the White House during 1993. Our investigation has revealed that there is no factual basis to support any of these allegations, and therefore there are no reasonable grounds to investigate further.

1. Alleged conflict of interest regarding the Boston Bank of Commerce and Digital

Congressman Clinger alleges that Secretary Brown, although recused from matters affecting Digital because of his partnership interest in the Boston Bank of Commerce, nevertheless violated the conflicts of interest statute by inviting the Chairman and Chief Executive Officer of Digital on a trade mission to Latin America in April 1994. We found no support for this allegation in our preliminary investigation.

Our investigation revealed that Secretary Brown held his interest in the Boston Bank of Commerce through a partnership. Under the conflicts of interest laws, an official is barred from participating personally and substantially in matters affecting the financial interests of his partners. Because Secretary Brown was aware that one of his partners had an interest in Digital, the Secretary had an interest in Digital attributed to him for conflicts purposes. The Secretary promptly recused himself from participating personally and substantially in matters having a specialized effect on Digital, and ultimately divested himself of his interest in the Boston Bank of Commerce partnership.

In early 1994, the Department of Commerce organized a trade mission to Latin America, and a number of executives from computer companies were invited, including Digital. Our investigation revealed that Secretary Brown was not personally or substantially involved in selecting the invitees for the trip. Accordingly, there is no evidence of any personal or substantial action on the Secretary's part that would implicate the conflicts of interest laws, and no further investigation is warranted.

2. Alleged conflict of interest regarding AT&T and Kellee Communications, Inc.

Congressman Clinger also alleges that Secretary Brown violated the conflicts of interest laws when he took official actions that benefitted AT&T, while knowing that a joint venture with AT&T was the primary source of income for Kellee Communications, Inc. (Kellee), a company in which the Secretary had an interest. We found no support for this allegation in our preliminary investigation.

The allegation that the Secretary violated the criminal laws[2] by assisting AT&T with its bid to acquire a contract in Saudi Arabia would require a link between the Secretary's official actions on AT&T's behalf and the expansion of the joint venture agreement between AT&T and Kellee. Our investigation revealed no direct or indirect connection between Kellee's enhanced business and the Secretary's efforts on AT&T's behalf. For this reason, the allegation that the Secretary's actions on AT&T's behalf violated federal criminal law does not warrant further investigation.

3. Alleged conflict of interest regarding White House luncheon invitations to Hill

Congressman Clinger also alleges that Secretary Brown may have violated federal criminal law by arranging for Hill, his business partner in First International, to attend two luncheons at the White House.[3] Our investigation revealed that Hill was invited to attend two White House luncheons for executives of American companies during the summer of 1993. Secretary Brown had no involvement in or influence over the decision to extend

[2] Although it is undisputed that Secretary Brown had no direct financial interest in AT&T, we considered Congressman Clinger's allegation that the Secretary violated 18 U.S.C. § 208 by his actions on AT&T's behalf. We also considered the provisions of the criminal code regarding bribes and gratuities, 18 U.S.C. § 201, which might have been implicated if AT&T had agreed to expand its business venture with Kellee as an inducement or reward to the Secretary for his official actions on AT&T's behalf.

[3] Congressman Clinger's allegation concerning the White House lunches invokes the conflicts of interest statute, 18 U.S.C. § 208, but we also considered the allegation as a hypothetical gratuity, 18 U.S.C. § 201(c).

either invitation to Hill. For this reason, there are no grounds to investigate further the allegation that the Secretary violated federal criminal law in connection with Hill's invitation to those lunches.

Accordingly, I conclude that the Independent Counsel's jurisdiction should not include allegations that Secretary Brown violated 18 U.S.C. § 208.

CONCLUSION

Based on the results of the above-described preliminary investigation, I hereby notify the Court that there are reasonable grounds to believe that further investigation is warranted, as set out above, and therefore I seek the appointment of an Independent Counsel. I have appended a recommended statement of the scope of the prosecutorial jurisdiction for the Independent Counsel.

Respectfully submitted,

Janet Reno

Janet Reno
Attorney General of the United States

DATED: May 16, 1995

THE PRESIDENT HAS SEEN
11-25-00

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B. Lindsey
Podesta

THE PRESIDENT HAS SEEN
11-25-00

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Clinton Pardons HUD Scam Figure

Ex-Ambassador, Developer Was Convicted in Bribe Scheme

By Michael J. Sniffen
Associated Press

President Clinton granted a full and unconditional pardon yesterday to a former U.S. ambassador who pleaded guilty in a Department of Housing and Urban Development scandal during the Reagan administration.

The Justice Department announced Clinton's pardon for Philip D. Winn of Denver, also a former housing official and developer, without comment on the president's reasons. That is the usual practice in presidential pardons, which are often issued around the year-end holidays.

Winn was a prominent Colorado developer who became an assistant HUD secretary during a portion of the Reagan administration. He later returned to his development firm, the Winn Group, and subsequently served as U.S. ambassador to Switzerland from August 1988 to August 1989.

As part of a bargain with prosecutors, Winn pleaded guilty on Feb. 9, 1993, to one count of scheming to give illegal gratuities to HUD officials who had authority to award federally subsidized housing to projects that his company was developing.

Winn agreed to cooperate fully with independent counsel Arlin Adams's continuing investigation of the scandal. He was sentenced in 1994 to two years' probation and ordered to pay a fine of $981,975.

Winn has an unpublished telephone number and could not be reached for comment. His attorney was out of the office and did not immediately return calls.

In his plea bargain, Winn admitted that in 1987 he let another HUD assistant secretary, Thomas T. Demery, have the free use of a condominium and car in Vail, Colo.

Court papers said that, in return, Demery allocated federal funds to projects in which Winn had a financial interest. Demery was charged with multiple felonies, later agreed to cooperate with prosecutors and pleaded guilty to accepting a $100,000 loan from a developer doing business with HUD and falsifying a receipt to make it appear that he paid $500 to stay in the Vail condo partly owned by Winn.

Prosecutors alleged that HUD officials in Washington steered housing grants to selected Winn-backed projects through a pattern of fraud, conspiracy and cronyism. They said the Winn Group received millions of dollars in HUD subsidies and tax credits during the 1980s.

Another former HUD official, Silvio J. DeBartolomeis, who went to work for the Winn Group, pleaded guilty in October 1992 to influence-peddling violations. He admitted preparing the phony receipt for Demery at Winn's direction.

The Washington Post
Wednesday, November 22, 2000

THE WHITE HOUSE
WASHINGTON

Mark

See me re: Rice

B.

McLarty
copied
FW

9/29

THE WHITE HOUSE

WASHINGTON

September 28, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Joan Baggett and Linda Moore, Political Affairs

SUBJECT: Senator Hutchison's Indictment and Its Political Implications

As you know, Senator Kay Bailey Hutchison was indicted yesterday by a grand jury which has been investigating possible illegal activity during her two-and-one-half year tenure as state Treasurer.

The Senator's Indictment. Two second degree felony counts and one Class A misdemeanor count of Official Misconduct. The indictments allege that for a period of two years Hutchison used several state employees and state facilities to perform personal and political tasks for her in violation of state law. Several schedulers, personal secretaries and other aides testified before the grand jury, presumably to discuss charges that Hutchison used state computers to keep fundraising records and asked Treasury employees to coordinate her political appearances and fundraising, to help her maintain her network of political supporters and to run personal errands. The second degree felonies are punishable by 2-20 years in prison, while the misdemeanor count carries a maximum sentence of one year.

One third degree felony indictment for Tampering with Governmental Records and one third degree felony indictment for Tampering with Physical Evidence. These charges allege that she and others altered and concealed computer archive tapes in order to hide illegal political activity (i.e. keeping fundraising records on state computers) conducted by Treasury employees. Third degree felonies are punishable by 2-10 years in prison.

Staff Members' Indictments. Two of Hutchison's former aides were also indicted. Michael Barron, former Deputy Treasurer, was indicted for three third degree felonies. Barron was indicted for Official Misconduct for ordering employees to unlawfully destroy government records which were the subject of the investigation. He was also indicted for Tampering with Governmental Records and for Tampering with Physical Evidence for the same alleged activity as Hutchison.

David Criss, former planning director at the state Treasury, was indicted for second degree Official Misconduct. The indictment charges that Criss unlawfully engaged in political work for his and Senator Hutchison's benefit using state time and property. The alleged wrongdoing first surfaced last year when Criss was caught using the state computer to keep Hutchison's fundraising records.

Hutchison claims that Ronnie Earle, the District Attorney who sought the indictments, is conspiring with state Democrats to prevent her from leading a strong GOP ticket next year. State Democrats and many news accounts point out, however, that Earle has investigated numerous Democratic officeholders, including former state Attorney General Jim Mattox and Texas House Speaker Gib Lewis. Earle insists that he would not have asked for an indictment if he did not have very compelling evidence.

Hutchison's consistent dismissal of the charges as a political problem, not a legal problem, has made Earle even more determined to get a conviction. And Hutchison has indicated that she will fight to the end. Obviously, there are two other possible scenarios: 1) Hutchison plea bargains with Earle to avoid jury trial by resigning her office or 2) she survives the trial with an acquittal.

Many people feel that an acquittal is very unlikely given that her indictment was based on evidence gathered by investigators and testimony given by her own political appointees. Several people who have testified have been granted immunity and there is some speculation that the two indicted staffers may turn state's evidence to avoid imprisonment. In any case, everyone is hoping for a speedy trial, preferably one that ends before the January filing deadline.

The Political Implications. Yesterday's developments have increased speculation about who will be the Democratic standard bearer in a tough race against a wounded incumbent or for an open seat. Richard Fisher is the only Democrat who has offically announced his candidacy. Several Members of Congress are looking at the race including Jim Chapman, Mike Andrews and Martin Frost.

Secretary Cisneros is widely believed to be the only hope for the Democrats in this race, and this belief is not unfounded. A recent poll conducted for Garry Mauro tested Cisneros in a trial heat with Hutchison. Hutchison garnered 46%, Cisneros 39%. All other statewide officials except Governor Richards lagged far behind in the low- to mid-20s. These are incredibly high numbers considering the fact that Cisneros has never run statewide.

The statewide and congressional races have become increasingly competitive in the past few years as the Democratic Party has slowly lost its grip on the Texas electorate. All of the Democrats running next year, from Governor Richards on down, want and need a candidate as strong as Cisneros leading the ticket. Cisneros has the opportunity to redefine the Democratic Party in Texas and his victory would put you in strong position heading into '96.

Recommendation. We should keep a close eye on the progress made in the trial. As the trial and the January filing deadline near, we should consider asking Stan to do some in-depth polling on Cisneros to get more information on his viability, strengths and weaknesses.

If Hutchison appears to be headed for a conviction and the poll shows the expected positive results for Cisneros, you should seriously consider asking Cisneros to resign his Cabinet post to become a candidate for the Senate. As you may know, he is **not** inclined to run. You would need to lay out "no lose" scenario for him -- that you will do everything you can to ensure his victory but you will also welcome him back into the Administration at a very high level if he is not successful.