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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	Veronica Biggns and Kevin O'Keefe to Mack McLarty re: United States Attorney Nominations [partial] (5 pages)	04/07/1994	b(6)
001b. list	re: Regional Appointments Announcement Tracking [partial] (1 page)	04/00/1994	b(6)
001c. list	re: U.S. Marshall Tracking [partial] (2 pages)	04/00/1994	b(6)

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April 10-16, 1994 [2]

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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.
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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]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
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]

THE PRESIDENT HAS SEEN 3/17/94

M E M O R A N D U M

TO: THE PRESIDENT

FROM: BETTY CURRIE

RE: BUSINESS CARDS

DATE: MARCH 7, 1994

A
B
(r Group

Kelly Crawford

Supp. Pres.

cc Kelly Crawford

AARP **Benjamin Stone**
Member

STATE LEGISLATIVE COMMITTEE

Area 1 Office
116 Huntington Avenue
Boston, MA 02116-5739
(617) 424-0400
(617) 424-0444 Fax
(617) 424-0404 TTY

Home Address
69 Center Lane
Mount Laurel, NJ 08054
(609) 234-4077

Lee Ann Sterling

Ira Magaziner

Wants to Support Health Care

LEA ANN STERLING
Attorney-At-Law

Office:
40 W. Gay St.
Columbus, Ohio 43215
614-224-8374

Home:
994 Franklin Ave.
Columbus, Ohio 43205
614-253-8933

YURI ALEXIS CALDERON
Asst Atty General - Austin

Jim Dorskind

Sly wrote Lotta! Didn't answer
Husband big in Gov. Richards campaign

[illegible]

& Diane
Delicatessen
) -

Big Health care supporter — showed me cards

Ira Magaziner

Katzinger's
DELICATESSEN

Steve Warren & Diane
Owner/Manager
475 S. Third St. • Columbus, Ohio 43215
228-DELI • FAX 228-8765

THE PRESIDENT HAS SEEN
4 12 94

CHIEF OF STAFF TO THE PRESIDENT
THE WHITE HOUSE

94 APR 11 AM : 03

April 8, 1994

Admiral William J. Crowe, Jr., U.S.N.
(Ret.)
1800 K Street, NW, Suite 400
Washington, DC 20006

Dear Bill:

Your letter of April 6th regarding the USO is received, noted and appreciated.

It has been promptly forwarded to the President.

Personally,

Mack

Mack McLarty

Joel Klein
Pls have this reviewed ASAP & recommend action - we must fix —
B.

[redacted]

USO

Miguel E. Monteverde, Sr.
Director of Government
& Public Affairs

WORLD HEADQUARTERS
601 Indiana Avenue, N.W. • Washington, D.C. 20004
(202) 879-4705 FAX (202) 783-7184

Bill Crowe asked that Mack get this to POTUS. P. 4/7

[redacted]

[redacted]

6 April 1994

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

As you know, the USO is the exclusive agency, chartered by Congress, to provide social services to the men and women of the U.S. Armed Forces. They receive no appropriated funds, but support their work solely with contributions from patriotic individual and corporate citizens. They have performed their mission magnificently during peacetime and war for over 50 years since founding by Franklin D. Roosevelt in 1941.

Now a bureaucratic snafu places their programs in jeopardy. Due to the recent legal interpretations of an Office of Government Ethics Regulation (5 CFR Part 2635), military personnel no longer feel they can attend, or participate in, functions sponsored by the USO. Such traditional military support of the USO by our military leadership is necessary and appropriate.

Our best legal advice from the Department of Defense is that only you can resolve this problem.

Enclosed is a letter from Chapman Cox, President of USO, which recommends three alternative actions, any one of which will correct the situation. USO is **NOT** asking you to permit government employees to solicit funds; USO only wants permission to contribute the traditional, appropriate support from military leaders who attend USO functions and acknowledge the value of USO services.

Chapman's staff worked with Bill Perry's staff in formulating the recommended alternative actions. We believe DoD sill support USO's request.

Thank you for your personal attention to this matter. I would sincerely appreciate your favorable response.

Warmest regards.

Very respectfully,

William J. Crowe, Jr.
Admiral, U.S. Navy (Ret)

March 28, 1994

The President
The White House
Washington, D.C. 20500

Dear Mr. President,

As you know, the USO has proudly served America's armed forces and their families for over 53 years. Now, due to an inadvertent consequence of a new ethics regulation, reciprocal support from the military to the USO is quickly eroding. The future of USO has been placed in jeopardy. The new regulation is the Office of Government Ethics Regulation entitled: "Standards of Ethical Conduct for Employees of the Executive Branch; Final Rule," which was published in Title 5, Code of Federal Regulations, Part 2635 (referred to herein as OGE Reg. 2635).

The USO has enjoyed a special relationship with the Federal Government since it was founded by President Roosevelt in 1941. Our Congressional Charter further underscores the special nature of our relationship by designating the USO as the only agency with the exclusive mission to provide social services to our armed forces. All members of the military are members of the USO, and they and their families are beneficiaries of USO services and programs in 170 locations throughout the world. Over 6 million patrons are touched by our USO network every year. As military budgets are reduced and family services and recreational opportunities decrease, preservation and expansion of USO programs are essential.

The USO receives no direct Federal funding. We rely on individual and corporate donations in order to sustain the operation of our centers and to provide worldwide program and entertainment services. Military members traditionally have provided ancillary albeit crucial assistance. However, they are becoming increasing hesitant or unwilling to help. Please permit me to cite some examples:

- Military and DoD officials have customarily presented awards to deserving military and civilian volunteers at USO fund-raising events such as USO Service Salutes and dinners. Such support has been curtailed because participation could be interpreted as endorsement of a non-Federal entity, in violation of OGE Reg. 2635.

- Governing bodies of local USOs often include military members. These volunteer USO Councils provide advice and insight regarding the day-to-day operational impact and quality of programs for the troops and their families. Military members are beginning to leave these advisory positions, concerned that such USO support is in conflict with OGE guidance.

- Individual commands are reluctant to issue guidance, directives or memoranda which provide the framework for USO services expected in the case of hostilities, conflicts and deployments. Once again, the reason is the possibility of a perceived endorsement of the USO, in conflict with OGE Reg. 2635.

Traditionally, Secretaries of Defense have issued memoranda indicating support for the USO mission. I have included copies of the memoranda from Secretaries Carlucci, Cheney and Aspin as Tabs A through C. In the past, such memoranda adequately protected the USO's special relationship with the Federal Government. However, recent legal interpretations of OGE Reg. 2635 have indicated that such protection is inadequate.

Therefore I respectfully request that you expressly approve continued support of USO by military and civilian employees of the government. In order to limit the applicability of your action to USO activities other than solicitation of funds and to be consistent with other provisions of OGE Reg. 2635 and the DoD Joint Ethics Regulation, your action is suggested to follow one of the alternatives set forth in Tab D.

On behalf of the men and women who serve our country, thank you for your consideration of our urgent request.

Kind regards.

Sincerely,

Chapman B. Cox
President

CBC:kjh

Enclosures

cc: Hon. William J. Perry
Secretary of Defense

TAB A

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

22 JUN 1993

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL
INSPECTOR GENERAL
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: DoD Partnership with USO

Since 1941, the United Services Organization has supported the morale and welfare of the men and women of the Armed Forces and their families. Through a broad range of activities including airport lounges, welcoming programs, family outreach, and celebrity entertainment programs, the USO has provided a vital link between the military community and the public. The morale and entertainment services provided to U.S. servicemembers throughout the world have been a great benefit to those who serve in the defense of America.

In recognition of these positive benefits, the Department supports the efforts of the USO. A new Government-wide regulation, 5 CFR 2635, "Standards of Ethical Conduct for the Executive Branch," effective February 3, 1993, prohibits endorsement of any non-Federal fundraising event as a misuse of public office for private gain. However, DoD may provide certain kinds of support to USO activities, including fundraising events. The heads of DoD Component commands or organizations may provide DoD employees in their official capacities as speakers, members of panels (including local USO Councils and event committees) or other participants, and the use of DoD facilities, property, utilities and equipment (and the services of DoD employees necessary for proper utilization thereof) in support of USO events within the limits of applicable regulations.

The USO is a non-profit organization that must continually renew its resources in order to provide its diverse human services to our Armed Forces. We appreciate the outstanding job the USO does in support of servicemembers and we look forward to a continuing partnership that will benefit those who serve our country.

Les Aspin

85761

TAB B

THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

18 OCT 1989

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL
INSPECTOR GENERAL
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: DoD Endorsement of the USO

On March 31, I signed a memorandum outlining the Defense Department's policy regarding fundraising activities. However, the intent of that memorandum was not to preclude DoD officials from participating in fundraising activities in support of the USO in an official capacity.

For almost 50 years, the USO has made outstanding contributions to the morale and welfare of our Armed Forces personnel and their families around the world. As such, I would encourage DoD officials to continue to endorse and support the fundraising activities of the USO.

This memorandum will serve as an exception to the policy guidance sent to you in my March 31 memorandum, "Endorsement of Unofficial Programs."

Dick Cheney

66057

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

Open Letter to USO Supporters

On behalf of our Armed Forces personnel and their families, I would like to express our special thanks and appreciation for the outstanding support and services provided by the United Service Organizations (USO).

For almost 50 years, the USO has been the "home away from home" for literally millions of our Service personnel and their families. Whether providing short notice entertainment to some troubled spot in the world; providing communication links between military families in CONUS and overseas; or providing a friendly haven for military families in transit or those waiting for the arrival of their loved ones at some distant port, the USO is always home.

The USO's efforts in providing family outreach, celebrity entertainment, and welcoming programs are well known and have served to greatly enhance the quality of life, improve morale and contribute to the overall defense readiness within the Armed Forces military communities worldwide. Whether it is caring for our Armed Forces personnel and their families here in CONUS or at numerous isolated or remote posts around the world, the USO has always been there when they were needed. Given the diversified demographic makeup of our Armed Forces today, the multifaceted human service programs provided by the USO are still needed and greatly appreciated. We also recognize that the USO is a non-profit organization that must continually work hard to obtain the critical resources needed in order to provide these services and support to the Armed Forces personnel. As such, I firmly believe the USO deserves our continued support and assistance.

Again, we deeply appreciate the wonderful job that the United Service Organizations is doing in support of our Armed Forces personnel and their families around the world, and we look forward to their continued support.

Sincerely,

Dick Cheney

TAB C

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

2 3 NOV 1988

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

SUBJECT: DoD Endorsement of the USO

Since 1941, the USO has served the morale and welfare of the men and women of the Armed Forces and their families. Also, it has provided an important communicative link between the Armed Forces and the civilian communities worldwide. The USO brought hometown America to the military community through a broad range of activities including airport lounges, welcoming programs, family outreach, and celebrity entertainment programs. The USO has also been beneficial in demonstrating a very positive image of the men and women of the Armed Forces.

In recognition of these positive benefits, the Department has maintained a close relationship with and supported the efforts of the USO. DoD policy in DoD Directive 1330.12 has encouraged the use of DoD resources to support USO activities logistically, but it has prohibited participation in fund-raising activities. In the past, this policy has been interpreted to restrict attendance at USO fund-raising events and public endorsements by DoD officials.

Effective immediately, I have revised this policy to authorize DoD officials to endorse the USO publicly and factually for the beneficial work it does in supporting the military community, and to attend USO fund-raising events in an official capacity. I have attached a copy of my open letter of endorsement.

Frank Carlucci

Attachment
As stated

45006

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

An Open Letter to the Friends of USO

On behalf of the Department of Defense, I salute the USO for its role in improving the quality of life of U.S. military members and their families.

Thankfully, the USO is still fulfilling the same mission it has undertaken for nearly 50 years - assisting in ways no one else can American Servicemen and Servicewomen and their families, individuals whose well-being is essential to maintaining a strong, ready, and proud force.

It is not easy for soldiers or airmen stationed at lonely outposts in the hills of Korea or on the border of East and West Germany. It is a daily challenge for sailors and Marines aboard ship or in the field to be ready to make any sacrifice when their Nation calls. These are men and women ready to make the ultimate sacrifice for the preservation of the freedoms we all enjoy in the United States of America.

No matter how distant or isolated the location, the USO is the connection to home. Through the USO, members of the Armed Forces and their families facing difficult challenges can learn the language of a host country, understand the monetary system and learn to budget in a foreign economy, find transportation, or participate in worthwhile community-assistance projects. USO provides family, cultural, and entertainment programs to meet the emotional and human needs of military people. And, of course, the famous USO Celebrity Shows uplift morale all over the world all year long.

Whatever the need or the question, USO has found a way for nearly half a century to provide the answer.

Members of the American Armed Forces know they can always find a home away from home with the USO. For the more than five million military personnel and their families, the USO relays a message of appreciation from all Americans.

The issues in the basic correspondence may be favorably resolved by **any one** of the following actions:

1. The President amends Section 7 of Executive Order 12353 by adding the bolded language below:

Section 7: This order shall not apply to solicitations conducted by organizations composed of civilian employees or members of the uniformed services, among their own members for organizational support or for the benefit of welfare funds for their members. Such solicitations shall be conducted under the policies and procedures approved by the head of the Department or agency concerned. **Nothing in this order shall be construed to prohibit civilian employees or members of the uniformed services from endorsing, supporting or participating in the activities (other than direct solicitations of funds) of the American Red Cross or United Service Organizations, Inc.**

OR

2. The President approves action by the Office of Government Ethics to amend §2635.702 of OGE Reg. 2635 by adding the bolded language below:

§2635.702(c) Endorsements. An employee shall not use or permit the use of his Government position or title or any authority associated with his public office to endorse any product, service or enterprise except:

(1) In furtherance of statutory authority to promote products, services or enterprises; or

(2) As a result of documentation of compliance with agency requirements or standards or as the result of recognition for achievement given under an agency program of recognition for accomplishment in support of the agency's mission.

. . . .

Example 5: Civilian employees and members of the uniformed services may endorse, support or participate in any activity (other than direct solicitation of funds) of the American Red Cross or United Service Organizations, Inc.

OR

3. The President approves action by the Secretary of Defense to amend Section 3-212 of the Joint Ethics Regulation (DoD Regulation 5500.7-R) by adding the bolded language below:

Section 3-212. Relationships Governed by Other Authorities. **Nothing contained in the provisions of this Chapter shall be construed as prohibiting DoD employees from endorsing, supporting or participating in the activities (other than direct solicitation of funds) of these organizations.** Other restrictions may apply. These organizations include:

a. Certain banks and credit unions (DoD Directive 1000.11 (reference (p)));

b. United Service Organization (DoD Directive 1330.12 (reference (q)));

c. Labor organizations (5 U.S.C. Chapter 71 (reference (b)); DoD 1400.25-M, Chapter 711 (reference (r)));

d. Combined Federal Campaign (E.O. 10927 (reference (s)), DoD Directive 5035.1 (reference (m)));

e. Association of Management Officials and Supervisors (DoD Instruction 5010.30 (reference (t)));

f. American Registry of Pathology (10 U.S.C. 177); Henry M. Jackson Foundation for the Advancement of Military Medicine (10 U.S.C. 178); American National Red Cross (10 U.S.C. 2542); Boy Scouts Jamborees (10 U.S.C. 2544); Girl Scouts International Events (10 U.S.C. 2545); Shelter for Homeless (10 U.S.C. 2546); National Military Associations; Assistance at National Conventions (10 U.S.C. 2548); Assistance from American National Red Cross (10 U.S.C. 2602); United Seaman's Service Organization (10 U.S.C. 2604); Scouting: Cooperation and Assistance in Foreign Areas (10 U.S.C. 2606); and Civil Air Patrol (10 U.S.C. 9441-9442) (reference (f)).

THE WHITE HOUSE
WASHINGTON

April 12, 1994

ELAINE KAMARCK:

For your appropriate handling.

Thanks.

Paul Richard

DEPARTMENT OF HEALTH & HUMAN SERVICES

Chief of Staff

Washington, D.C. 20201

APR 6 1994

94 APR 11 P4:13

MEMORANDUM FOR THE HONORABLE CHRISTINE VARNEY
SECRETARY TO THE CABINET

FROM: Kevin Thurm

SUBJ: Memorandum to the President on Executive Order 12862, "Setting Customer Service Standards" -- ACTION MEMORANDUM

Attached is a memorandum to the President describing the Department's initial implementation of customer service requirements of Executive Order 12862. If I can be of additional assistance please let me know.

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

APR 6 1994

94 APR 11 P5:03

MEMORANDUM FOR THE PRESIDENT

In response to Executive Order 12862, "Setting Customer Service Standards," I am pleased to report to you that the Department of Health and Human Services has undertaken broad and precedent-setting initiatives to improve our service to customers.

Improving customer service is one of four themes I have adopted to guide Departmental activities during my tenure. I hope to leave as a personal legacy a reinvigorated sense among career employees that they are respected and rewarded for true "civil service" -- for listening and responding to the voices of the citizens they were hired to serve.

This memorandum describes the initial phase of our customer service efforts -- identifying our customers, and establishing the means for continuous interaction with them to assure that we are meeting their service expectations. In addition, it describes how we intend to look beyond individual program improvement to a more holistic and coordinated approach to serving people with multiple needs.

IDENTIFYING OUR "CUSTOMERS"

As you know, this Department is vast both in terms of its mission and reach. Almost every American is touched in some way by the work we do, whether it be through our research on disease prevention and cure, our oversight of food and drug safety, or our provision of health care, income security, and early childhood enrichment. Almost every form of institution plays some role in our service delivery, from neighborhood organizations that receive grants to large corporations that process health care claims.

Because of the breadth of our activities and the diversity of the systems through which we work, we felt it important to define our "customers" in a manner that would both simplify and clarify our mission. We chose to adopt your banner of "putting people first" as a guide in identifying our "customers."

We define our "customers" as the individuals and families that ultimately benefit from HHS services, whether we deliver those services directly or indirectly. Further, we define as "partners" all institutions and professionals that are financed by us to provide those services, such as state and local governments, health insurance carriers and fiscal intermediaries, contractors, grantees, and individual service providers. We are committed to improving both customer service and partner relations.

By making a distinction between customers and partners, we keep the ultimate beneficiaries of our services, the people, first on our agenda. For example, in the conduct of publicly-financed biomedical research, our primary customers are those citizens who may benefit from advances. The universities that receive support for biomedical research are partners in the quest for better public health. Therefore, even as we work to improve our relations with partners, we will gauge the appropriateness of our actions on whether they hold promise for improving the lives of people we serve.

PUTTING CUSTOMERS FIRST

There are three components to our customer service improvement strategy:

1) strengthening the collection of information from customers on their needs and their perception of HHS services;

2) applying this customer input to improve agency planning and service delivery; and

3) establishing stronger linkages between and among programs to better serve customers with multiple and interrelated needs.

All five HHS operating divisions -- the Social Security Administration (SSA), Health Care Financing Administration (HCFA), Public Health Service (PHS), Administration on Aging (AOA), and Administration on Children and Families (ACF) -- are currently developing or refining agency-wide strategic plans. Providing exceptional customer service is a top priority in each plan.

I am pleased to report that the Social Security Administration and the Indian Health Service in PHS, the two HHS programs that directly serve customers, were the first units in the federal government to win generic clearance from the Office of Management and Budget to conduct customer surveys.

The following descriptions are representative of activities in which HHS agencies are engaging to put our customers first --

Social Security Administration (SSA)

SSA has a proud tradition of customer service, and its employees have sustained a strong culture of caring within the organization. To preserve that culture in an era of expanding responsibilities, SSA created its "Framework for the Future", a strategic plan whose first goal is "To serve the public with compassion, courtesy, consideration, efficiency and accuracy."

The agency is committed to gathering and using input from the public to ensure that its actions are responsive to customer opinions and needs. This is a relatively new approach for SSA, which historically relied on internal assessments of public needs to guide its actions.

To advance this orientation, SSA conducts a vigorous program of focus groups and surveys to collect, analyze, and apply customer opinion measures to improve program operations, and to ensure that its strategy and benchmarks are in accordance with customer expectations. SSA has a skilled interviewing staff to conduct customer surveys and has trained employees to serve as focus group facilitators, thereby providing an ongoing capability to conduct such public interaction at all levels of the organization.

To date, SSA efforts to sample customer satisfaction and apply results to customer service improvements include:

- <u>SSA Focus Groups</u>

  A series of beneficiary focus groups conducted during the past year, generated important information about how customers perceive a variety of SSA activities, including the processing of disability claims and overall quality of SSA benefit services. In addition, focus group participants offered opinions on the appropriateness, clarity, and format of SSA's most commonly used forms. From the initial focus groups, SSA gained an early, qualitative indication that its strategic plan is in line with beneficiary expectations. The agency is currently analyzing focus group feedback on the disability claims process.

- <u>SSA Customer Surveys</u>

  SSA conducts a variety of customer surveys to ascertain the service expectations of current and potential beneficiaries, as well as their perceptions of current agency activities.

  A recent survey of individuals who use SSA's toll-free 800 number found that a high percentage were satisfied with the service they received (89-93%). Almost all respondents felt that they were treated with courtesy (97-99%).

  Over the next several months, SSA will collect survey information by telephone and in person from a sample of approximately 10,000 customers to determine their service expectations and overall satisfaction with agency services. Questions will identify: 1) the preferred methods of contact with the agency; 2) which aspects of service, such as timeliness, accuracy, etc., are most important to customers; and 3) customer suggestions for improved service.

This month, SSA began using comment cards to collect additional input from an estimated sample of 26,000 customers, in order to measure congruence between SSA's strategic plan service objectives and customer expectations.

In addition to these activities, the HHS Office of Inspector General (OIG) has a long history of gathering information from SSA customers about services received. These OIG surveys are intended to help guide SSA planning and program improvement:

- Client Satisfaction with Field Office Service

  SSA has approximately 1,300 field offices providing service to customers directly. The OIG sampled visitors to SSA's field offices to ascertain their opinions on accessibility, timeliness, comfort, and the professionalism of field staff. The assessment found that most field office visitors were satisfied with the service they received.

- SSA Notices - Retirement and Survivor Benefits

  The OIG surveyed beneficiaries to obtain their opinions about whether SSA notices were clear and understandable. Despite prior SSA efforts to improve its notices, beneficiaries continued to have difficulty understanding them. Beneficiaries found notices that had not yet been upgraded to SSA's new standards particularly hard to understand. Based on the survey information, SSA is revising its notices to improve their clarity.

- Supplemental Security Income Notices

  The OIG sampled SSI beneficiaries and found that they, too, had trouble understanding notices. The award letter, SSA's first official communication of eligibility and payment information, was the most difficult for beneficiaries to understand. Again, SSA is responding to improve the clarity of its SSI mailings.

- Overall Client Satisfaction

  For the past eight years, the OIG has conducted an annual survey of overall SSA client satisfaction. In FY 1993, the OIG surveyed approximately 1,300 SSA beneficiaries to determine satisfaction with services. The survey found that customer satisfaction is high but declining due to service delays. Survey participants were pleased with the courtesy and "good job performance" of SSA staff, and that contributed to continued overall satisfaction. SSA used this survey as an initial baseline for its customer service planning.

Health Care Financing Administration (HCFA)

HCFA programs assure health security to 32 million Medicaid and 36 million Medicare beneficiaries. In its recent strategic planning effort, HCFA dedicated itself to serving its customers, and to ensure that programs and services respond to the health care needs of beneficiaries.

In its effort to put customers first, HCFA defines its overall mission as assuring health care security for beneficiaries. Health security translates into three benchmarks: access to affordable and quality health care services; protection of the rights and dignity of beneficiaries; and, provision of clear and useful information to beneficiaries and providers to assist them in making health care choices.

HCFA's activities on behalf of its customers are principally through partners, including States and private contractors. In addition, for its Medicare customers, Social Security offices throughout the country serve as a major contact point. Indeed, HCFA transfers significant funds to SSA for this purpose.

Both HCFA and the HHS Office of Inspector General (OIG) have developed studies to help guide Medicare and Medicaid beneficiary service improvements. Focus groups have been convened and surveys undertaken at the national, regional, and state levels. Among the customer opinion surveys that are either underway or completed are:

- Medicare Current Beneficiary Survey (HCFA)

  An approximate sample of 14,500 current Medicare beneficiaries have been polled concerning such issues as service availability, quality, doctor/patient communication, and follow-up care. Beneficiaries report satisfaction with these service components.

- Medicare Beneficiary Surveys (OIG)

  The OIG conducts biennial surveys of Medicare beneficiaries. In 1993, the OIG surveyed more than 1,200 beneficiaries across the country to determine customer satisfaction with claims processing, understanding of the Medicare program, and ability to obtain information. The OIG found customers to be satisfied with these service components.

- Medicare Beneficiary/Carrier Survey (HCFA)

  HCFA is piloting a beneficiary survey in five carrier areas to solicit information from customers about the service they receive from these carriers. Nine thousand surveys, 1,800 from each carrier, will be circulated and the results tabulated by the end of the year.

- Beneficiary Focus Groups

  Eight focus groups of Medicare beneficiaries and seven groups of health representatives and special needs populations were conducted recently as a tool to help the Medicare program be more responsive to the people it serves. The study found that beneficiaries like the security of the Medicare system but perceive a problem with information communication and dissemination. HCFA is currently developing new communications strategies to meet customer needs identified.

HCFA has also conducted both national and regional surveys to determine partner satisfaction with a number of its Medicaid and Medicare activities, including the timeliness and clarity of correspondence and policy notices, training and certification requirements, nursing home inspections and the timeliness of payments to physicians and hospitals. Upon completion and approval of its strategic plan, numerous additional customer service activities and proposals will emerge.

Public Health Service (PHS) / Indian Health Service (IHS)

To date, much of the Public Health Service's customer survey work has focused on the Indian Health Service (IHS), the one PHS agency that provides direct services to clients. Each year, IHS services the health care needs of approximately 1.33 million American Indians and Alaska Natives in IHS or tribally-operated facilities.

IHS directly administers 42 hospitals, 65 health centers, 4 school health centers, and 52 smaller health stations. In addition to inpatient and outpatient medical care, the IHS provides services for dental care, mental health, alcohol and substance abuse prevention and treatment, public health nursing, community health, nutrition and dietetics, injury prevention and control, and environmental health. Beyond those services it provides directly, IHS also contracts with tribal organizations and urban community organizations to operate hospitals, health centers and stations.

The IHS has been conducting patient satisfaction surveys at the local level for some time in accordance with requirements of the Joint Commission on Accreditation of Health Care Organizations. These surveys have been limited in terms of scope and patient participation.

IHS has established an ongoing process for strengthening its customer service activities. It is developing customer service standards and survey instruments, and is providing technical assistance to field units on how to gather and use feedback information from patients. IHS will encourage local facilities to establish and maintain their own customer feedback activities to guide locally-initiated service improvements. Two local IHS facilities in Phoenix, Arizona, and Anchorage, Alaska, have been designated National Performance Review re-invention laboratories. These sites will pilot test customer service improvements, including the conduct of customer surveys.

Administration on Aging (AOA)

AOA is taking dramatic steps to enhance communication with its customers, recognizing the unique aspects of customer satisfaction in dealing with the aging population. AOA is establishing a variety of feedback mechanisms, including:

- 800 Number Eldercare Locator Information and Assistance

  AOA is sampling users of the 800 telephone information system to determine usefulness and customer satisfaction with the appropriateness and value of assistance received, the courtesy of staff, and other service elements.

- Focus Groups and Forums on Initiatives

  AOA is conducting focus groups and forums to gain customer input on its four initiatives -- improving nutrition and combating hunger; developing a home and community-based long-term care system; providing assistance to older women; and long-term planning for how society and individuals should respond to the changing financial and lifestyle needs of the aging.

- National Aging Program Information System

  In its new comprehensive information system for aging programs, AOA is incorporating a component to gather customer information about their unmet needs.

- Town Hall Meetings on Aging Services

  AOA is continuing to expand its use of formal town hall meetings around the country that enable direct discussions with customers of aging services about their needs, expectations, and level of satisfaction with current services.

Administration for Children and Families (ACF)

ACF services are delivered to customers through intermediaries, such as states and grantees, so contact with its ultimate customers has been minimal. However, through the OIG, ACF has undertaken initial efforts to measure customer satisfaction with the programs it supports.

- Job Opportunities and Basic Skills (JOBS) Program Satisfaction

  The OIG assessed customer satisfaction with the Job Opportunities and Basic Skills Training (JOBS) program on behalf of ACF. The OIG asked customers about their knowledge of the program, the appropriateness of services they received, and whether training provided was responsive to their needs. The OIG found that JOBS program participants were satisfied with these measures of service.

IMPROVING PARTNERSHIPS

Many HHS services are delivered to customers through one or more intermediaries, such as state or local governments, insurance carriers, grantees or contractors. We view these entities as partners in service provision, and the ultimate quality and appropriateness of what they deliver to people depends upon the quality and appropriateness of our partnership with them. As you know, we have worked hard over the past year to improve our partnerships, particularly with state and local governments. The results are impressive.

Streamlined Waiver Process

Last year, HHS engaged in lengthy and productive discussions with the National Governors' Association and other state representatives regarding a number of issues, including simplification of the research and demonstration waiver process, principally concerning Medicaid and Aid to Families with Dependent Children. As a result of these consultations, we took steps to simplify and speed up our waiver review process.

Our track record over the past year in reviewing and granting waivers speaks for itself -- waiver processing time for Medicaid has been cut by almost two-thirds, and five states have been granted waivers (Oregon, Hawaii, Rhode Island, Tennessee, and Kentucky). Twelve states have received waivers to conduct welfare reform experiments (California, Colorado, Florida, Georgia, Illinois, Iowa, Oklahoma, South Dakota, Vermont, Virginia, Wisconsin, and Wyoming). The availability of these waivers makes it easier for states to pursue more effective approaches to serving our customers appropriately.

Family Preservation and Support

Last year's budget reconciliation legislation provides approximately $1 billion over the next five years to states to implement your new family preservation and support initiative. HHS has undertaken this initiative as a model of partnership with states, tribes and communities. All of the stakeholders were consulted through focus groups and meetings in Washington and in the ten HHS Regional cities. Consultations were held with state and local government officials, tribal officials, judges, other federal agencies, advocates and professional organizations, community and voluntary groups, and foster and adoptive parents. Their input shaped the guidance we have issued, and the reaction from the field is very positive: people see that their concerns have been addressed.

In the implementation phase of Family Preservation and Support, now underway, the Administration for Children and Families is seeking to extend this consultation to the state, tribal, and local levels, by conducting Family Preservation and Support Conferences in every HHS Region. The conferences are designed in large part to focus on identifying the desires and needs of families and children for social services, and to develop state and tribal plans that will re-focus traditional child welfare services to better meet the needs of these ultimate customers.

Community Empowerment Initiative

HHS is a major contributor to the Empowerment Zone and Enterprise Community program. In addition to a $1 billion supplement to the Social Services Block Grant Program (Title XX), the Department identified $400 million in existing grant program funds for which distressed communities that undertake comprehensive planning will receive special consideration. The new Title XX funds have few statutory "strings" and may be used by designated communities to meet their unique social service priorities. Furthermore, we will work with all applicants, whether or not they are designated, to address Federal barriers to effective services, as identified through their strategic planning process. Thus, the Community Empowerment Initiative enables the development and provision of locally-appropriate customer services.

Services to the Homeless

Included in your FY 1995 budget are a number of program consolidations recommended by HHS to increase local flexibility in serving the homeless. We are engaged with the Domestic Policy Council's Working Group on Homelessness to identify further opportunities to consolidate and simplify Federal funding, and thereby facilitate local responsiveness in serving our customers.

FURTHERING PARTNER INPUT

In addition to these initiatives that create new relationships with state and local governments, each of our agencies is looking at ways to improve our day-to-day activities involving our partners. We are exploring the use of surveys and focus groups with partners on a broad range of topics, including how we communicate with them, and the kinds of standards or rules we set for their administration of programs, financial accounting, and payment schedules. We will seek clearance from the Office of Management and Budget to conduct surveys with partners to ascertain their opinions of our work and collect suggestions they have for improving the partnership.

We also will work with partners to expand their customer service activities, and will explore the possibilities for jointly-conducted customer service surveys with appropriate service delivery partners.

CUSTOMER SERVICE AND SERVICES INTEGRATION

As HHS implements its customer service initiatives, we intend to look beyond program-specific improvements. Many, if not most, of our customers have multiple and interrelated service needs. To improve customer access to a continuum of appropriate services, we believe that it is our responsibility to foster program coordination and service integration at all levels of the Department, as well as across the Federal Government, and in states and communities.

Therefore, we have organized our customer service improvement effort to include services coordination, or integration. We have established an ongoing workgroup comprised of senior officials representing all operating and staff components focused specifically on improving customer services through service integration and other approaches to program innovation, comprehensiveness, and partner flexibility.

The workgroup has given early attention to two critical populations of customers -- children/families and the aging. The group is developing recommendations for each of these populations concerning: 1) opportunities for consolidating application and reporting requirements for Federal programs; 2) innovative criteria for evaluating coordinated or integrated service systems at the local level; 3) model training programs for integrated or coordinated service staff at the local level; and 4) potential opportunities for achieving compatible program eligibility requirements, program consolidations and/or HHS organizational improvements.

The Family Preservation and Support Program is proving to be an excellent laboratory for demonstrating services integration strategies. Already a number of HHS agencies are collaborating to combine funds for greater impact. And a major focus of program implementation is encouraging at the state, tribal and community levels, and modelling at the federal level, collaborative behavior among all agencies serving children and families.

In addition, a number of other activities are under development, including: creating a central contact point to work with state and local governments to address Federal rules that impede their customer service efforts, coordinating plans and efforts with other departments on the anti-violence initiative, and establishing better linkages among appropriate programs at the community level.

As we work on each major initiative, such as health care and welfare reform, violence prevention and reduction, childhood immunization, service to the homeless, and Head Start improvement and expansion, it has become clear that none of our programs operating alone can make a real difference in the lives of people we serve. We believe the true promise of customer service will be realized only when programs work together at all levels of the delivery system to provide synergistic, mutually reinforcing services tailored to the specific needs of individuals and families.

We will continue to report progress on our customer service initiatives as we prepare to publish our overall plan in September.

Donna E. Shalala

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 04/13/94

TO: RICKI SEIDMAN

FROM: **JOHN D. PODESTA**
Assistant to the President and Staff Secretary

[redacted]

The attached has been forwarded to the President.

[redacted]

THE WHITE HOUSE

WASHINGTON

March 25, 1994

'94 MAR 25 P6:32

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Proposed White House Conference on Africa

Purpose

To seek your approval for a one-day conference at the White House on Monday, June 27, 1994, to draw together leading American figures on Africa to discuss new initiatives on Southern Africa, sustainable development, conflict resolution, democratization, Zaire and global dimensions of Africa's health, environmental and drug-related problems. Your participation would consist of either hosting a luncheon, where you would make informal remarks, or giving a welcoming speech to kick off the morning session.

Background

A full-day White House Conference on Africa involving 50-60 experts from the Administration, Congress, private agencies, academia, think tanks, business, labor and human rights groups would provide a forum for expert input into our African policies and demonstrate our commitment to Africa. It would help counteract the belief that we have paid insufficient attention and devoted inadequate resources to the continent.

In fact, we have a good story to tell of our engagement in Africa. We have been promoting peaceful transition in South Africa, helping broker peace through a special envoy in Angola and one to be named soon to Sudan, assisting reconciliation in Mozambique and Liberia, providing major humanitarian aid in Somalia and southern Sudan, and pressing for democratic reform in Zaire and Nigeria. We are preparing to do more, such as a new package of assistance to support post-apartheid South Africa.

The conference could foster greater U.S. involvement in Africa by focusing attention on our national interest in promoting democracy and market reform in Africa, creating export markets, fighting desertification and loss of rain forests, stemming illegal drugs increasingly shipped via Africa, promoting development to prevent the need for massive aid, and stopping the spread of diseases which impact on our health care, like AIDS.

cc: Vice President
Chief of Staff

We also hope the conference would enhance the dialogue and cooperation among the Administration, Congress and outside groups. Hosting the conference would give new impetus and visibility to our efforts, although it would also raise expectations of continued White House engagement, which we must be prepared to address.

Program

The conference would be co-hosted by the Administration (Secretary Christopher, USAID Administrator Atwood and myself) and Congress (Africa sub-committee chairmen and the Congressional Black Caucus). The morning would feature presentations by Administration officials, outside experts, and members of Congress. You would either open the conference with an address in the morning or preferably host a lunch for participants, at which you would speak informally for 10 minutes and take questions. The afternoon would be devoted to concurrent working groups addressing the six issues: Southern Africa, sustainable development, internal conflicts, democratization, Zaire and global dimensions of health, environment and drugs. At a working dinner, a major African-American leader would give a keynote address.

RECOMMENDATION

That you approve the White House sponsorship of a one-day conference on Africa and agree to speak at a luncheon for conference participants.

Approve Conference and Host Luncheon	________
Approve Conference and Give Welcoming Address	________
Approve Conference Only	________
Disapprove	________

Attachment
Tab A Scenario for White House Conference on Africa

Scenario for White House Conference on Africa

8:00 a.m.	Registration (OEOB for entire morning session)
8:15 a.m.	Presentation by National Security Advisor Anthony Lake
8:30 a.m.	Presentation by Secretary of State Warren Christopher
8:45 a.m.	Presentation by USAID Administrator Brian Atwood
9:00 a.m.	Presentation by Assistant Secretary of State for African Affairs George Moose
9:15 a.m.	Presentation by Treasury Undersecretary Lawrence Summers
9:30 a.m.	Presentation by Congressional Black Caucus Chairperson Kweisi Mfume
9:45 a.m.	Presentation by House African Subcommittee Chairperson Harry Johnston
10:00 a.m.	Presentation by Senate African Subcommittee Chairperson Paul Simon
10:15 a.m.	Break
10:30 a.m.	Panel Discussion on morning presentations
11:15 a.m.	Presentations by Chairpersons (through 12:30 p.m.)
12:45 p.m./ 2:00 p.m.	White House Luncheon in the Private Dining Room, President makes informal remarks and takes questions
2:30 p.m./ 5:00 p.m.	Working groups (in OEOB) 1) Southern Africa 2) Sustainable development 3) Our Role in Resolution of Internal conflicts 4) Democratization 5) Global dimensions: health, environment, drugs 6) Zaire
7:30 p.m./ 9:30 p.m.	Working dinner -- keynote speech by a major African-American figure and reports from rapporteurs (Indian Treaty Room)

Alternative scenario:

President gives welcoming address at some point during morning session, and either National Security Advisor Anthony Lake or Secretary of State Warren Christopher hosts lunch and makes remarks in the Indian Treaty Room.

TREET JOURNAL.

Carlo
What's the deal on this? — can we/ should we do more
Bill

THE PRESIDENT HAS SEEN
4-12-94

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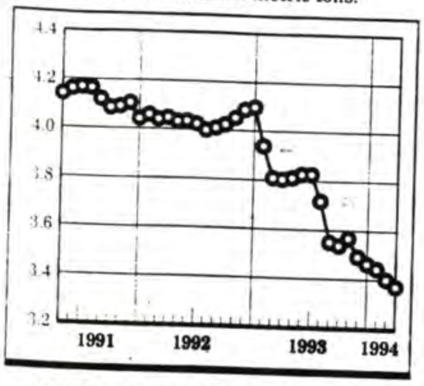

ALUMINUM PRODUCTION in the U.S. fell to an annual rate of 3,371,658 metric tons in March from 3,401,096 metric tons in February, the Aluminum Association reports.

First Lady's Top Aide Brings New Clout To the East Wing

* * * *

Presiding Over 'Hillaryland,' Maggie Williams Finds Power Comes at a Price

By MICHAEL K. FRISBY
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – Margaret Williams has resumed writing poetry again, a pastime she gave up years ago. "The only thing you have to hold on to is what's inside you," she says. "They can rant and rave about what I've done, or what they think I've done."

And just what has she done, the 39-year-old chief of staff to Hillary Rodham Clinton? By all accounts, Ms. Williams – known as Maggie – has become the most powerful African-American woman ever to serve in the White House. In the process, she also has become the most powerful chief of staff that the East Wing – the first lady's domain at the White House – has ever seen; in status-conscious Washington, it is extremely significant that Ms. Williams's own office is located in the White House's West Wing.

Maggie Williams

But there are questions about what Ms. Williams has done regarding the vexing controversy over President and Mrs. Clinton's investment in the Whitewater Development Co. real-estate venture.

Her boss, having been viewed as an inspiration for women, is increasingly portrayed in the press as an uptight lawyer who is at the center of many of the administration's problems. Ms. Williams herself is one of three people who went into Deputy White House Counsel Vincent Foster's office the night he committed suicide. She has been the target of conspiracy theories concerning what might have happened to Mr. Foster's files on the Clintons'

Labor Letter

A Special News Report on People And Their Jobs in Offices, Fields and Factories

COMPANY SMOKING BANS: Do they actually help workers quit?

Merck Chairman Roy Vagelos says the number of employees who smoke fell 25% during the first 18 months of a companywide ban; more than a third of the employees who took smoking-cessation classes stayed off cigarettes for two years. State Farm reports similar results. "I've had employees come up and say to me that this is the only way they ever could have quit smoking," says personnel director Ron Prewitt.

But Country Companies Insurance, Bloomington, Ill., which boasted a 25% success rate when it launched antismoking programs in 1987 and 1988, now drops them for lack of worker interest; many people just leave at lunch to smoke, or smoke at home, says spokeswoman Deanna Frautschi. Bell Atlantic, which instituted a smoke-free workplace in 1988, also stops paying for smoking-cessation programs, as does Consolidated Papers, Wisconsin Rapids, Wis.

Public Service Electric & Gas of Newark, N.J., though, helps some 3,370 employees who smoke – 28% of its work force – through American Cancer Society and other programs.

IT'S STILL THE BACK of the plane for most business travelers.

The end of the recession hasn't brought much more first-class travel for executives, companies say. Electronic Data Systems, which ended such perks in 1991, pays for first class only if a critical contract is at stake. American General, a Houston insurer, reserves the wide seats for its executive vice presidents and unit presidents.

Home builder Centex Corp. and others ban first-class travel unless executives use frequent-flier certificates. Most companies let executives keep their miles, then trade them in for free flights or upgrades. Encore Computer, Plantation, Fla., reimburses employees half of the discounted rate for any flight in which personal frequent-flier miles are used.

GAY RETIREES soon will have their own retirement community.

The Palms of Manasota, a 20-villa complex, is on the drawing boards outside Sarasota, Fla. Bill Laing, who is building the property, is still searching for the right site, but expects to find it soon. He already has received more than 300 inquiries after ads in gay publications such as 10 Percent and the Advocate tout "The First Alternative Retirement Home."

"There is nothing in the country like this, not one retirement home" for gays and lesbians, says Mr. Laing, who plans to include a permanent-care home for residents unable to cook and handle daily chores. What about heterosexual applicants? "If I get straight people who want to come in, I cannot by law keep them out," he says. "But they must know that it's going to be made up of gay and lesbian people."

Mr. Laing says he is pleasantly surprised about a lack of backlash. "We haven't gotten any homophobic mail. Not any."

THE FEDERAL GOVERNMENT kicks off a massive effort to spur early retirements. U.S. officials hope to l...

Safety First

How a Device to Aid In Breast Self-Exams Is Kept Off the Market

Other Nations Approved It, But U.S. Demands Proof Simple Pad Isn't Risky

Nine-Year Battle With FDA

By BRENT BOWERS
Staff Reporter of THE WALL STREET JOURNAL

It is about as simple as a medical device can get: two sealed plastic sheets with lubricant in between. It is laid over a woman's breast like a cloth during an examination, to reduce friction.

Glenda Richardson thinks it probably spared her death from breast cancer. John Withers, a surgeon at the Maui Clinic in Hawaii, says it is one of the most effective weapons against breast cancer in years. And Patricia Redmond, a New York radiologist, says it "can absolutely save lives."

But don't try buying it in the U.S. Though many doctors and cancer specialists hail the Sensor Pad as a useful tool in detecting the disease that many women fear most, and though it years ago sailed through approval processes in countries in Europe and Asia, the Food and Drug Administration won't let Inventive Products Inc. sell it in this country.

Revoking Product Approvals
While the FDA keeps many medical-device producers in limbo with long delays in approving new products, it can also take away approvals—often with devastating results. Enterprise, page B2.

Grant Wright, the president of Inventive Products, and his father, Earl, the pad's co-inventor, have been fighting for nine years to get clearance for the product. What began as an FDA request for more information has degenerated into a long, debilitating struggle and allegations that the Wrights violated federal law. So frustrated did the Wrights become about the bureaucratic maze that six years ago they started selling the pad to U.S. hospitals without FDA clearance. That triggered a court battle that they lost in 1992. Now they are back to trying to win FDA blessing for the pad.

Stifling Innovation?

But if the dispute isn't resolved soon, Grant Wright says, he will close his Decatur, Ill., company, which costs about $4,000 a month to operate and has already burned through $356,000 in legal fees. "I'm 33, with a wife and three kids," he says. "I've got to do something with my life."

fice is located in the White House's West Wing.

But there are questions about what Ms. Williams has done regarding the vexing controversy over President and Mrs. Clinton's investment in the Whitewater Development Co. real-estate venture.

Her boss, having been viewed as an inspiration for women, is increasingly portrayed in the press as an uptight lawyer who is at the center of many of the administration's problems. Ms. Williams herself is one of three people who went into Deputy White House Counsel Vincent Foster's office the night he committed suicide. She has been the target of conspiracy theories concerning what might have happened to Mr. Foster's files on the Clintons' investments in Whitewater, which later were removed and handed over to the Clintons' personal lawyer.

The theories mostly center on the possibility that Ms. Williams went into Mr. Foster's office, not out of grief, as she says, or to look for a suicide note, as other White House aides have said, but to retrieve any documents that might hurt the first lady. That is one of the issues Special Counsel Robert Fiske is investigating. He also is probing whether there were improper contacts between White House and Treasury officials over the failed Madison Guaranty Savings & Loan run by the Clintons' Whitewater partner. Ms. Williams was present at a February meeting with Deputy Treasury Secretary Roger Altman.

Sympathy Cards

Her involvement in the controversy has been painful and ironic for a woman who came to the White House as an idealistic, new-generation Democrat hoping to restore faith in government. Instead of accolades for her influential position at the White House, Ms. Williams receives sympathy cards from family friends. Some send flowers.

Unfailingly loyal to the first lady, Ms. Williams declines to talk publicly about the Whitewater controversy, or about "anything that has to do with my work." But however Whitewater turns out for her, she says it is nothing compared with other struggles she already has endured in her life and career.

"You have to look at everything

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B2

POLITICS & POLICY: Leach, Clintons' critic, faces skeptics in Iowa, **A20.**

HEALTH: Nonprofit hospitals stress charity work to save tax breaks, **B1.**

INTERNATIONAL: Tourists' deaths sour Taipei-Beijing ties, **A13.**

REVIEW & OUTLOOK: Whitewater, George Mitchell and the Court, **A18.**

OPINION: Arthur Schlesinger agrees with Goldwater on Whitewater, **A18.**

LEISURE & ARTS: Beethoven, Mozart and Stravinsky on CD-ROM, **A16.**

ment Home.

"There is nothing in the country like this, not one retirement home" for gays and lesbians, says Mr. Laing, who plans to include a permanent-care home for residents unable to cook and handle daily chores. What about heterosexual applicants? "If I get straight people who want to come in, I cannot by law keep them out," he says. "But they must know that it's going to be made up of gay and lesbian people."

Mr. Laing says he is pleasantly surprised about a lack of backlash. "We haven't gotten any homophobic mail. Not any."

THE FEDERAL GOVERNMENT kicks off a massive effort to spur early retirements. U.S. officials hope to lure as many as 100,000 workers to bail out, as part of the five-year goal of reducing the federal work force by 272,000. Buyout offers begin at seven agencies, including the Agriculture and State departments.

MONEY GETS 'EM, but management keeps 'em, recent studies show. Search firm Challenger, Gray & Christmas found in a survey that job candidates are wooed to new firms mostly by big salaries. But a separate survey by Wilson Learning Corp. says that what keeps employees happy is strong leadership skills among top management.

CHEMICAL WORKFARE: Nearly two of three workers world-wide are exposed to chemicals at work, the International Labor Organization reports. The United Nations arm says many problems involve agricultural pesticides and chemical production. "The problem is quite chronic in developing countries," says Isaac Obadia, ILO's health and safety expert. Training and better information are crucial solutions, he says.

TRADING PLACES: Chemical companies switch employees to learn new tricks. Dow Chemical Co. sent employee John Latham on a two-year stint to show Nalco Chemical Co. a few things about environmental and safety operations. In exchange, Dow gets Nalco employee Steven Curtis to share his expertise in sales and marketing with Dow's Advanced Cleaning Systems business.

Such a swap is almost unheard of in the corporate world. Dow North America Vice President John Duren says the exchange resulted from the firms' mutual respect. "They buy things from us, we buy things from them, and we like the way they do business," Mr. Duren says. "We are going to borrow from each other's strengths," adds Nalco President Ted Mooney.

The swap also saves the companies a bit of money. Without the swap, Mr. Mooney says, Nalco would have had to hire someone with environmental and safety expertise.

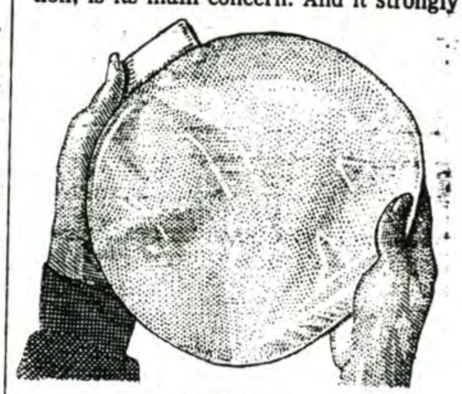
THE CHECKOFF: Only 400,000 women in the U.S. earn more than $75,000 a year, about one-eighth of the number of men making that much, notes Women's Bureau Director Karen Nussbaum in Working Mother magazine. . . . About a quarter of all unfair labor practice complaints filed with the NLRB relate to the U.S. Postal Service, postal board Chairman William Gould IV estimates.

—KEVIN G. SALWEN

Mr. Wright's struggle, in the eyes of some, is more than just the tale of a small-town entrepreneur's tangle with faraway bureaucrats; it is more, too, than a study of how the medical-devices industry in the U.S. copes with the world's most stringent regulatory system. To some advocates of his simple device, it is a manifestation of the way the nation's litigation-driven aversion to risk can stifle innovation in the medical marketplace. "We as a society refuse to take risks and want 100% guarantees that our lives are going to be perfect," says Mary Palmore, a Chicago gynecologist.

Dr. Palmore acknowledges that the FDA has a legal duty to ensure that the pad isn't falsely promoted as a diagnostic tool, but suggests that the agency itself may be caught up in what she sees as a national obsession with safety. "The FDA is concerned that in our litigious society, a woman will say: 'I used it, and I got cancer anyway,' " Dr. Palmore says.

The agency says that safety, not litigation, is its main concern. And it strongly



Sensor Pad

defends its refusal to authorize the Sensor Pad. "Their intention is very worthy," Susan Alpert, director of the FDA's Office of Device Evaluation, says of the Wrights. "But the issue for the agency is of ensuring that we don't allow to market any device that poses significant risk without an attendant benefit."

Indeed, many consumer advocates and health-care specialists applaud the FDA's rigor in screening devices, and some complain that it doesn't act forcefully enough. The FDA, meanwhile, faces a huge backlog of applications for new medical devices, which has stretched the average review time to 196 days. The agency says it is working hard to whittle the backlog of more than 5,000 applications.

Breast cancer took an estimated 46,000 lives in the U.S. last year and was the second-biggest cancer killer of women. Early detection is essential in defeating it, and frequent self-examination is essential to that effort. But many women don't find this easy, and that is where the pad comes in. Its lower sheet clings to the skin while the top sheet "floats" on a thin layer of liquid silicon, eliminating friction so a finger can explore the contours of an object as small as a grain of salt.

"The thing that amazes me," says the

Please Turn to Page A8, Column 1

Safety First: A Long FDA-Company Fight Keeps Simple Aid to Breast Self-Examination Off Market

Continued From First Page

younger Mr. Wright, "is that the research spending [on breast cancer] keeps going up and I can't get this simple $7 product into the hands of women who want it."

His father, Earl, once thought the Sensor Pad would be a big success. Mr. Wright, 63, is an established inventor whose products range from a blood-serum filter used in laboratories to nonaerosol foaming pumps used by hospital surgeons. Mr. Wright in 1986 set up Inventive Products as a subsidiary of his Earl Wright Co. solely to make and market the Sensor Pad. He put his son in charge.

Gaining approval to sell it in other countries wasn't a problem. Inventive Products applied for marketing authorization in Canada in 1985 and got it within 30 days, Grant Wright says. He also says the pad has been approved in Japan, Singapore, Korea, Thailand and most West European countries, although Inventive Products hasn't actively promoted it abroad. "We've had no problems anywhere in the world," he says.

Except at home. When the Wrights sought FDA clearance for the device in 1985, the agency's initial response was positive. Still, the government wanted more information. "Every time we submitted information, they asked for more," the son recalls. After several months, the agency denied approval for the pad — but indicated its concerns might be met by extensive labeling changes.


Grant Wright

The FDA wanted the labeling to state that the Sensor Pad could be sold by prescription only. And it wanted all references to breast cancer deleted. The label was to include the chemical composition of the device. It also was to describe the 10-inch-diameter pad's "susceptibility to heat, sunlight, soap, Formalin, alcohol and other mechanical agents."

Mr. Wright says he immediately set about complying with the requests. But about three months later, he says, the FDA inexplicably notified him that it wouldn't reconsider approving the product. Instead, he was told, Inventive Products would have to go through a laborious "premarket approval" process for new medical devices.

This process is meant to keep new, mostly high-technology instruments off the market until they can be adequately tested for safety. Few people would disagree that the FDA should get convincing evidence that invasive devices are safe. More than 200 people died in the 1980s when their Bjork-Shiley heart valves fractured, for instance. But Mr. Wright argues that the Sensor Pad poses no direct risk to users.

The FDA responds that the indirect risk — that a cancerous lump would go undetected—is potentially lethal.

The agency's Dr. Alpert says the fact that a device is simple doesn't necessarily mean it is benign; everything depends on its "intended use." She dismisses endorsements from doctors and patients — which, she says, many device makers trot out—as anecdotal evidence that is insufficient to make a scientific case. "Reporting doesn't do it—data does," she says.

In 1992, only 12 medical devices were given FDA premarket approval, including heart pacemakers, lenses that are implanted into the eye after cataract surgery and devices for smashing kidney stones. Of the simple, noninvasive pad, "I've never seen a product like this held off the market," says John Isaacs, a gynecologist in Evanston, Ill., who is the author of a textbook on breast disease.

But the FDA says the Sensor Pad needs to be scrutinized because it isn't "substantially equivalent" to a product already on the market, a legal requirement for quick approval of simple devices. The Wrights argue that the pad is substantially equivalent to soap and water, a mixture the medical community has long recommended to reduce friction in breast self-examination.

To obtain premarket approval, the FDA said, Inventive Products would have to conduct exhaustive clinical tests on women, comparing the number of breast-cancer cases detected through self-examination with and without the Sensor Pad. Such tests, Mr. Wright says, would require a huge sample — a minimum of 82,000 women—to produce statistically meaningful results. An FDA spokeswoman disputes that figure. "We want to be as reasonable as we can," she says. "The number will be much less than that."

Mr. Wright says he has already done two trials with simulated breast models, which he claims yield more accurate results. In the first, women examined the artificial breasts for lumps using both the pad and their bare hands. In the second, they used both those methods and also a third method — soap and water on their hands. The tests showed that the pad enhanced sensitivity and resulted in increased lump detection, Mr. Wright says.

The FDA rejected his trials as insufficient. The prospect of starting over with the lengthy, expensive tests the FDA demanded pushed the Wrights to change their course. Because they never considered the pad to be a medical device as defined by federal law, they decided in 1988 to market the product directly to hospitals. The Wrights say they—and their attorney—figured the FDA either would recognize its lack of jurisdiction or take Inventive Products to court and force the issue.


Earl Wright

Over 15 months, the Wrights sold 250,000 pads to some 200 hospitals. But in April 1989, federal agents raided the company's Decatur plant and a number of hospitals and confiscated the pads.

The action came one day after Earl Wright was named a finalist in the Intellectual Property Owners Foundation's inventor-of-the-year contest for his "touch-enhancing device."

Grant Wright challenged the FDA's claim to jurisdiction over the pad. But in 1990, a U.S. district court in Danville, Ill., ruled for the FDA. Mr. Wright appealed, and two years later an appellate court in Chicago upheld the ruling. At that point, Inventive Products told the FDA it had ceased marketing the pad.

But Mr. Wright didn't give up. In March 1992, he filed an ethics complaint with the FDA's integrity office against some agency officials after learning that they had met with a minority shareholder of the company without his knowledge. After he filed the complaint, he says, the FDA turned hostile. At a meeting in Washington in August 1992 to discuss requirements for premarket approval, he says, an FDA lawyer — flanked by 10 other agency officials and a Justice Department lawyer—"told us we'd never get our product to market."

An agency spokeswoman says it is doubtful such a remark was made. "We have gone out of our way to show the Wrights how to get their product marketed. Such a comment doesn't make sense," she says.

Mr. Wright promptly fired off letters of complaint about the meeting to the FDA and to Rep. John Dingell of Michigan, who is known for flailing the FDA for its missteps. More letters flew back and forth. An FDA integrity officer wrote that the FDA was acting in good faith. Mr. Wright responded by demanding an investigation of the FDA lawyer who attended the August meeting. A couple of days later, his Washington lawyer sent a seven-page letter to a Dingell staffer, accusing the FDA of "hounding" Inventive Products.

Four months later, the Wrights received notice from an FDA compliance officer that the agency was investigating them for possible violations of federal law for selling the pad in 1990-91. Mr. Grant says he has received no word about the investigation since an FDA administrative hearing in Chicago last June. But, he says, he has gotten the message: "If you squawk, they will slap you around." The FDA denies taking any retaliatory actions.

Meanwhile, members of the medical community continue to support the Sensor Pad. Dr. Withers, the surgeon at Maui Clinic, says the pad has twice enabled him to feel otherwise undetectable lumps. He scoffs at the idea that using it might give women a false sense of security, one of the FDA's main concerns. "There is no question that the Sensor Pad increases my tactile ability," he says. "It makes it 100% easier."

Gale Katterhagen, medical director of the cancer center at St. Joseph Medical Center in Burbank, Calif., says tests he conducted for Inventive Products several years ago indicated that women who used the pad were 22% more likely to perform monthly breast exams. "This device is harmless," Dr. Katterhagen says.

Women who use the pad swear by it. Ms. Richardson, a 43-year-old Decatur resident, doubts that she would have found two small lumps without the pad. She had a double mastectomy. "It probably saved my life," she says, adding that she gave one to her 19-year-old daughter.

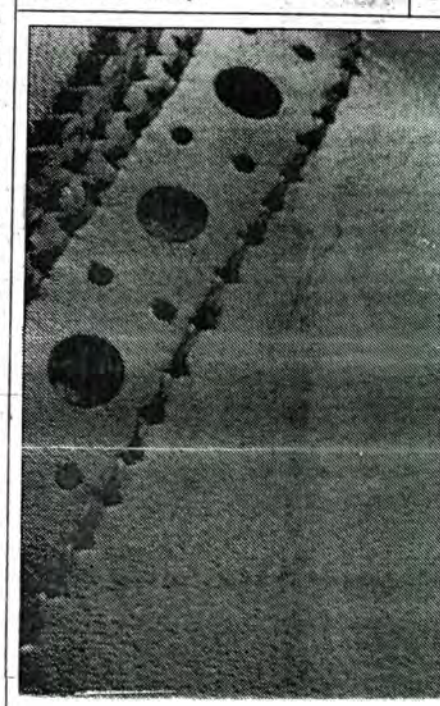
Mary Gorman, a 55-year-old writer in Washington, is certain the pad saved her breast. "I found my cancer before it was detectable on a mammogram," she says. Her surgeon, Katherine Alley, says the device may have saved Ms. Gorman's life. Considering the lethality of breast cancer, Dr. Alley says, "it is just ridiculous" to keep the pad off the market.

Potential demand appears to be huge. When a Pittsburgh hospital offered on local TV in 1990 to send out free samples, it was flooded with 36,000 calls and letters.

For all that, the FDA's Dr. Alpert believes that Inventive Products is largely responsible for the delays it has encountered. "There are lots of different kinds of trials they could do to show this is effective," she says. "It doesn't have to be years and years."

The elder Mr. Wright has managed to commercialize the Sensor Pad's antifriction technology for a much smaller market. He has built the Slipp, a nylon and plastic sheet used in hospitals to transfer patients from a gurney to a bed. About 500 have been sold.

But his son spends much of his time in his nearly empty headquarters explaining to doctors why he can't send them samples of the Sensor Pad. Last year, he laid off his own brother, reducing his work force to himself and his secretary from a peak of 28 six years ago. "We're at the point of surrender," he says.



Clinton

THE PRESIDENT HAS SEEN

Associated Press
Walter R. Mears
Vice President
Washington

April 8, 1994

The President
The White House
Washington

Dear Mr. President:

I appreciate your note, and I am delighted that you enjoyed my first and final appearance as a stand-up comedian.

I tried to aim the barbs in all directions, including our own, and I am flattered to share a copy of my remarks as you requested.

Regards,

Walter

Thanks

2021 K Street N.W., Washington, D.C. 20006 202 828-6424

Walter Mears
The Gridiron Club
March 19, 1994

Mr. President ..... Mrs. Clinton .... Bosses ....Colleagues ....Ladies and Gentlemen.

Welcome to the Gridiron Health Alliance. Feel free to compare pre-existing medical conditions while we ply you with wine and cholersterol.

Tonight, eating, drinking and merriment. Tomorrow, sumo jogging.

We are gathered for the 109th time, and we're still trying to reach our comfort levels.

Of course for sheer comfort level, nothing beats Astroturf in the back of your pickup.

But as the departed Bobby Ray Inman has taught us, comfort is a sometime thing.

Even for Presidents. Consider the interview in which President Clinton observed that he had "not gotten one damn bit of credit from the knee jerk liberal press and I am sick and tired of it and you can put that in your damn article."

Mr. President, I assure you that not much knee jerking goes on around here.

Our knees just creak.

Bobby Inman said there was a new McCarthyism afoot in Washington in which columnists can attack public figures at will, and nobody gets a chance to answer them.

One of the president's nominees left town complaining that Washington is a place "full of rumors, allegations and accusations, without much if any regard for truthfulness..."

I mean, is this a great city, or what.

Where else could the president reinvent the vice presidency and then assign the reinvented vice president to reinvent the entire government?

The vice president has a new image, and that is no surprise. Al Gore is a guy who knows his Smoot from his Hawley.

He's got all the lines... When he was traveling in Kyrgyzstan, a student asked him whether he wanted to be president.

And Mr. Gore replied: Would you believe me if I told you that since I was a young child I dreamed of being VICE president of the United States?

Sure he did.

Probably put it in his diary, too.

Although I doubt a whole lot of people in Washington are keeping diaries these days. You never know which congressional committee will wind up reading it.

There probably aren't many lists of tax deductible used underwear being maintained, either.

Along with the undies, President Clinton's tax return for 1986 also listed one suit with ripped pants for seventy five dollars.

I only wish I'd known it was on the market.

All that candor, and some Republicans start accusing the president of a coverup in the Whitewater business. No specifics. But when Republicans talk about coverups you have to take them seriously.

They are the experts.

Everybody is a health care expert these days, with a prescription for reform. Although no cures.

There's been a lot of controversy, about things like putting health care into the federal budget. The Clinton plan wouldn't be budgeted..

Everybody would just send their doctor bills to Ira Magaziner and he'd write checks.

President Clinton said the on- or off-budget business was of no interest to real people. He said it was, and I quote, just Washington policy wonk stuff.

You know the saying ... It takes wonk to know wonk.

This has been a year of change in Washington. It hasn't always been smooth. There have been fierce arguments about policy and philosophy, even at the White House....

Usually between David Gergen.

Dave has become an inspirational figure, a role model for the chronically adaptable. They say Michael Jordan talked to Gergen before he switched from basketball to baseball.

But he can't hit Gergen's specialty .... the curve ball.

Even the Federal Reserve changed its habits. They used to do everything in secret and in silence. Then Alan Greenspan went out and announced that they were raising interest rates. And the stock market went down a hundred points.

Maybe the Fed should stick its the old way _ don't ask, don't tell.

The Russians have changed, too. But it turnes out they aren't quite as nice as we thought.

Imagine, putting OUR top counterspy on THEIR payroll.

And we thought we were teaching THEM about private enteprise.

Then Congress started pushing for a freeze on aid to the Russians.

Although it might make more sense to keep sending aid to Russa and stop sending it to the CIA.

When he was in Moscow, the president said it was good to be where another president was having trouble with parliament. Of course when it really gets tough, Boris Yeltsin sends his lobbyists over to parliament in tanks.

So far, President Clinton's lobbyists at the Capitol are unarmed.

Yeltsin has his Vladimir Zhirinovsky.

And President Clinton has his Newt Gingrich.

They say that when Zhorinovsky wanted Russia to take back Alaska, Mr. Clinton offered him Georgia instead.

But Mr. President, he was told. That wouldn't just get rid of Gingrich. That also would give them Sam Nunn.

And President Clinton said .... Wellllllll....?

Change never comes easily, whatever the institution. It's fun to laugh at the government. Journalists are self-important lot, too, and our stuffed shirts deserve punturing.

We'll try to do both tonight, in keeping with a tradition that dates from 1885, the year the Washington Monument was dedicated.

Every president since Benjamin Harrison has dined, and laughed, at the Gridiron.

We've always avoided food fights ... although Theodore Roosevelt got into such a bitter argument with a senator in 1907 that the dinner broke up after the soup.

This is where John F. Kennedy reported that his father had told him not to buy extra votes because he'd be damned if he was going to pay for a landslide.

And Bill Clinton complained that he'd been here so long he was getting hungry again.

To avoid a replay ... it's time ... for me ... to go.

So let us bask in the friendly glow of the Gridiron.

It its 109 years, the Gridiron Club has had but three rules.

Ladies are always present.

Reporters are never present.

And the Gridiron may singe, but it never burns.

Ladies and gentlemen, please be seated.

THE PRESIDENT HAS SEEN

CS/McGarr

Fyi -

HISTORY OF PRESIDENTIAL TAX PAYMENT ISSUES

BUSH

- "Vice President Bush paid the Internal Revenue Service $198,000 in back taxes and interest last June after the service ruled that he had failed to report about $500,000 in income from the sale of his house on his 1981 tax return and improperly used $29,000 in leftover campaign funds." (*The New York Times*, 10/4/84)

REAGAN

- "President and Mrs. Reagan paid more than $20,000 in back taxes and interest to the federal government and the state of California last year after the Internal Revenue Service disallowed claims on their 1978 and 1979 returns of business losses in the operation of their Santa Barbara ranch, their tax lawyer confirmed yesterday." (*The Washington Post*, 5/18/82)

- "(The IRS) play(s) no favorites, recently nailing former president Ronald Reagan and his wife Nancy for an estimated $ 1 million in back taxes for free dresses, jewelry and furs the former first lady accepted when they lived at the White House... It's been estimated the Reagans were given a tax bill for at least $ 960,243 in back taxes and interest, more if a negligence penalty was levied." (*The Toronto Star*, 3/29/92)

NIXON

- "In his last year in office, the Internal Revenue Service found Nixon obligated to pay about $280,000 in taxes owed for 1970, 1971 and 1972. The agency also said he should have paid $148,000 for 1969, although the statute of limitations had run out for that year and he thus was no longer legally liable. Nonetheless, he promised to pay the full amount of $432,787.13, which included penalties, for all those years.

On April 17, 1974, fewer than four months before his forced resignation, he paid the $280,000 by check. But as far as this reporter can determine, after checks with congressional sources familiar with the case and with the IRS, there is no public record to show he repaid the promised $148,000 for 1969." (*Washington Post*, 2/20/83)

The New York Times

October 4, 1984, Thursday, Late City Final Edition

Correction Appended

SECTION: Section A; Page 1, Column 4; National Desk

LENGTH: 1829 words

HEADLINE: BUSH MADE A $198,000 PAYMENT TO I.R.S. IN JUNE FOR BACK TAXES

BYLINE: By JEFF GERTH, Special to the New York Times

DATELINE: LITTLE ROCK, Ark., Oct. 3

BODY: Vice President Bush paid the Internal Revenue Service $198,000 in back taxes and interest last June after the service ruled that he had failed to report about $500,000 in income from the sale of his house on his 1981 tax return and improperly used $29,000 in leftover campaign funds.

The tax deficiency was disclosed in Little Rock, where Mr. Bush was campaigning, by Dean Burch and Robert B. Yorty, Mr. Bush's attorneys, at a news briefing. The disclosures were prompted by questions in light of the inquiry into the financial affairs of the Democratic Vice-Presidential nominee, Geraldine A. Ferraro, and the fact that only Mr. Bush of the four major national candidates had not made public such information.

The attorneys said that Mr. Bush had believed he did not have to report the income and that he intended to sue the revenue service in an effort to recover the additional taxes. The ruling was a result of an automatic audit of Mr. Bush's tax returns, completed last May, that found he owed back taxes of $144,000 and interest of $54,000.

Had Known of Dispute

Mr. Bush had known about the tax dispute for two years, the attorneys said, because it involved assets not in the blind trust he set up when he took office as Vice President. In August, when Mr. Bush released financial information and earlier tax returns, he did not make known the tax dispute.

At that time, the Vice President said he could not disclose information about his taxes because they were handled by his trustee.

(At a news conference in Tulsa, Okla., Mr. Bush said that he felt "singled out" by the I.R.S. and had not said earlier that he had to pay back taxes because: "You didn't ask me. I didn't feel inclined to go out and say 'Hey, I've got a problem with the I.R.S.' "

(Mr. Bush said neither he nor his lawyer had disclosed the capital gains taxes "because I think he didn't know, and I didn't, the full tax picture." When it was noted that he had paid the tax in June and had been briefed by his attorney in August, Mr. Bush said, "But we didn't know whether we were going to have a net increase or a net loss.")

The issue in the house sale is the definition, under tax law, of Mr. Bush's principal residence. If, as he says, it is his home in Kennebunkport, Me., which he bought in 1981, then he could apply the $600,000 in profits he made when he sold his home in Houston in 1981 to the purchase of the Maine home, and not pay taxes on the capital gain from the Houston sale. If, however, his principal residence is deemed to be the Vice-Presidential residence in Washington, as the I.R.S. contends, he must report the gain and pay taxes at a rate of 20 percent. Mr. Yorty, Mr. Bush's tax attorney, said the decision to call the Maine home Mr. Bush's principal residence was a "borderline" call because there were a number of previous rulings and decisions not favorable to their position.

One decision that Mr. Yorty said he was aware of was a 1974 ruling by the Congressional Joint Taxation Committee in which the committee found that President Nixon had improperly claimed a house in San Clemente, Calif., as his principal residence rather than the White House. After the committee finding and a similiar ruling by the I.R.S., Mr. Nixon paid back taxes on the gain he realized in 1969 from the sale of a cooperative apartment in New York.

Mr. Burch said Mr. Bush had been "enraged" at the tax decision. A prepared statement issued by the Vice President's press secretary today said that the decision "raises not only legal questions, but questions of fairness" since "the Kennebunkport house is the only house Vice President Bush owns."

Calls Residence Temporary

The statement says Mr. Bush's occupancy of the Vice President's house in Washington, which is owned by the Federal Government, is "temporary and is incidental to the Vice President's duties."

Mr. Bush was not immediately available to answer questions about the tax dispute.

A spokesman for the revenue service said the I.R.S. would have no comment on the dispute with Mr. Bush, citing agency rules that prohibit any discussion of taxpayer audits.

The audit of Mr. Bush's returns was required under procedures that call for the service to automatically audit the returns of the President and Vice President. The audit of Mr. Bush's 1982 returns found nothing unacceptable; the 1983 returns have not yet been reviewed.

Sought I.R.S. Ruling

Before filing Mr. Bush's 1981 returns, his attorneys said they sought a ruling from the I.R.S. on whether Mr. Bush's house in Maine could be deemed his principal residence. The service said it was unable to issue a ruling because it involved a question of fact, which could be addressed by agency officials only after the return was filed.

The tax return was filed using the rollover provision available to taxpayers who use the proceeds from the sale of their home to buy another. This meant the capital gain from the sale of the Houston home, $596,000, was not reported as taxable but instead was rolled over into the purchase of the Maine home, which cost about $800,000.

Last March, the revenue service, after the audit of the 1981 return challenged the rollover, ruled that the Maine home was not Mr. Bush's principal residence. That ruling, Mr. Bush's attorneys said, was based on such particulars as how many nights Mr. Bush stayed in Maine and the fact that his voter registration was in Houston.

Mr. Yorty said the other unfavorable ruling, involving the campaign funds, was "appalling."

Leftover Campaign Funds

Mr. Bush had some $85,000 in funds leftover from his 1980 Presidential campaign. The revenue service says that these funds must be treated as income unless they are donated in a timely fashion to a charitable organization. Mr. Bush used some of his funds to refurbish his office, used other funds for expenses, donated $32,000 to the Republican National Committee and used a few thousand to pay late campaign expenses.

The I.R.S., in the same March ruling, said that a total of $29,000 should have been reported as income and that therefore Mr. Bush owed additional taxes of about $15,000. Mr. Bush paid those taxes last June as part of the $144,000.

The remainder of the $144,000 stems from the house sale. After the service challenged the rollover, Mr. Bush took advantage of a $100,000 exclusion for people over 55 and reduced the capital gain on the sale of his Houston home to $496,000. Based on the tax rate of 20 percent for capital gains and a reformulation of his tax liabilities based on income averaging, the back taxes on the house sale came to about $129,000.

To get his back taxes refunded, Mr. Bush must first petition the I.R.S., which is likely to result in a denial, and then sue the service in Federal District Court or the Court of Claims in Wshington.

For the years 1981 through 1983 Mr. Bush had a combined gross income, including the house sale, of $810,000. For the same period he paid Federal taxes, including the back taxes, of $303,000, or about 40 percent.

Mr. Bush's adjusted gross income was $504,829 in 1981, $163,531 in 1982 and $142,117 in 1983. His federal tax payments for those years were; $245,491 for 1981, $39,625 for 1982 and $18,305 last year. Mr. Bush's annual salary as Vice President is $94,000.

Trust Holdings Deleted

In 1982 and 1983 Mr. Bush also paid state income taxes in Maine.

The rest of the information released today provided few new details about Mr. Bush's finances. Portions of Mr. Bush's tax returns that would show his trust's holdings were deleted.

The attorneys released an amendment to his trust that allowed the tax information to be disclosed. When Mr. Bush took office he put a little less than a million dollars in stocks and bonds into the trust. Those holdings, which have increased some, plus his Maine home, now valued at $950,000, constitute most of his net worth of $2.1 million.

Mr. Bush's trust is managed by W. S. Farish and Company in Houston. The company was responsible for filing the 1981 tax return and was involved in the original discussions with the revenue agent who audited Mr. Bush's returns. Subsequently, when I.R.S. officials in Washington became involved in the discussions about the house and the campaign funds, Mr. Yorty and Mr. Burch entered the case, they said.

Mr. Bush has said that he has always believed that the finances of public officials should be fully disclosed. The trust that he set up, a qualified diversified trust, has stringent provisions designed to insure that his official duties do not conflict with his personal holdings. The provisions included that he be insulated from his tax returns, but, with the recent amendment, a portion of his tax returns can now be made public without compromising the trust.

Bush Feels 'Singled Out'

TULSA, Okla., Oct. 3 - Mr. Bush said here tonight that he felt he had been "singled out" by the I.R.S. because he was not entitled by a ruling by the agency to do "what any other taxpayer" can do and roll over his capital gains.

At a news conference here, six hours after his lawyers released his tax information in Little Rock, Ark., Mr. Bush said: "I think a lot of people out there would understand it and think if you're Vice President that doesn't mean you should be singled out. I think I've been singled out."

Mr. Bush said that he had "been taken to the cleaners" by the I.R.S. and that he "should be entitled to what any other citizen does and that is go the final route." Mr. Bush, reiterating what his lawyer said earlier, said he would appeal the decision that he owed capital gains taxes on the proceeds of the property he sold in Houston.

The Vice President said he did not see why he should be treated any differently than a Navy officer who was provided a home by the Government but might also buy private property.

'Lot of Money'

"If a guy is provided a house in the Navy, that doesn't mean he can't sell a home in Virginia and buy another home in Maine or Texas or any place else, even though he has quarters provided," Mr. Bush said.

Referring to the back taxes he paid in June, Mr. Bush said: "This residence thing for Barbara and me, that's a lot of money. I think it would be for any taxpayer."

The Vice President did not specifically mention the ruling against President Nixon. But he noted: "I assume that if my predecessors had done it, they would have had the same problem, if at least these guys had ruled at the I.R.S."

Asked if he now understood the pressures that his counterpart on the Democratic ticket, Representative Ferraro, had been under in August when she released her financial statements, Mr. Bush replied: "I could identify or sympathize or empathize with somebody who gets questioned, questioned, the same question over and over, the pressure it puts on." But he added: "I think the facts are very, very different."

CORRECTION-DATE: October 5, 1984, Friday, Late City Final Edition

CORRECTION: EDITORS' NOTE

Under this heading, The Times amplifies articles or rectifies what the editors consider significant lapses of fairness, balance or perspective.

An article on page 1 yesterday said that the Internal Revenue Service had ruled that Vice President Bush failed to report about $500,000 in income from the sale of a house and that he had improperly used $29,000 in leftover campaign funds.

Both these statements were inaccurate, and thereby unfair to Mr. Bush.

As was reported later in the article, Mr. Bush did report the capital gain from the sale of a house in Houston. He applied this gain toward the purchase of another house in Kennebunkport, Me., which he claimed as his principal residence, and thus claimed an exemption from paying a tax on the capital gain. The I.R.S. rejected this claim for an exemption on the ground that Mr. Bush's principal residence is in Washington.

The I.R.S. ruling on the campaign funds was that $29,000 of some $85,000 left over from his 1980 campaign for the Presidency should have been listed as taxable income because the way in which it was handled did not qualify for an exemption. These funds involved a gift to the Republican National Committee and payment of some campaign expenses.

As a result of the rulings by the Internal Revenue Service, Mr. Bush has paid about $129,000 in additional taxes on the real estate transaction and about $15,000 on the campaign funds, as well as $54,000 interest on the total. Mr. Bush is contesting both I.R.S. rulings.

An article on Mr. Bush's tax situation begins on page 1 today.

GRAPHIC: photos of Vice President Bush

The Associated Press

October 7, 1984, Sunday, AM cycle

ADVANCED-DATE: October 5, 1984, Friday, AM cycle

LENGTH: 979 words

HEADLINE: Advance for Sunday AMs Oct 7 and ThereafterIRS Ruling On Bush Followed Precedent of Nixon's Tax Case

BYLINE: By JIM LUTHER, AP Tax Writer

DATELINE: WASHINGTON

BODY: The Internal Revenue Service was not plowing new ground when it denied Vice President George Bush a tax break on the sale of his home. President Nixon had raised the same issue in 1969 with the same result.

Bush is fighting the IRS ruling that cost him penalty and interest of almost $200,000, claiming "they socked it to me." But Nixon had his hands full with a bigger problem _ the Watergate scandal _ when his taxes came into question in 1974 and had little choice but to pay without a fight.

Bush's disclosure of his tax returns last week and similar action in August by Geraldine Ferraro, his Democratic challenger, point up that politicians can have as much trouble keeping their taxes straight as does the average American. The biggest difference is the size of the figures.

Few people have tax problems like those that confronted Vice President Spiro T. Agnew in 1973. He was forced to resign after pleading no contest to one count of income-tax evasion; the Justice Department charged he had failed to report $29,500 of payoffs received in 1967 when he was governor of Maryland.

Agnew's resignation resulted in Nixon's selection of then-Rep. Gerald R. Ford, R-Mich., to be vice president. The resulting audit of Ford's tax returns for 1967 through 1972 disclosed that on four occasions the long-time congressman had written checks totaling $871 on a political account to pay for his clothes. After the IRS determined that money should be counted as income, Ford paid an extra $436 in taxes.

The audit also found Ford has used the same political account to pay for his family's ski vacation at Vail, Colo., in 1972. As it turned out, Ford had corrected that discrepancy before the audit.

Ms. Ferraro got herself into trouble by promising full disclosure of her and her husband's finances and taxes before checking with her husband, John A. Zaccaro, a New York real estate manager. The dispute clouded the Democratic campaign for several days until Zaccaro apparently concluded that protecting his privacy was less important than his wife's political fortunes.

Their returns showed the couple paid at least as much federal tax as the average person at their high income level but that they had underpaid their taxes in 1978. Ms. Zaccaro said the underpayment resulted from an error by their accountant; she sent the IRS a check for $53,459 for the underpayment and interest.

Bush also resisted release of his tax returns, saying the blind trusts into which most of his investments had been placed prohibited access to the information. But after the Office of Government Ethics disagreed, the vice president released his returns Wednesday while campaigning in Little Rock, Ark.

They showed that in 1981 through 1983, he and Mrs. Bush had paid 37.4 percent of their income in federal taxes, more than the average for somebody with their earnings. The disclosure also showed Bush and the IRS disagreed on the sale of his home in Houston and his donation to the Republican National Committee of $32,000 left over from his 1980 presidential campaign.

The disagreement prompted the IRS to assess _ and Bush to pay _ $198,000 in back taxes and interest. He says he will fight the assessment in court. The bulk of the assessment resulted from Bush's insistence that his principal home is in Kennebunkport, Maine, not the vice president's official residence in Washington.

Bush sold his Houston home in 1980, and in early 1981 invested the proceeds in the Maine mansion. When he filed his tax return, he took advantage of a law that permits a homeowner to defer taxes on such capital gains that arise from the sale of a "principal home."

The IRS concluded that Bush's principal home was not Kennebunkport _ even though that was the only home he owned _ but in Washington, where he spent most of his time.

While that may seem to penalize an officeholder who lives in a government house, IRS publications point out that to use the tax break, "you must physically live in the replacement home as your principal home...."

In 1969, Nixon sold his New York City apartment and used the money to buy a mansion in San Clemente, Calif., which he claimed as his principal home. Congressional investigators and the IRS said the White House was his principal home, and Nixon lost the tax break.

That was not Nixon's biggest tax problem, however. Most of the $432,787 in back taxes that he agreed to pay grew out of his claiming a charitable-contribution deduction for vice presidential papers he had donated to the government. Such deductions had been outlawed as of July 25, 1969. Investigators concluded Nixon's agents had dated the deed of gift on March 27, 1969, but had not completed the gift until 1970.

None of the deduction was allowed.

There was never a hint that Jimmy Carter had any tax problems while he was president. Quite the opposite.

In 1976, the year he was elected, Carter bought a considerable amount of equipment for the warehouse and the resulting investment tax credit wiped out all his tax liability. But he sent the IRS a $6,000 check anyway, saying he felt strongly that "a person should pay some tax on his income."

Another politician's tax problem followed him to the grave.

After Nixon resigned and Ford ascended to the presidency, Ford selected Nelson A. Rockefeller to be vice president. The multimillionaire former governor of New York spent $550,160 in legal and clerical fees in winning congressional confirmation. After he died in 1979, his estate claimed that money was a deductible business expense.

The IRS rejected the claim. And last month, the U.S. Tax Court sided with the agency, holding that Rockefeller's long career in public service did not constitute a single trade or business _ that winning confirmation was not just another step in that career. "Each public office was a separate business," the court said.

LANGUAGE: ENGLISH

The Washington Post

May 18, 1982, Tuesday, Final Edition

SECTION: First Section; A1

LENGTH: 720 words

HEADLINE: Reagans Pay Over $20,000 In Back Taxes

BYLINE: By Herbert H. Denton, Washington Post Staff Writer

BODY: President and Mrs. Reagan paid more than $20,000 in back taxes and interest to the federal government and the state of California last year after the Internal Revenue Service disallowed claims on their 1978 and 1979 returns of business losses in the operation of their Santa Barbara ranch, their tax lawyer confirmed yesterday.

The lawyer, Roy D. Miller of Los Angeles, contended that the disputed claims had been permitted in previous years but were rejected by the IRS for 1978 and 1979 after an audit that began in mid-1980 when Reagan was running for president.

Miller confirmed a "ballpark" estimate that the Reagans were required to pay about $20,000 to $22,000 plus 12 percent interest. The interest payment of $2,734 was taken as a deduction on the Reagans' 1981 return, which was made public last month.

Miller said he could not recall all of the details of the disallowed expenses claimed in connection with operation of Rancho del Cielo, the Reagans' mountaintop vacation retreat 29 1/2 miles northwest of Santa Barbara.

At the time Reagan made public his 1979 tax return, news accounts reported that he claimed a loss of $9,015 on his ranch. The articles said that he reported income of $3,024 from the sale of 14 steers and $3,350 from unspecified "rents" but that these were more than offset by expenses. They included $3,839 for labor, $598 in feed, $367 for horseshoes, $1,422 in gasoline and $1,118 for utilities. Other deductions included $15 for depreciation of a fan used at the ranch.

Reagan reported income of $515,878 for 1979, more than half of which went for taxes, including $230,886 in federal income taxes and $32,050 in state and local income taxes, according to the news accounts.

Meanwhile yesterday, deputy White House press secretary Larry Speakes said the White House will reprimand anyone who gives Reagan a gift and then uses the resulting thank-you note to promote a business.

"When matters of this type are called to our attention . . . they receive a pretty stern letter from the White House counsel indicating that we don't look with favor on them using the president's name," Speakes said.

White House counsel Fred Fielding said later that such letters would be sent to a Reno, Nev., belt buckle manufacturer and a Mechanicsburg, Pa., jeweler who told The Post that they had given the Reagans gifts with the idea of publicizing their products.

They were among a group of 47 friends, manufacturers and strangers who gave the Reagans thousands of dollars in jewelry, sculptures, crystal, sweaters and shoes in their first year in office. The Reagans' 1981 financial disclosure form indicated that the total value of the gifts was more than $31,000.

In a related matter yesterday, Nancy Reagan's office announced that she will return a diamond necklace and a pair of diamond earrings worth several hundred thousand dollars to the Harry Winston Co., a Fifth Avenue diamond merchant.

Ronald Winston, the firm's president, has said the diamonds were given so they could become the "nucleus of an ongoing collection for first ladies of the White House."

But an administration official, who said Saturday the White House did not feel it was proper to keep the Winston jewels because of a feeling "that there shouldn't be state jewels," said they would be returned.

The announcement by Mrs. Reagan's office said the jewels, on loan to her since inaugural festivities 16 months ago, would be sent back after she and the president return from the state visit to Great Britain and Europe next month.

David Waller, senior associate White House counsel, said Reagan has no recollection of meeting Rex Cauble, a 68-year-old Texas millionaire rancher-businessman who gave the president two pairs of boots worth $600 on behalf of himself and the American Footwear Industry Association of Dallas and received presidential thank-you notes.

Waller said he thinks Cauble is a member of a national horse riding club called the Rancheros to which the president belongs.

Since he gave the gift last June, Cauble has been convicted on federal charges of conspiracy, embezzlement and racketeering and sentenced to 10 five-year terms. Prosecutors said Cauble financed and profited from the "Cowboy Mafia," which smuggled 106 tons of marijuana from South America in 1977 and 1978.

LANGUAGE: ENGLISH

The Washington Post

November 1, 1988, Tuesday, Final Edition

SECTION: FINANCIAL; PAGE C3; JERRY KNIGHT

LENGTH: 1137 words

HEADLINE: Nancy Reagan's 'Borrowed' Wardrobe Puts the IRS in an Embarrassing Position

BYLINE: JERRY KNIGHT

BODY: Tax lawyers are mostly men in blue pinstripes, Brooks Brothers types who never venture above the first floor at Saks Fifth Avenue or Neiman-Marcus and couldn't tell a Galanos gown from a gunny sack unless you explained how many hours they'd have to bill to pay for it.

But the Washington tax experts are all atwitter about designer dresses these days, talking about Adolfo and Galanos and other mono-nomenclatured men who sew their names in the back of ladies' dresses.

Especially one lady's dresses. The First Lady.

Nancy Reagan's wardrobe is generating as much discussion as the Christmas tree provisions of the "technical corrections" tax bill, and for the same reason: Those who understand it know there's something wrong.

As Time magazine first reported, Mrs. Reagan has gotten a closet-full of free dresses from fashion designers, dresses with price tags that start at four figures and run up to the price of a Cadillac Coupe De Ville.

The First Lady has secretly "borrowed" \$ 2,000 Adolfo suits and \$ 22,000 Galanos gowns by the dozen despite a warning six years ago by White House lawyers that such wardrobe enhancement had to be disclosed under the Ethics in Government Act. Nancy promised to live by the law, but she kept taking the taffeta and tulle under the table. As press secretary Elain Crispen put it, "She set her own little rule, and she broke her own little rule."

That's not all she broke, according to Washington tax experts, among them tax law professors, a tax textbook author and former Internal Revenue Service commissioners.

Mrs. Reagan broke the law by not reporting the donated dresses as income, the tax experts unanimously agree. Depending on how you value the dresses, she could be guilty of evading taxes on more than $ 1 million worth of taxable income, avoiding paying hundreds of thousands of dollars of federal taxes over half a dozen years.

Whether The First Lady kept the dresses or gave them all back -- as the White House says -- they were taxable income and not gifts, say tax law professors Daniel Posin of The Catholic University of America, Daniel Halperin of Georgetown University and Bernard Wolfman of Harvard University. Former IRS commissioner Sheldon Cohen, a Democrat, says the same thing on the record. One of his Republican counterparts says it off the record and so do other Washington tax lawyers.

"There appears to be no debate among the people I have talked to on the question of whether it's income," said Posin, the author of "Federal Income Taxation of Individuals" published by West Publishing, the nation's preeminent legal publisher.

"I would agree," said Halperin of Georgetown. "The only argument could be that it's a gift," he added, but "under the circumstances, I don't think it meets the general definition of a gift."

The tax lawyers all cite the same case in the U.S. Supreme Court more than 25 years ago as deciding the question of whether Mrs. Reagan's dresses were a gift or taxable income.

An Ohio businessman named Duberstein frequently mentioned business opportunities to a friend in New York and in return the friend gave him a Cadillac. Duberstein had to be talked into taking the car -- he already had another Caddy and an Oldsmobile -- and he never asked or expected payment from the friend and he wasn't about to pay income taxes on a gift.

The car was no gift, the Supreme Court ruled. A gift, the court said, has to be made on the basis of "disinterested and detached generosity" with no benefit to the giver.

The designers who have given their clothing to Mrs. Reagan have made it difficult for her to meet that test. "Nancy was a walking billboard for these designers and they knew it," said one Washington tax lawyer.

"She's been a sensation for my business," Los Angeles designer David Hayes told Time, which reported he had given Mrs. Reagan "60 to 80 expensive made-to-order outfits" in the past eight years. "We think of it as loans," he said.

James Galanos made the same point in an interview with Women's Wear Daily back in 1982 when the designer donations were first disclosed. Makers of mega-dresses are glad to lend them to Mrs. Reagan, he said, "since the designers profit so much from her wearing them."

Even if the dresses were only "loaned" to Mrs. Reagan, it was apparently an interest-free, rent-free loan and that's taxable income, said Wolfman of Harvard. He said the First Lady might be able to argue that the loans didn't have to be reported because the value was so minimal, but that will be a tough case to make.

Time brought in fashion buyers who from photos estimated the value of some 300 of Mrs. Reagan's outfits at between $ 1 million and $ 1.4 million, not counting a $ 480,000 necklace and a pair of $ 800,000 earrings once loaned by Harry Winston, the New York jeweler.

The jewels were no worse for wear, but even a one-night use of a $ 5,000 dress detracts dramatically from its value, especially when it's a tiny size 4 that's been tailored to fit. At Encore, the Cleveland Park consignment shop where wealthy women dispose of their slightly-used Bill Blasses and the like, a good-as-new dress goes for one-third its original price, even if it's been worn only once. The more expensive a dress is, the more it depreciates, an Encore spokeswomen said. "People won't pay more than $ 1,000 for a used dress, no matter what it cost new."

Mrs. Reagan can't claim the dresses were a tax-deductible expense, the tax experts agree, because the IRS and the Tax Court have repeatedly thrown out such claims, insisting that only uniforms are tax deductible business expense.

Even the most generous view of the First Lady's free wardrobe is that it's a case the U.S. Tax Court ought to decide. But to get the issue to court, the IRS must reaudit the Reagans' tax returns going back several years and accuse them of underpaying. That's not unprecedented; the IRS did it to the Nixons after Watergate.

The First Lady's failure to declare what prominent tax experts estimate is potentially hundreds of thousands of dollars of income puts the IRS in an embarrassing position. Under procedures instituted by Republican former IRS commissioner Donald Alexander, the service must audit the returns of the president and vice president every year.

"I sympathize with the IRS people. It's obviously awkward for them," said CU tax professor Posin. "But the fact of the matter is that these dresses -- whether kept or given back -- are income."

The IRS can't very well ignore the disclosures, since it pays hundreds of thousands of dollars a year in rewards to people who turn in tax evaders. Tax tattlers can get up to 10 percent of whatever the government collects in unpaid taxes. They ought to give a couple of Nancy's designer dresses to the people who blew the whistle on the free frocks.

LANGUAGE: ENGLISH

The Toronto Star

March 29, 1992, Sunday, SUNDAY EDITION

SECTION: NEWS; Pg. A1/ FRONT

LENGTH: 1812 words

HEADLINE: You think our tax collector is tough? Try Uncle Sam

BYLINE: BY JOHN PICTON TORONTO STAR

DATELINE: WASHINGTON

BODY: They once stopped a mourner in a funeral procession so they could seize his car.

They have more accountants and lawyers on staff - all experts in firearms - than any other organization in the world.

There are day-care centres in their cavernous buildings, decorated with hearts and cows and piglets, to keep employees happy.

In a recruitment poster, they use a photo of Al Capone, the late gangster who was jailed for tax evasion, proving that "sometimes only the accountant can apprehend the criminal."

And they play no favorites, recently nailing former president Ronald Reagan and his wife Nancy for an estimated $ 1 million in back taxes for free dresses, jewelry and furs the former first lady accepted when they lived at the White House.

They are the agents of the U.S. Internal Revenue Service, the toughest - "and best," they insist - tax collectors in the world, just gearing up at their busiest time of the year.

If, at this time when Canadians have to dig deep into their pockets to pay income taxes, you think it's tough here, be thankful you don't have to deal with the aggressive U.S. tax collectors.

There are IRS people advising governments in Africa, Asia, Europe and the Caribbean.

It has teams working in Poland, Indonesia and Senegal.

Even now, there are IRS experts giving seminars across Canada on U.S. tax law for U.S. citizens living here, and firms based here, who have business dealings in the United States.

And, recently, U.S. legal experts were able to force Canadian lotteries to cough up the names of U.S. winners, none of whom had declared winnings to Uncle Sam, thus avoiding tax.

"There's 100 per cent non-compliance now by U.S. winners," says Joe Hook, the chief IRS person in Ottawa.

"I know of one U.S. person who hit a $ 6 million win and didn't pay tax on it.

"Her name was in the paper, and we found out through U.S. sources."

She's paid tax since - $ 1 million.

The 120,000 people who collect more than a trillion dollars a year in taxes - at a cost of 52 cents for every $ 100 collected - are arguably the most powerful branch of the U.S. government.

They are feared, even loathed, by taxpayers who've accused them of being ruthless bullies who practise dirty tricks and intimidation in tracking down offenders.

In turn, IRS people point to the words of the late judge Oliver Wendell Holmes chiselled into the stonework atop the entrance to their headquarters on Constitution Avenue: "Taxes are what we pay for a civilized society."

Of course, there are people who don't agree with that.

Two years ago, suspicious about the number of children being claimed on tax returns, the IRS talked Congress into changing the law so that parents had to give the social security number for each dependent.

The next year, more than 7 million children disappeared from the rolls - "because they didn't exist," says an IRS official.

If that was a smart move, there are glitches that send taxpayers reeling.

According to Money magazine, one of those glitches concerned farmers Katharine and Eugene Swan of Athens, Me.

After filing their 1988 tax returns, they were told by the IRS that they still owed $ 29,907.55 in taxes, penalties and interest on undeclared dividends.

The Swans fought the case, insisting they didn't owe a cent.

Subsequently, the IRS inexplicably sent them a cheque for $ 3,562.06, telling them to return it so that it could be credited against their 1990 tax return.

In another story cited by the U.S. National Taxpayers Union, Thomas Treadway of Pipersville, Pa., has claimed his garbage management business was "destroyed" by the IRS.

In testimony before the Senate finance committee, he said the IRS presented him with a tax assessment of $ 247,000, "stripped me of everything," and seized $ 22,000 from his girlfriend's bank account to cover his alleged tax liability, although she owed no taxes at all.

Later, the entire assessment was thrown out on appeal as being "unreasonable," but only after Treadway and his girlfriend had spent more than $ 75,000 in legal and accounting fees.

The IRS agent who handled the case was given a promotion and a raise.

Such overzealous demands have tarnished the IRS image for years as agents go in search of an estimated $ 100 billion a year in uncollected taxes on money generated by the underground economy.

(They do recover $ 20 billion a year from unreported income).

Senator David Pryor says legislators are aware of abuses, but many of them are afraid to do anything about them in case they are "flagged" for an IRS audit.

And IRS managers anxious to look good to their superiors are reported to pressure agents to increase the number of property seizures, levies and liens on taxpayers.

A district manager in Los Angeles had a sign on his door that read: "Seizure Fever - Catch It."

A manager in Baltimore, Md., sent his staff a memo in which he warned: "The revenue officers that are performing above a satisfactory level will be rewarded, and the ones that are not will be documented with corrective action taken."

Another memo told IRS officers that "your mid-year evaluations will be prepared in approximately one and one-half months . . . You will be evaluated on your accomplishments, or lack of accomplishments. Need I say more?"

In testimony before a congressional subcommittee, a retired revenue officer said his former office in Las Vegas was considered to have the lowest "production" in the western region.

His boss summoned his staff and said that "his job was on the line unless the stats improved significantly."

The retired officer continued: "He said that we had to improve production.

"He said that if he was removed because of low production and low seizure activity, he was going to take a lot of people with him."

One IRS official in Philadelphia would boast about the time he told a delinquent mother who had no income and no means of payment: "If you don't pay your taxes, then bring your kids in and we'll sell them for you."

And there was the case of Alex Council, the case that rocked the nation.

His wife, Kay, arrived home from a bingo game on a summer's night in 1988 to find all the lights on and a chilling note from her husband on the kitchen table.

It read: "My dearest Kay: I have taken my life in order to provide capital for you.

"The IRS and its liens which have been taken against our property illegally by a runaway agency of our government have dried up all sources of credit for us.

"So I have made the only decision I can. It's purely a business decision. I hope you can understand that.

"I love you completely. Alex."

And there was an anguished PS: "You will find my body on the lot on the north side of the house."

Alex had shot himself in the head.

And there was the case of the mother of three children who says she was 27 weeks pregnant when a group of plainclothes people jumped on her husband in front of their house, knocked him down and handcuffed him.

Then one of them identified himself as a U.S. marshal - who had no arrest warrant and who said he'd planned to make the arrest by himself but that the IRS agents with him had insisted on being deputized and taken along.

Eight days later, despite a pregnancy that "was going perfectly," the mother gave birth prematurely to twins, one of whom died, while the other "has suffered physical problems."

The mother has quoted a former IRS agent as saying one of the officers at the raid was promoted soon afterward as a reward for using "fear tactics."

But if the IRS has taken its knocks, it's also had staggering successes.

High-profile Leona Helmsley, the so-called Queen of Mean, was convicted of tax fraud in running the 21-hotel chain she owned with husband Harry.

Spiro Agnew resigned as U.S. vice-president and pleaded no contest when the IRS went after him for evading $ 13,551 of federal income taxes on $ 29,500 of unreported income in 1967.

The Reagans had hardly moved out of the White House when curious IRS agents started inquiring about the goodies Nancy had accepted from some of America's top fashion designers when Ronnie was president.

They decided the freebies clearly could be classified as taxable income.

Poring over hundreds of photos of the former first lady at functions during the Reagan years, agents compiled evidence of a lavish wardrobe for which, according to The New Republic magazine, designers said she hadn't paid.

It's been estimated the Reagans were given a tax bill for at least $ 960,243 in back taxes and interest, more if a negligence penalty was levied.

The IRS also has had notable successes in its constant search for money launderers.

(It's estimated there are 80 launderers in Houston, Tex., alone, illegal wire-transfer businesses known as "giros." People wanting to hide money from the government also use grocery and liquor stores and cheque-cashing businesses for hiding dirty money).

One recent case involved Canada.

The U.S. Food and Drug Administration discovered an underground firm in San Jose, Calif., was manufacturing fake steroids out of vitamin tablets, sesame oil, water with artificial sweetener and diluted milk of magnesia, and selling them across the continent.

The IRS was called in when it was discovered the makers were using mail drops, aliases and money orders through a fake mortgage company to hide the money.

Agents pounced and seized a shipment worth $ 250,000 as it was leaving Buffalo for Canada.

In 1986, the Bank of America - the second largest bank in the United States - became the 11th bank fined by the government as part of an official crackdown on money laundering by organized crime.

The government said the bank, based in San Francisco, had committed more than 17,000 violations of the Bank Secrecy Act, which requires banks to report all cash transactions larger than $ 10,000.

The fine: a whopping $ 4.75 million.

Inar Morics, assistant IRS commissioner for criminal investigation, says the IRS's 3,000 agents and their 1,500 support staff have "unique skills."

"You get a feel for something being wrong with figures," he says.

In a 23-week course, they train with members of the FBI, the Secret Service, the treasury department's crack alcohol, tobacco and firearms branch, and U.S. customs agents.

Looking lithe as he relaxes in his spacious office, he says his agents are given physical education, taught arrest techniques and the laws of evidence, and are given specialized training in tracing hidden money through brokers and banks.

And they're taught how to use the special IRS laboratory in Chicago that's used for analyzing handwriting, inks and paper.

They use informants and disguises, and often get called in to protect agents sent out to seize property.

"After all, we deal with some very nasty people," he says.

GRAPHIC: 4 photos: Leona Helmsley

Spiro Agnew

Nancy Reagan

IRS poster

LANGUAGE: ENGLISH

The Washington Post

February 20, 1983, Sunday, Final Edition

SECTION: First Section; Haynes Johnson; A3

LENGTH: 1208 words

HEADLINE: Gates There Is, Too, a Way To Foil Sinister Forces In EPA Parking Lot

BYLINE: Haynes Johnson

BODY: The following item, published Wednesday on Page A15, three-fourths of the way down the page in The Washington Post's "Around the Nation" column, under the heading "Addenda," is herewith reprinted in its entirety:

Frank Wills, the security guard who discovered the Watergate break-in almost 11 years ago, was given a one-year prison term in Augusta, Ga., for shoplifting $17 tennis shoes.

This is not going to be another exercise in wallowing in Watergate, although that briefest of news items prompts thoughts about how justice sometimes works for the most, and the least, powerful of our citizens. It leads one to wonder if Richard M. Nixon ever settled that $148,000 sum in back taxes?

In his last year in office, the Internal Revenue Service found Nixon obligated to pay about $280,000 in taxes owed for 1970, 1971 and 1972. The agency also said he should have paid $148,000 for 1969, although the statute of limitations had run out for that year and he thus was no longer legally liable. Nonetheless, he promised to pay the full amount of $432,787.13, which included penalties, for all those years.

On April 17, 1974, fewer than four months before his forced resignation, he paid the $280,000 by check. But as far as this reporter can determine, after checks with congressional sources familiar with the case and with the IRS, there is no public record to show he repaid the promised $148,000 for 1969.

All of which adds a certain perspective to Frank Wills' problems, and one more footnote to Watergate. But there's another reason why the surfacing of Wills' name now seems ironic for, like it or not, the shades of Watergate are being evoked again in Washington.

It was inevitable, the nature of news being what it is and the collective memories of Washington being what they are, that discovery of two paper shredders in the Environmental Protection Agency offices that are the source of intense controversy between White House and Congress would cause the present situation to be called, by some, "Shreddergate."

They turned up only after EPA's boss, Anne M. Gorsuch, had become the first Cabinet officer cited for contempt of Congress for withholding "sensitive" documents from those offices under that familiar doctrine of "executive privilege." And they were installed, and operated, at a time when other familiar-sounding charges were being leveled--of cover-ups, obstruction of justice and stonewalling by the Reagan administration on turning over subpoenaed documents, logs and even, it appears, tapes.

It is a pleasure to report that, appearances notwithstanding, all of this can be explained easily. Through the courtesy of the House Public Works and Transportation Committee, whose investigations subcommittee issued the subpoena that led to the historic contempt of Congress vote against Gorsuch in December, three internal EPA documents clarify everything.

They were drafted in a 24-hour period when existence of the shredders became public knowledge little more than a week ago. Reading them, you'll see how innocent the whole affair really is. You'll also have a clearer picture of the sort of mentality guiding EPA these days. And you'll be reassured to see the crisp manner in which Gorsuch's agency performs under pressure.

The documents are reprinted here, in abbreviated form, but exactly as written, as a public service in an attempt to lay this unfortunate matter to rest.

First came a memo from William N. Hedeman Jr., director of EPA's Office of Emergency and Remedial Response (OERR), to Michael A. Brown, acting assistant administrator:Feb. 10: MEMORANDUM Subject: Paper Shredder Use Within OERR

. . . The unit was intially located in Room S385C and later just outside that office in an unlocked secretarial bay. The unit was not kept in a locked area. During normal office hours, users of the unit could be observed by management and administrative staff, which tended to control its use. No controls were instituted for off-duty hours, and no records were kept on its use.

The primary custodian of the shredder was a senior agency employe who is very familiar with proper custody of confidential documents and informally monitored use to reduce the likelihood that indiscriminate or improper use could occur.

Although records do not exist that describe the specific documents shredded, the use was essentially limited to obsolete forms and data sheets used in developing the National Priority List (NPL) and obsolete proprietary contract proposals . . . .

Next, amid the flurry in the press about disclosure of EPA shredders, came the following document, from a "Bob W. :"2/10 6:40 p.m. Shredder Update

The EPA's Inspector General's Office originally requested the shredders. They wanted two . . . . Four machines were delivered. The IG's Office told Procurement about their mistake and sought assistance in finding another agency office with a need who could take and pay for the extra machines. When OERR was approached by Procurement, OERR recognized the usefulness of the machines for destroying losing bids on their multimillion-dollar support contract. OERR's admin. officer thought OWPE might also have a need, and persuaded OWPE of this need.

I believe my discussion with J. Yamada will result in the appropriate investigation in OLEC to confirm the continued presence of the "witheld" sic documents. Without a log or any security on the machines, I doubt we can establish that no documents requested but not yet evaluated for sensitivity were destroyed by shredder. (of course we probably can't prove any were destroyed by any other means).

On the other hand, we have no evidence or knowledge that anyone was ever instructed to do this and we can establish that the machines weren't sought out by OWPE and OERR. We could interview staff about whether they overheard or observed anyone destroying documents which should have been retained, but with free access to the machines I'm not sure that proves much since the volume of documents covered in the various requests would make that kind of observation pretty difficult . . . .

Finally, from Gene A. Lucero, director of EPA's Office of Waste Progams Enforcement (OWPE):Feb. 11: SUBJECT: Paper Shredder

. . . When the paper shredder was offered to us, we decided to accept it since it would be the most secure way of discarding unnecessary documents. In addition, it would be a more secure way of discarding duplicate copies of enforcement confidential or enforcement sensitive materials in the future. Past experience has shown that the agency's trash removal process did not guarantee that documents would not be spilled in hallways or found blowing around the parking lot near the dumpster . . . .

There you have it, the mystery finally resolved.

Obviously, they needed those shredders. Had they not obtained them, the whole confidential file would have been blown for sure by those sinister forces operating in EPA's parking lot around the dumpster.

Whew! When you think of what might have been, it gives you chills.

So you can rest easier and put Shreddergate behind you. And, oh yes, while we're on the subject, Mr. President, how about a full pardon for Frank Wills? There are precedents, you know.

LANGUAGE: ENGLISH

THE PRESIDENT HAS SEEN
4-11-94

2236

THE WHITE HOUSE

WASHINGTON

April 6, 1994

94 APR 6 P6: 19

ACTION

MEMORANDUM ~~FOR THE PRESIDENT~~

FROM: ANTHONY LAKE
SUSAN BROPHY

SUBJECT: Reply to Letter from Senator Dole

Purpose

To reply to a letter from Senator Bob Dole co-signed by three other Senators.

Background

They wrote urging the Administration to turn its immediate attention to the situation in Kosovo, where repression and human rights violations by Serbian authorities against the majority Albanian population continue unchecked. In your reply, you state that the Administration continues to monitor the situation in Kosovo closely and maintains a dialogue with responsible Kosovar leadership.

RECOMMENDATION

That you sign the letters at Tab A.

Attachments
Tab A Letters to Senators Dole, D'Amato, Levin and Lieberman
Tab B Incoming correspondence

Tony - see me on this B

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Mr. Leader:

Thank you for your letter regarding the situation in Kosovo. I share your concern that we remain vigilant regarding Serbian actions with respect to human rights for Kosovar citizens.

We continue to monitor the situation in Kosovo and maintain an ongoing dialogue with responsible Kosovar leadership. While we have made clear to Belgrade our views regarding the treatment of minorities in the Federal Republic of Yugoslavia (FRY), we believe it is also imperative that radical elements within FRY minorities not foment unrest that leads to wider violence. Further, we believe that Belgrade should not expect to find full relief from sanctions or other economic pressures without demonstrating compliance with fundamental CSCE norms and principles.

I welcome your continued interest in this issue. Thank you again for writing.

Sincerely,

Bill Clinton

The Honorable Robert Dole
Republican Leader
United States Senate
Washington, D.C. 20510

BOB DOLE
KANSAS

2236

United States Senate

OFFICE OF THE REPUBLICAN LEADER
WASHINGTON, DC 20510-7020

March 23, 1994

The President
The White House
Washington, D.C.

Dear Mr. President:

We are writing to urge that your administration turn its immediate attention to the situation in Kosova, where repression and human rights violations by Serbian authorities against the majority Albanian population continue unchecked. The U.N. Human Rights Commission recently passed a resolution strongly condemning the continued human rights violations by Serbian authorities against the Albanians in Kosova. Yet, Kosova has remained on the international community's back burner.

In 1992, at the London Conference, the international community committed to a comprehensive approach to the crisis in the former Yugoslavia, and began negotiations which included representatives of the all of the former republics and provinces, including Kosova. However, the comprehensive response to Serbian aggression was quickly abandoned in favor of a piece-meal approach which produced few, if any, results. Indeed, it was not until the United States took the lead within NATO last month, that we began to see progress in moving toward peace in Bosnia.

We commend and welcome U.S. leadership in NATO and in forging an agreement between the Bosnian and Croatian governments, and we believe that such U.S. initiative should be extended to the question of Kosova. Specifically, we would recommend that a special U.S. envoy be assigned to oversee U.S. policy toward Kosova, with the immediate task of coordinating with U.N., C.S.C.E., and European officials in an effort to reestablish an international monitoring presence in Kosova. We would also urge that the U.S. increase its presence in Pristina, Kosova. It is our understanding that at present, U.S. Embassy staff from Belgrade travel to Pristina only once or twice a month.

Finally, we are seriously concerned about reports that the administration is considering lifting sanctions against Serbia, not only before Bosnian Serbs have complied with the terms of a settlement, but before civil and human rights are instituted in Kosova. As with the case of Bosnia, sanctions are the only real leverage against the Milosevic regime on the issue of Kosova. In the past, the Senate has taken a position in favor of linking sanctions not only to Serbian aggression against Bosnia and Croatia, but also to the Belgrade regime's systematic abuse of human rights in Kosova.

Mr. President, a key objective of your policy has been to contain the conflict in the former Yugoslavia. This objective cannot be accomplished if the issue of Kosova is not addressed.

Sincerely,

Bob Dole

Alfonse D'Amato

Carl Levin

2385

THE PRESIDENT HAS SEEN
4-11 94

THE WHITE HOUSE

WASHINGTON

April 9, 1994

94 APR 9 P2:20

He's been on
my [illegible]-[illegible]
to keep him

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Letter to President Ramos

Purpose

To reply to President Ramos' letter urging an extension of the U.S. Generalized System of Preferences (GSP) program.

Background

The Philippines enjoys duty-free access to the U.S. market on a wide range of products as a participant in the GSP program. The program is scheduled to expire this year and we are in the process of developing an Administration position on renewal of the program. We likely will recommend renewal of the program with only minor modifications.

Your reply to Ramos confirms our willingness to maintain an open U.S. market, acknowledges the importance of GSP to developing countries and promises to take his points into consideration as we develop our position on GSP renewal.

RECOMMENDATION

That you sign the letter at Tab A.

Attachments
Tab A Letter to Ramos
Tab B Incoming Correspondence

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Eddie:

Thank you for your letter concerning renewal of the U.S. Generalized System of Preferences (GSP) program. I appreciate the importance of continued access to the U.S. market for your export industries.

I am committed to maintaining open markets, here and abroad, and I value your willingness to support this effort through the Philippines contribution to the Uruguay Round and participation in APEC. As we evaluate whether the U.S. GSP program should be renewed, I will keep in mind your desire to promote market-oriented trade policies in the Philippines.

As I said to you on Blake Island, we need to work more closely to promote U.S. business interests in the Philippines. Your ideas on ways to accomplish this goal are welcome and I look forward to further discussions with you over the coming months.

Sincerely,

Bill

His Excellency
Fidel Ramos
President of the Republic
of the Philippines
Manila

2385

MALACAÑAN PALACE
MANILA

March 8, 1994

Dear Bill -

First of all, accept my warm CONGRATULATIONS for your successful quarterbacking of the Uruguay Round negotiations. Coming right after NAFTA and APEC, you have scored a grand slam. Your leadership was instrumental in bringing about much needed changes in the multilateral trading system which will govern our economic relations from now on. The successful termination of UR/GATT open many opportunities for countries like the Philippines, and although new problems related to more intense competition are emerging, I believe we can cope.

As our principal trading partner, the United States plays a singular dominant and helpful role in ensuring the sustainable growth of the Philippines. In this regard, the U.S. Generalized System of Preferences (GSP) has substantially helped us develop our export capability. The GSP was conceived to encourage developing countries to expand their manufactured exports by providing preferential tariff to offset the advantage enjoyed by developed country suppliers.

Your government is currently in the process of deliberating upon the extension of your GSP program. I trust you likewise find it an effective tool towards enhancing self-reliance since it would complement the new approach to foreign assistance that you have introduced which we, in turn, agree with ("trade-not-aid").

In our recent meetings - in Seattle and Washington - I put forward the idea that the basing of American companies' operations in the Philippines would allow them improved access to the markets of the region and serve to enhance U.S. exports of goods and services. Companies such as Timex, Motorola, United Technologies, Intel and Texas Instruments have gone head-to-head with their competitors and come away with significant market shares.

Other industrialized nations, Japan and the European Union, have already extended their respective GSP programs.

I would be grateful for your favorable and generous consideration of the aforementioned points and reiterate the Philippines' desire to remain a constructive partner of the United States in these and all other matters that would help assure a stable, secure and progressive Asia-Pacific community

With best wishes.

His Excellency
William Clinton
President
Washington D.C., U.S.A.

THE PRESIDENT HAS SEEN
4-11-94

THE WHITE HOUSE

WASHINGTON

March 22, 1994

94 MAR 22 P1:12

RECOMMENDED TELEPHONE CALL

TO:	Steven Spielberg
DATE:	March 22, 1994
RECOMMENDED BY:	Tom Epstein and Joan Baggett
PURPOSE:	Congratulate him on his Academy Award victories
BACKGROUND:	Spielberg finally earned his first Oscar as best director for *Schindler's List*, which also won six other awards including Best Picture. Spielberg's *Jurassic Park* also won three Oscars, giving his films ten awards for the night. The President attended the world premiere of *Schindler's List* in Washington. Spielberg is a DNC trustee.
DISCUSSION TOPICS:	Congratulate him for the numerous awards. Compliment his moving acceptance speech. Ask what else is on his mind.
CONTACT PERSON & PHONE NUMBER:	Bonnie Curtis 818/777-4600
SUBMISSION DATE:	March 22, 1994
ACTION:	

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
4-11-94

April 8, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: KATIE MCGINTY Matt Gute for

CC: THOMAS MCLARTY

SUBJECT: OEP WEEKLY REPORT

Superfund

On April 6, OEP hosted meetings with state and local government representatives and the environmental justice community in an effort to communicate the Administration's commitment to Superfund reform. OEP emphasized the need for stakeholders to work with the Administration and each other to reach consensus on issues. Additionally, the active engagement of Congressmen Swift, Senator Lautenberg, and other members of Congress is required to achieve Superfund reauthorization this session. OEP will host a similar meeting with environmental groups next week.

Forest Plan

OEP submitted for your approval the final forest plan for the Pacific northwest which was completed this week and agreed to by the Secretaries of Agriculture and Interior. If given your approval, we anticipate filing the final plan with the court next Thursday pursuant to the court-imposed schedule. We will also be conducting extensive public briefings in three cities (Portland, Seattle and Washington, D.C.) to describe the elements of the final plan.

Gary

Also, last week announced $10 million in additional economic assistance grants on the one year anniversary of the forest conference. Senator Murray, Congressman Dicks, Oregon Senate President Bill Bradbury, and Governor Roberts staff joined in the announcements in Portland and Seattle. These events turned around some negative industry oriented stories and provided balance to others.

Population Conference

The Preparatory Committee for the International Conference on Population and Development opened its third and final session this week at the UN in New York. Delegations from about 180 nations and representatives from approximately 400 non-governmental organizations are participating. The will engage in negotiating final language for an Action Program to be approved at the Conference in Cairo this September. Counselor Tim Wirth delivered an opening statement for the United States on Tuesday, as did the representative of the Holy See, and negotiations on the text began in earnest on Thursday.

Need to Discuss

During this early phase of the negotiations, our delegation seems optimistic that they will make progress in many areas and that there will be few contentious issues. The negotiations on actual textual proposals, however, will continue over the next two weeks, and we will keep you apprised of how negotiations proceed, particularly on the question of abortion.

Salmon

In response to a court decision finding the government's 1993 action under the Endangered Species Act governing the operations of the Columbia and Snake River hydropower systems illegal, OEP worked with the involved Federal agencies to develop a consensus position on responding to the court. Last Friday, the Justice Department, in conjunction with the states of Idaho, Oregon, and other plaintiffs in the litigation, agreed to a three month period of joint state/Federal/tribal review. The review will cover the technical and policy issues associated with the development of a workable plan striving to avoid actions that will jeopardize the listed salmon stocks in those river systems.

agm

The stakes involved in the general issue are very significant and will require close and substantial attention over the next months.

Car Talk Advisory Committee

Under the Climate Change Action Plan, the interagency Personal Transportation Task Force, co-chaired by OEP, NEC and OSTP, is proceeding with its responsibility to develop measures to reduce significantly greenhouse gas emissions from personal motor vehicles. Next week the Task Force Steering Committee will announce the chartering of a Federal Advisory Committee that will represent major interested parties for the purpose of making recommendations regarding such measures.

DIRECTOR'S MEETINGS LAST WEEK

4/5 Meeting with L.A. Times to discuss Administration's relationship with environmental organizations.

4/5 Attend Regulatory Working Group Meeting chaired by the Vice President.

4/6 Host series of Superfund meetings

4/6 Meeting with representatives from USAID Brazil and scientist from Woods Hole Research Center to discuss Latin American environmental issues.

4/6 Meeting with the new German Counselor for Science & Technology.

4/7 Meeting with DOI to discuss California Desert Protection.

4/7 Meeting with DOI, OMB and OEP to discuss Forest Plan implementation.

4/8 Meeting with DOE to discuss Climate Challenge.

4/8 Meeting with the new president of the Wilderness Society.

4/8 Co-chair Gore-Chernomyrdin Principals Meeting.

NEXT WEEK

4/11 Attend NEC Deputies Meeting on gas & oil incentives.

4/11 Co-chair federal facilities working group.

4/12 Meeting with Russian Environment Minister Danilov-Danilyan.

4/12 Meeting with John Sebastian to discuss "Little Green" project.

4/12 Meeting with Senate Environment & Public Works staff to discuss Clean Water strategy.

4/13 Meeting with the American Water Works Association to discuss Safe Drinking Water.

4/13 Lunch with the Vice President, Maurice Strong of Ontario Hydro and Stephan Schmidheiny of the Business Council for Sustainable Development.

4/14 Meeting with director of GLOBE USA to discuss upcoming projects.

4/14 Speak to DOC's bi-weekly communications meeting to discuss Earth Day.
4/14 Co-host dinner for Alexi Yablokov, former environmental advisor to Yeltsin.

4/15 Chair two briefings on Capitol Hill for Members of Congress and their staffs on the Vice President's GLOBE program.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
4. 11. 94

April 11, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: Ricki Seidman

SUBJECT: YOUR SCHEDULE THIS WEEK

Your primary focus for the week is doing the people's business in Washington, moving forward your legislative agenda, particularly the crime bill. You and Congress return to Washington after two weeks away.

Highlights:

Monday, April 11 (CRIME)

* You meet with your national security team (pool spray at beginning of meeting)

* You will call into a meeting that Secretary Cisneros is having in Chicago to discuss housing project "sweeps"

* You meet with advisors on Supreme Court vacancy (closed)

* YOU APPEAR AT A JUSTICE DEPARTMENT RALLY MARKING THE END OF THE ATTORNEY GENERAL'S 5 DAY BARNSTORMING TOUR FOR CRIME BILL THAT WILL BE ATTENDED BY 300 COPS AND INCLUDE NEW COPS FROM ALBANY, GEORGIA WHOSE POSITIONS WERE CREATED THROUGH OUR COMMUNITY POLICING GRANT

* Lunch with the Vice President

* Speech prep for Radio T.V. Correspondents Dinner tomorrow night and American Society of Newspaper Editors speech on Wednesday

THE WHITE HOUSE

WASHINGTON

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* Lunch with the Vice President

* Speech prep for Radio T.V. Correspondents Dinner tomorrow night and American Society of Newspaper Editors speech on Wednesday

Thursday, April 14 (CRIME)

* YOU WILL SPEAK TO A WHITE HOUSE RALLY ON THE SOUTH LAWN OF MAYORS, POLICE CHIEFS, AND COMMUNITY LEADERS WHO ARE GOING TO LOBBY THE HILL TO PASS THE CRIME BILL, HIGHLIGHTING POLICE HEROES FROM EVERY STATE AND TARGETED DISTRICTS

* (TENTATIVE) You will attend a lunch on the Hill that celebrates the 25th Anniversary of Bob Dole's first speech on the Senate floor which dealt with the broad sweep of disability issues

* You will announce the Presidential Design Awards at a ceremony also attended by the First Lady

Friday, April 15

Showing
Econ EITC
Small business
venture cap gain.

* Communications and the NEC are developing an event to highlight the economic recovery, sending the message on tax day contradicting the predictions of your critics who said that your economic plan would slow the economy. I have mixed feelings about this event because I think the news of the day, no matter what you do, short of appointing a new Supreme Court justice, is just going to be 20 seconds in the middle of the tax day story showing people in line at the Post Office, etc. I will consult with you before this event is finalized.

* You will do a round of media on health care, either health care regional media or a roundtable with health reporters from major papers

* (TENTATIVE) You will satellite to the Family Physicians convention in Kansas City. This organization is one of the strongest supporting groups for your health care plan

* You will host a reception for the American Society of Newspaper Editors

Saturday, April 16

* Radio Address

Lets Dance

* Senate Retreat at King's Mill Dinner Address. You are currently scheduled to travel there after the radio address and spend the day playing golf. There have been a number of new advocates for you to drop into the 30th Anniversary of the Mustang Convention, which is in North Carolina. They include Tony Coelho and Susan Thomases. We are currently investigating what our options would be, but it may be impractical or logistically not feasible for you to go. Please let me know if this is something you're very interested in.

Order and Liberty, East and West

By Fareed Zakaria

The debate over the sentencing of Michael Fay, the Ohio teen-ager who vandalized cars in Singapore and faces six lashes with a rattan pole, illustrates the enduring tension between order and liberty in all societies. Singapore is probably the safest city in the world, although at the expense of many individual rights.

Singapore is the lengthened shadow of Lee Kuan Yew, who ruled as Prime Minister for 31 years. He took the country from poverty to plenty in one generation (its per capita gross national product is higher than that of its erstwhile colonizer, England). Upon leaving office in 1990, he took the title of Senior Minister and remains enormously influential. He has also embarked on a career of sorts as a pundit, speaking his mind with impolitic frankness. In January, I interviewed him.

Q. Do you view the United States as a model for other countries?

A. I find attractive and unattractive features. I like the free, easy and open relations between people regardless of social status, ethnicity or religion. And the things I have always admired about America: the openness in argument about what is good or bad for society; the accountability of public officials, and the lack of secrecy and terror that are part and parcel of Communist government.

A lecture on values from the man who made Singapore.

But as a total system, I find parts of it totally unacceptable: guns, drugs, violent crime, vagrancy, unbecoming behavior in public — in sum, the breakdown of civil society. The expansion of the right of the individual to behave or misbehave as he pleases has come at the expense of orderly society. In the East, the main object is to have a well-ordered society so that everybody can have maximum enjoyment of his freedoms. This freedom can only exist in an ordered state and not in a natural state of contention and anarchy.

Let me give you an example that encapsulates the whole difference between America and Singapore. America has a vicious drug problem. How does it solve it? It goes around the world helping other antinarcotic agencies to try and stop the suppliers. It pays for helicopters, defoliating agents and so on. And when it is provoked, it captures the President of Panama and brings him to trial in Florida.

Singapore does not have that option. We can't go to Burma and capture warlords. What we can do is pass a law which says that any customs officer or policeman who sees anybody in Singapore behaving suspiciously, leading him to suspect the person is under the influence of drugs, can require that person to have his urine tested. If the sample is found to contain drugs, the man immediately goes for treatment. In America, if you did that it would be an invasion of the individual's rights and you would be sued.

I was interested to read that Colin Powell, when he was Chairman of the Joint Chiefs of Staff, said the U.S. military followed our approach because when a recruit signs up he agrees to be tested. Now, I would have thought this kind of approach would be quite an effective way to deal with the terrible drug problem you have. But the idea of the inviolability of the individual has been turned into dogma. And yet nobody minds when the Army captures the president of another state and puts him in jail. I find that incomprehensible. This approach will not solve America's drug problem. Whereas with Singapore's way, we may not solve it, but we will lessen it considerably, as we have done.

Q. Would it be fair to say that you admired America more 25 years ago? What, in your view, went wrong?

A. Yes, things have changed. I would hazard a guess that it has a lot to do with the erosion of the moral underpinnings of a society and the diminution of personal responsibility. The liberal, intellectual tradition that developed after World War II claimed that human beings had arrived at this perfect state where everybody would be better off if they were allowed to do their own thing and flourish. It has not worked out and I doubt that it will. Certain basics about human nature do not change.

Man needs a certain moral sense of right and wrong. There is such a thing called evil, and it is not the result of being a victim of society. You are just an evil man, prone to do evil things, and you have to be stopped from doing them. Westerners have abandoned an ethical basis for society, believing that all problems are solvable by a good government, which we in the East never believed possible.

Q. Is such a fundamental shift in culture irreversible?

A. No, it is a swing of the pendulum. I think it will swing back. I don't know how long it will take, but there's already a backlash in America against failed social policies that have resulted in people urinating in public, in aggressive begging in the streets, in social breakdown.

Q. You say that your real concern is that this system not be foisted on other societies because it will not work there. Is there another viable model for political and economic development? Is there an "Asian model"?

A. I don't think there is an Asian model as such. But Asian societies are unlike Western ones. The fundamental difference between Western concepts of society and government and East Asian concepts is that Eastern societies believe that the individual exists in the context of his family. He is not pristine and separate. The family is part of the extended family, and then friends and the wider society. The ruler or the government does not try to provide for a person what the family best provides.

In the West, especially after World War II, the governments came to be seen as so successful that they could fulfill all the obligations that in less modern societies are fulfilled by the family. This approach encouraged alternative families, single mothers for instance, believing that government could provide the support to make up for the absent father.

This is a bold, Huxleyan view of life but one from which I as an East Asian shy away. I would be afraid to experiment with it. I'm not sure what the consequences are, and I don't like the consequences that I see in the West. You will find this view widely shared in East Asia.

It's not that we don't have single mothers here. We are also caught in the same social problems of change when we educate our women and they become independent financially and no longer need to put up with unhappy marriages. But there is grave disquiet when we break away from tested norms, and the tested norm is the family unit. It is the building brick of society.

Governments will come, governments will go, but this endures. We start with self-reliance. In the West today it is the opposite. The government says give me a popular mandate and I will solve all society's problems.

Q. What would you do instead to address America's problems?

A. What would I do if I were an American? First, you must have order in society. Guns, drugs and violent crime all go together, threatening social order. Then the schools — when you have violence in schools, you are not going to have education, so you've got to put that right. Then you have to educate rigorously and train a whole generation of skilled, intelligent, knowledgeable people who can be productive.

Lawrence Carroll

I would start off with basics, working on the individual, looking at him within the context of his family, his friends, his society. But the Westerner says: "I'll fix things at the top. One magic formula, one grand plan. I will wave a wand and everything will work out." It's an interesting theory but not a proven method. □

Fareed Zakaria is managing editor of Foreign Affairs. This is adapted from a longer article in the current issue of the magazine.

THE PRESIDENT HAS SEEN
4-11-94

THE NEW YORK TIMES, MONDAY, APRIL 11,

27

Gearan

THE PRESIDENT HAS SEEN
4-11-94

Richard Harwood

Silent Convention

The novelist Arthur Hailey, if he has not already, would find grand material in the annual gatherings of our great professional, trade, religious and fraternal organizations—lawyers, doctors, educators, labor unions, legionnaires, Elks, Shriners and so on. There are huge, blank canvas here awaiting painters.

The personalities and logistics of these rituals would stimulate the imagination of us all. Municipal convention centers, hotels, banquet halls, restaurants, transportation facilities and night clubs are overrun. Platoons of policemen are mobilized. Bartenders are overworked. It is a seller's market for roast beef and chicken suppliers, street vendors, souvenir shops and characters from the demimonde.

The title of that Hailey novel is obvious: "Convention." I doubt, however, that its subject would be the American Society of Newspaper Editors, which convenes here this week. It is a tiny assemblage as these things go—600 or 700 journalists and half as many spouses. Somewhat ironically, because of the occupation of the conventioneers, they rarely make news. A president or a diplomat occasionally delivers a speech that merits a headline. Otherwise, the proceedings make few cameras roll.

That is too bad. The press, we learn from childhood and are reminded throughout our lives, is one of the "cornerstones of democracy," society's inspector general on whom, it is said, hangs the fate of those who govern and the communities we inhabit.

Large issues of communication often are debated here. How do we talk to one another in a multicultural society? What is the proper relationship between the press, politicians and the myriad classes and interest groups that comprise America? What, if any, ethical or professional standards do journalists owe themselves and their publics? Are we entertainers, contemporary historians, educators, social workers, preachers or some combination of these? What roles are we qualified to play? Do we act on principles or blow with the winds of commercial and competitive considerations? Is the journalist's purpose "self-realization," money and fame or something larger? What, in short, are we doing and why? This is the stuff of late-night conversation in college dorms, but it is also stuff that is encountered daily in newsrooms across the land, stuff in which society has a stake, stuff that to one extent or another is the standard agenda at these meetings.

The ASNE was founded 72 years ago to "professionalize" our trade and make it more respectable. It is one of those organizations dominated historically by white males—a pejorative reality in our day. Of its 64 presidents only one has been a woman, only one has come from a nonwhite sector of society. A quarter of them came from newspapers in New York and Washington, the "elitist" press; a quarter from the South, a quarter (geographically) from the heartland of middle America, and the rest from the northeast and West, nearly all of them representing large and influential regional dailies. Small-town journalism is rarely represented in those ranks; fewer than half of our papers claim membership.

Debates of the American Society of Newspaper Editors rarely trickle down to journalists in newsrooms or the general public.

But over the past 20 years the society has changed. There is still politicking, as in all organizations, for the intramural and career recognition that comes with the presidency or directorships. Its preoccupations, however, now go beyond the usual fare of politics, managerial success and defense of the privileges derived from the First Amendment.

"Diversity" is high on its agenda. Roughly a third of its modest budget is devoted to the recruitment, training and recognition of blacks, Hispanics, Asians, American Indians, gays and lesbians. No other trade or professional organization in the country is so focused on those matters or spends an equal percentage of its time and assets to realize the goals it has established. There is "political correctness" in all this, and it is not without controversy. But there is a lot of straight talk, serious self-examination and sincere attempts to overcome the ethnic and racial fragmentation that increasingly divides our society.

Its efforts to come to grips with problems that are vital to journalism and to the survival and improvement of our trade in the last years of this century are hampered by the niggardly support it receives from the industry ASNE represents. The Newspaper Association of America—composed of publishers, owners and their circulation, advertising and production executives—operates on a budget that has reached \$30.5 million a year. NAA does important work. But the heart of the industry is the product produced by its journalists whose direction, values, standards and professional performance are largely shaped by the editors of ASNE. Its annual budget for the first time may reach in 1994 approximately \$800,000 of which nearly 40 per cent is derived from and spent on these annual conventions. Its principal professional publication, The ASNE Bulletin, operates on a budget of less than \$15,000 a year, a pittance that would not pay the cab fares and expense account lunches of a big metropolitan daily for more than a day or two. The Bulletin, as often as not, reflects this poverty.

That is why the useful and intellectually stimulating debates and discussions that often take place at ASNE, as at most congressional hearings, tend to die in the room; they rarely trickle down to the journalists who occupy our newsrooms or to the general public. There is no money for advertising the society's positions and concerns. There is no money for publications or seminars or ongoing forums for the consideration of these matters or for a continuing and broad dialogue that reaches the people who report, write and edit the news. The society has no staff to undertake such a program.

I do not know if the editors are at fault for failing to lobby their publishers and corporate owners for the money ASNE needs if it is to become a vital force in American journalism or if the industry is simply indifferent to the need. The conventions, of course, will continue, but if that is all there is there is no need to get excited about them.

THE WASHINGTON POST MONDAY, APRIL 11, 1994

PODESTA

THE PRESIDENT HAS SEEN
4-11-94

Mack/Gergen
DOBAA - FYI -
a line in here?
PR

CTR Productions Inc.

Carl T. Rowan, President

94 APR 5 A10:06

3251 O SUTTON PLACE, N.W.
WASHINGTON, D.C. 20016
202/966-8668

FAX TRANSMISSION

TO: President Bill Clinton c/o Mack McLarty III

COMPANY:

FAX NO.: 456.1121

FROM: Carl T. Rowan

RE:

DATE: April 4, 1994

TIME: 12:45 pm.

PAGES (INCLUDING COVER): 2

MESSAGE: I hope the President gets a Laugh out of this.

Carl

Please call (202)966-8668 if you do not receive the the complete facsimile.

Chicago Sun-Times

94 APR 15 A10 : 06

CARL ROWAN
COLUMNIST

April 4, 1994

President Bill Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Clinton,

Thank you for the nice letter wishing me a speedy recovery from open heart surgery.

It seems that as I emerged from ten hours of anesthesia, I had the woozy notion that I was on a raft on the Whitewater. But the surgeons with scalpels became newsmen with knives.

"We cut him up pretty good," one voice said.

"Yeah, but we didn't find anything fatal," said another.

"So what the hell," said a third one, "we can always open him up tomorrow and take another look!"

It seems even medicine mimics journalism and politics!

Carl

THE PRESIDENT HAS SEEN
4.11.94

To: The President - FY
/ Mack

THE WHITE HOUSE

WASHINGTON

March 29, 1994

MEMORANDUM TO MACK McLARTY
FROM: BILL BURTON 94 MAR 31 P5:38
SUBJECT: Betsey Wright

I spoke with Betsey Wright again today. We discussed three items in particular:

- She said she has a lot of confidence in her dealings with John Podesta, with whom you told her to coordinate on Whitewater. She has trouble, however, reaching him on the phone. "I suppose he has allotted me 1 call a day," she said. She said she planned to start making a list and calling him first thing in the morning.

- She said the Congress is awaiting the administration's bill to give SBA borrowers a prepayment penalty break if they refinance their loans (a proposal in our budget which we tried and failed to pass last year, and which Betsey is very interested in).

- She is concerned about Ricki Seidman's role in promoting the Medal of Freedom for Gloria Steinem. I have not checked this out with Ricki. Podesta said it is not going to happen, at least not on Steinem's 60th birthday as the supporters had hoped. (Her 60th birthday has now passed). Betsey thinks the Steinem medal backers should have been called by the White House.

FYI: The Arkansas Dem-Gaz today notes that the new Vanity Fair, which has a story on the reporters in Little Rock covering Whitewater, misspelled yours and Betsey's names.

V. Wright
Podesta
be available.

We should do this.

?

Jobs Program May Become The Casualty Of Its Success

THE PRESIDENT HAS SEEN
4-11-94

By PETER T. KILBORN
Special to The New York Times

BERKELEY, Calif. — A federally financed program to provide housing and job training to the homeless has worked so well that the Clinton Administration wants to copy its methods on a larger scale and put it out of business.

Though this could mean more help for the estimated one million homeless Americans, the directors of the smaller, largely autonomous project say that its shoots of hope will be trampled by the big foot of the Federal bureaucracy.

The Administration acknowledges that the program, run by 20 nonprofit community agencies, has proved effective, but said it wanted to revamp and consolidate the 154 employment and job training programs. And Labor Department officials said the programs were demonstration projects not intended to continue indefinitely.

But several lawmakers, including Senator John Glenn, Democrat of Ohio, have complained. "It makes no sense to dismantle successful programs in order to create new programs elsewhere," he said in a recent letter to Labor Secretary Robert B. Reich.

Such an action, Mr. Glenn wrote, the department "is throwing all the knowledge that was learned through the demonstration program" away "and put us back at square one."

Part of a program established under a 1987 law on the homeless, the community agencies have been steering 8,000 homeless people a year into jobs in 12 states, including New York, and the District of Columbia. The Labor Department provides most of the money for the agencies: about $40 million in six years. Businesses and state and local governments contribute the rest.

The biggest reason the agencies have worked so well, proponents say, is that they are not constrained by a raft of government regulations and can tailor their aid to suit individual needs. The agencies are judged by their results, not by how they do their job. The majority of Government job training programs have stringent regulations aimed at limiting abuses and keeping costs in line.

The agencies' officials and their advocacy groups had hoped that they were laying the foundation for a larger network to help the homeless.

Instead, they said, they were stunned in late February when the Labor Department announced that their grants would not be renewed when they run out on April 30. The department has since extended the agencies' financing to run through August, but at sharply reduced levels.

The services are now turning away applicants and cutting staff. Michael Daniels, director of the largest agency, Jobs Consortium for the Homeless in Berkeley, said he is looking for local funds but has limited his clients to those already on his rolls and plans to cut back on staff on May 1.

Eliminating the small demonstration projects is part of a plan, announced last month by Mr. Reich, to consolidate and revamp Federal unemployment insurance and job training services. Douglas Ross, assistant secretary for employment and training, said the demonstration projects were experiments to see if the homeless could be helped.

"We invested a little capital to see if this hypothesis about job training and the homeless had any merit," he said. "We found out that it does. The next step is to find out what was learned so we can introduce it into our local labor market organization."

The Jobs Consortium here, eight blocks down Telegraph Avenue from the campus of the University of California at Berkeley, works from cramped cubicles with hand-me-down furniture on a budget this year of $850,000, of which the Labor Department provided $710,000.

"We see people nobody else will see," Mr. Daniels said. "If a person walks in the door with a disability or an addiction, we don't freak out."

In the last 11 months, Mr. Daniels said, 879 people have come in for help. So far, the agency has found homes for 550 and jobs for 228, many of them the same people. The jobs included carpenters, security guards, electricians, truck drivers, secretaries, cooks, janitors, home health care aides and graffiti removers. Their average hourly wage was $8.05, far higher than the $4.25 minimum wage. Half of those who found jobs were still working three months later.

'How Can I Help You?'

The consortium's clients shower praise on the agency. David Osbourne, 30 years old, said he has been off cocaine for a year. The agency gave him meal vouchers, counseling, training to be a security guard, leads to job interviews and bus tickets to get to them.

"This place, you say, 'Help me,'" Mr. Osbourne said. "They say, 'How can I help you?'"

He said other Government agencies he visited were brusque and cold to and presume he unsalvageable. "Go down to welfare," he said. "Go down to general assistance and see how you get treated."

Early this month, a security agency hired Mr. Osbourne for $8 an hour, and he is now moving from a shelter to a room in one of eight transitional houses in Berkeley, subsidized and operated by churches and nonprofit organizations, mostly for the homeless who have found jobs.

Jobs for 34 Percent

A job training consultant, James Bell Associates of Arlington, Va., examined the Berkeley consortium and the other agencies — known collectively as the Job Training for the Homeless Demonstration Project — in a report last month to Congress for the Labor Department.

Over five years, the study said, 34 percent of the people who sought help found jobs through the 20 community agencies and 26 others that took part in the program earlier. The proportion still on the job after 13 weeks rose to 53 percent from 40 percent over the five years.

The average cost of job training for a homeless person was $1,342. The authors said the agencies provided "evidence that a substantial minority of the homeless population can immediately benefit from employment and training programs."

Larry Robbins, an independent consultant who has evaluated the Berkeley homeless consortium for the Labor Department, contrasted the billion-dollar partnership program with the community projects.

"They're not user-friendly," Mr. Robbins said.

Gonzolo Manzo, the services manager for the Berkeley program, agreed. "We run interference for the client, not the agency," he said.

Franklin Newman, 33, needed user-friendly services once. In early 1990 he and his wife broke up, and he moved out of their apartment. Then he was dismissed from his job as a shipping and receiving manager for an electronics company after a feud with his boss.

Mr. Newman said he went to a check-cashing service with his last paycheck from that job, for $286.50, and planned to take a bus home to see his parents in San Bernardino in Southern California.

"Two guys pulled a gun," he said. "They took my suitcase, all my money."

Then Mr. Newman went to the Berkeley agency. "They called the suicide prevention," he said. "They took me to the hospital. I was released in 48 hours, and they found me counseling. They got me clothing."

Earlier this month, Mr. Newman, in a white shirt and necktie, stopped by the Telegraph Avenue office to complete paperwork after landing an $18,000-a-year job with full benefits as a manager of a retirees' organization.

15

Probability Experts May Decide Pennsylvania Vote

By PETER PASSELL

Fraud, virtually everyone agrees, should not be allowed to decide the election of a public official. But how is a court to determine whether the fraud was decisive? How certain must it be to take the extreme step of seating the nominal loser?

That problem faces Judge Clarence Newcomer of Federal District Court in Philadelphia, who will soon decide whether to order a new election in Pennsylvania's Second State Senatorial District in Philadelphia or declare the losing candidate, Bruce Marks, a Republican, to be the winner last November. To help, Judge Newcomer has hired a consultant from Princeton University who is an expert in the mathematics of probability.

The analysis of the expert, Orley Ashenfelter, an econometrician, along with that of statisticians hired by the Republicans and Democrats, may or may not sway the judge.

At the very least, though, the work of the statisticians will give the judge a rigorous basis for arguing about the probabilities that the election was stolen, and the case offers a fascinating glimpse at the no-man's-land where the law's wish for certainty meets a reality that many events can be explained only in terms of chance.

Absentee Ballot Problem

In the special election to fill a Senate vacancy, Mr. Marks received 19,691 votes on the voting machines to the 19,127 for William Stinson, his Democratic opponent. But in absentee ballots, Mr. Stinson outpolled Mr. Marks by 1,391 to 366, giving him a victory by 461 votes. And in spite of charges of fraud by the Republicans, Mr. Stinson, a former assistant Deputy Mayor of Philadelphia, was sworn into office, temporarily giving the Democrats exactly half the seats in the State Senate.

In February, Judge Newcomer ruled that many of the absentee ballots had been improperly obtained and processed by the Democratic-controlled Philadelphia County Board of Elections as part of a "massive scheme" to control the outcome of the election. In some cases, for example, registered Democrats were given absentee ballots and told that they need not go to the polls to vote. In other cases they were specifically guided to vote Democratic. Judge Newcomer declared Mr. Marks, a former aide to Senator Arlen Specter, to be the winner.

Then, on March 12, a Federal appellate court ruled on the case, letting the decision to void the results of the election stand, but ordering Judge Newcomer to reconsider his decision to seat Mr. Marks rather than to call a new election. Shortly thereafter, Mr. Stinson and two Democratic campaign workers were charged with election fraud by the Pennsylvania Attorney General, a Republican.

How might statistical theory be used to determine the probability of the Democrats' stealing the election?

Professor Ashenfelter's approach is to analyze the relationship between machine-counted votes and absentee ballots in state senatorial contests in Philadelphia over the last decade.

There have been 22 such contests since 1982, including the disputed 1993 election. And using the standard statistical technique of regression analysis, Professor Ashenfelter found that the difference between the Democratic and Republican tallies in the machine-based vote has been a good indicator of the difference between the two parties' absentee vote.

Assuming this relationship in the 21 previous elections had held in the most recent, Professor Ashenfelter estimates that the Republican's 564-vote edge on the machines should have led to a 133-vote advantage in absentee ballots. In fact, the Democrat ended up with a majority of 1,025 absentee votes.

Chance and Statistics

But as Professor Ashenfelter readily acknowledges, the predicted relationship between machine and absentee balloting is statistical in nature and dependent on the stability of the historical relationship. There is some chance that random variations alone could explain a 1,158-vote swing in the 1993 contest — the difference between the predicted 133-vote Republican advantage and the 1,025-Democratic edge that was reported.

More to the point, there is some larger probability that chance alone would lead to a sufficiently large Democratic edge on the absentee ballots to overcome the Republican margin on the machine balloting. And the probability of such a swing of 697 votes from the expected result, Professor Ashenfelter calculates, was about 6 percent.

Putting it another way, if past elections are a reliable guide to current voting behavior, there is a 94 percent chance that irregularities in the absentee ballots, not chance alone, swung the election to the Democrat, Professor Ashenfelter concludes.

Paul Shaman, a professor of statistics at the Wharton School at University of Pennsylvania who is the statistical consultant retained by the Democrats, exploits the limits in Professor Ashenfelter's reasoning. Relationships between machine and absentee voting that held in the past, he argues, need not hold in the present. Could not the difference, he asks, be explained by Mr. Stinson's "engaging in aggressive efforts to obtain absentee votes?"

Elizabeth Holtzman, New York City's former Controller who has had a practical education in the vagaries of election statistics, agrees. With the exceptionally low turnout in the State Senate contest — no surprise in a special election — she believes it is unfair to project voter sentiment from historical relationships.

Brian Sullivan, the statistical consultant working for the Republicans who is an economist with the Center for Forensic Economic Studies in Philadelphia, responds to some of Professor Shaman's and Ms. Holtzman's objections. He analyzed the findings of a post-election poll of registered voters who had applied for absentee ballots. From the survey responses that he judged most reliable, he estimated that 84 percent of the absentee ballots had been illegally solicited or cast. By this reckoning, even if every legitimate absentee vote had gone to the Democrat, the Republican would still have won a majority in the overall vote.

Professor Shaman questions the quality of the survey, which was conducted by Republican campaign workers without supervision by neutral professionals. He notes, among other things, that the survey implies a total of 1,395 absentee ballots were illegitimate — more than the total absentee ballot vote for Mr. Stinson.

Polluted by Irregularities

Where does this leave an impartial observer? There is certainly a widespread impression that the election was badly polluted by irregularities. Were Mr. Stinson convicted of election fraud he would not be eligible to serve in the Senate, even if an analysis later found that the fraud was insufficient to change the election result. But those observations are of little help in deciding whether to seat Mr. Marks or call another election.

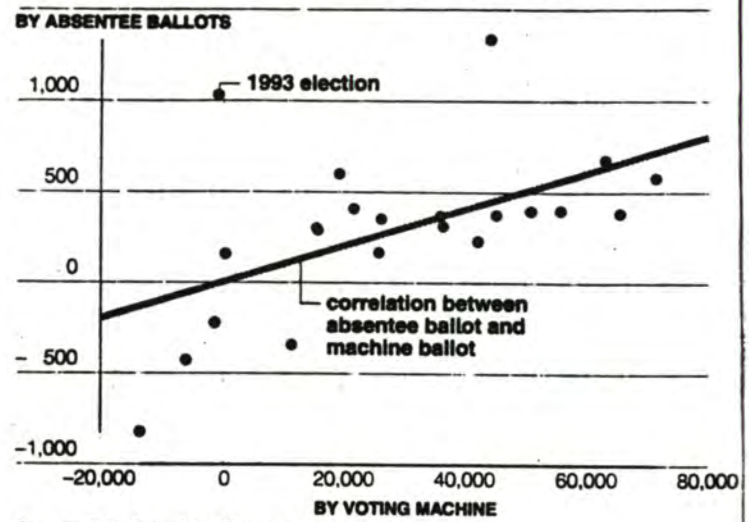
Lowell Finley, a partner in the San Francisco firm of Altshuler, Berzun who specializes in election law, thinks the burden of choice should rest on those who would declare a winner in the absence of certainty. "In a democracy voters ought to have the last word," he argues, "not judges."

STATISTICS

Looking for Fraud in Philadelphia

The dots show the margin of victory or defeat for the Democrats, by both absentee ballot and voting-machine ballot, in 22 elections in Philadelphia's senatorial districts over the last decade. The plot of absentee and machine votes shows a rough relationship between the two: the bigger the Democratic majority on machine votes, the larger their margin on absentee ballots. The 1993 election and a few others produced results that are far from typical. The probability that the unusual results of the 1993 election were simply caused by random variations in voting patterns is just 6%.

Difference between Democratic and Republican tallies



Sources: Orley Ashenfelter, Princeton University

The New York Times

THE PRESIDENT HAS SEEN
4-11-94

THE NEW YORK TIMES, MONDAY, APRIL 11, 1994

To Joan Baggett

11

THE PRESIDENT HAS SEEN
4.11.94

CHIEF OF STAFF TO THE PRESIDENT
THE WHITE HOUSE

cc VP
Joan Baggett
HRC

April 1, 1994

PERSONAL

The Honorable Lamar Alexander
Republican Exchange Satellite Network
511 Union Street, Suite 2038
Nashville, TN 37219

Dear Lamar:

Enjoyed our per chance meeting today at the Four Seasons. Thanks for the bit of history about the White House offices, and for your kind words.

I conveyed your best wishes to the President, and he asked me to extend his warm regards to you as well.

Personally,

Mack

Mack McLarty

P.S. I enjoyed reviewing your recent White House Bulletin commentary (enclosed). Your remarks were thoughtful, as usual.

bcc: The President

will have been in locales ranging from Onaga, Kansas, to Portland, Oregon, and through the Dallas airport three times.

- **Natcher-set deadline interrupts Clinton vacation.** A deadline, ironically one set by the late Rep. William Natcher, will cause President Clinton to interrupt his San Diego vacation today for a signing ceremony for Goals 2000: Educate America Act. While the President could quietly sign the legislation, the White House is arranging a full-fledged signing ceremony in San Diego, preceded by a conference call with members of Congress who were involved with the legislation. The FY 1995 Labor/HHS/Education appropriations act, the last Natcher shepherded to passage, provides that if authorizing legislation is not signed by April 1, "Goals 2000" funds would be reallocated to the Pell Grant program.

- **Buyout legislation signed; agencies scramble.** President Clinton's approval yesterday of the Federal Workforce Restructuring Act of 1994, allowing separation incentives of up to $25,000 to employees who resign or retire, has put in place a flurry of activity, largely by Federal employees deciding if they are ready to go. Some of them will; the Administration expects 60,000 to 100,000 to be offered and accept buyouts, making up a significant portion of the 272,000 Feds who will be gone by 1999. That will bring the Federal bureaucracy down to fewer than two million people for the first time since 1950.

THE ROAD AHEAD:

This morning, the Bulletin invites **Lamar Alexander**, Education Secretary during the Bush Administration and a former Governor of Tennessee, to discuss his presidential plans for '96.

BULLETIN: Do you plan to run for president in 1996?

ALEXANDER: I very well may. It is too early to decide that, but I very well may run for president in 1996. I think the President is leading the country with increasing effectiveness in exactly the wrong direction, and I would like to help paint the picture of an America that is very different than the picture he's painting. So I may be right in the thick of it.

BULLETIN: Your recent activities indicate you are setting yourself up for a run. Is that a fair observation?

ALEXANDER: The answer is "yes" to that. I think anyone who wants to be president in 1996 of a country this big and this important ought to spend a great deal of time getting prepared for that. And what I am trying to do with the Republican Neighborhood Meetings, which we created last May, is to focus on what our party should be for. And it has been very successful. We now have monthly meetings which connect 2,500 meeting sites every month by cable and satellite television. It is under the radar, nobody in Washington, D.C. pays very much attention to it, but it is probably the most important grassroots movement right now within the Republican Party.

The monthly meetings are about what the Republican Party is for and why we are for it and what we are going to do about it. I go to a different part of the country each month to broadcast on crime or education or taxes. We have grown from 250 to 2,500 meeting sites; in bars, community colleges, race tracks, homes, all around the country. Our budget for 1994 is $4 million. ... It is a non-profit corporation, so we don't get involved in campaigns or support individual candidates, but I raise [the money] from people all over the country. ... It is America's largest Republican meeting.

People are often wondering, "Why don't we ever hear the Republicans say what they are for?" Well, this is sort of a Republican choir practice that helps candidates for the legislature, for the school board, for governor, or perhaps even for president, to say that.

BULLETIN: What do you expect the issues to be in the 1996 presidential race?

ALEXANDER: The most important issue for '96 goes straight to the heart of what kind of country we want. And if we Republicans don't focus on that, we are sure to lose. We have to be able to show that the promise of American life is based on opportunity rather than "the government will take care of you." But within that, the issues include: bringing in an experienced team to run our foreign policy; controlling the deficit; keeping America from breaking economically into a two-class society, with a few rich people and a lot of poor people who get left behind in the information age; and how to put the harness on the government in Washington. We have come up with all sorts of bromides and proposals from term limits to abolishing unfunded mandates, all of which I support, but we have yet to come up with a way to keep the government in Washington from continuing to grow. And I think that may turn out to be the biggest issue of all.

BULLETIN: Republican Governor Pete Wilson of California told the Bulletin last week he will not run for president in 1996, but that he plans to make sure the problems associated with illegal immigration will be a major issue during the presidential campaign. Do you think this will be a national issue?

ALEXANDER: Well, it could be. There are some issues like illegal immigration, reforming welfare, the idea of giving special privileges to victimized groups -- instead of individuals -- which frame a debate about what kind of country this should be. ... So this idea might get wrapped up in two or three cutting issues...and illegal immigration might very well be one of those.

BULLETIN: You have been saying that Republicans should not argue that there is not a health care crisis. What is your point?

ALEXANDER: I believe there is a health care crisis for some Americans and Republicans are making a big mistake by saying there's not. I know what these Republicans mean, but what we sound like is that we think there is not a problem. It reminds me of what happened to us in the 1992 elections when we said the economy is getting better. We were technically right, and we knew what we meant, but it sounded like we didn't know that some people were in the midst of turbulence in their lives. ... What we should say is, number one, "Of course there is a crisis in health care if you're changing jobs and can't get insurance, or if you have a preexisting health condition, or if you are a small business person who can't get a good plan for his employees. For you, that's a crisis. We understand that." Number two, we should say that the Clinton plan is ridiculous -- the idea of turning over to the Federal Government the best health care system in the world. Outside Washington, D.C. nobody thinks that makes sense. And number three, we ought to have a Republican health care plan...and say, "We know there are many of you who have a health care crisis and we have a plan to solve that problem." That message is not getting through because...we sound like we say there is not a problem and we get tuned out. ... The Michel-Lott plan, from the beginning, has been a good framework around which a Republican plan could be built.

LAST LAUGHS:

o **David Letterman:** "James McDougal...has decided, now, that he's going to run for Congress. So, let's see, he's currently under investigation, he has not filed back income taxes, and in 1990 he was accused of fraud. Yeah, sounds qualified to me." (CBS, The Late Show with David Letterman)

o **David Letterman:** "The Clinton's are vacationing in San Diego, and yesterday...Chelsea, their daughter, [was] out for a bicycle ride and she [wasn't] wearing any helmet. And that is a violation of California law. And Bob Dole is already calling for a special prosecutor." (CBS, The Late Show with David Letterman)

o **David Letterman:** Hillary Clinton's Top Ten Financial Tips
10) Don't buy furniture -- borrow it from the Smithsonian.
9) Raise everybody's taxes -- and start grabbing with both hands, Chester!
8) Whatever you do, don't buy land in Arkansas.
7) Three words: Extra Value Meal.

appreciation

THE PRESIDENT HAS SEEN
4-11-94

WEISER-BROWN OPERATING COMPANY

117 EAST CALHOUN — P.O. BOX 500
MAGNOLIA, ARKANSAS 71753

PHONE NUMBER
(501) 234-3050

FAX NUMBER
(501) 234-3839

March 8, 1994

President Bill Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20220

Mr. President,

I know your busy schedule prohibits your time for as many personal endeavors as you would like. What you did for our dear friend Giles last week was extremely successful. I spoke to Giles soon after your call and his spirits had risen tremendously. Gestures like yours reassure everyone that you remain the same kind, compassionate person you have always been.

My deep appreciation to you for your prompt and thoughtful response to my call to Mark.

Continue the progress you have accomplished in your first year and if I may ever be of service to you, as always, do not hesitate to call.

The best to you and your family from Margo and I.

Respectfully,

Chris

CW/kl
CC: Mark Middleton

Mark
It'll be anyway in future, Thanks
B

cc [illegible]

MEMORANDUM

THE PRESIDENT HAS SEEN
4-11-94

To: The President

From: Deb Coyle

Date: April 6, 1994

Re: Call from Rabbi Levy

Rabbi Levy wanted you to know that a group of clergy met today in Little Rock to discuss Senate Bill 55 regarding revoking the concept of permanent replacement of striking workers. They want you to know they are with you on this and are trying to urge the Arkansas Senators to invoke cloture to let the full Senate vote on the Bill.

cc Alexis

THE PRESIDENT HAS SEEN 4/11

MEMORANDUM

94 APR 7 P4:15

TO: Mack McLarty

FROM: Harold Ickes (HI)

DATE: 5 April 1994

RE: The Back to Business Committee

As a response to last week's <u>New York Times</u> ad in support of HRC, Ann Lewis and others have formed The Back to Business Committee. The list of the Board of Advisors, in formation, is attached.

HI
very good group
Mack
cc: Podesta
John Podesta
file WW

BACK TO BUSINESS COMMITTEE
BOARD OF DIRECTORS/ADVISORS
As of 4/4/94

Ann Lewis

Lynn Cutler

Leslie Dach

Anne Wexler

Susan Estrich

Hodding Carter

James Florio

Letty Cottin Pogrebin

Mark Sonnefeldt
former President, Philadelphia Bar Association

Arthur Coia
President, Laborers International Union

Tony Coelho

Peggy Cooper Cafritz

John Buchanan

Chesterfield Smith

Paul Costello

Sheryl Handler
Thinking Machines Corp.

Jill Wine Banks

Mayor Mike White, Cleveland

Maxine Leftwich

Father Robert Drinan

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	Veronica Biggns and Kevin O'Keefe to Mack McLarty re: United States Attorney Nominations [partial] (5 pages)	04/07/1994	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 4887

FOLDER TITLE:

April 10-16, 1994 [2]

2018-0662-S
rs3095

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]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
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]

THE PRESIDENT HAS SEEN
4/11

Mr. President:
Again, we
are close to done
in this category
...
Who I think
to be consistent
consider [redacted] for [redacted]
for US Atty
Atty wants [redacted]

(b)(6)

MEMORANDUM

To: Mack McLarty
From: J. Veronica Biggins JVB
Kevin O'Keefe
Subject: **United States Attorney Nominations**
Date: April 7, 1994

There are currently 80 United States Attorneys nominated of the total of 93 positions, of which 77 have been confirmed. Currently pending before the Senate Judiciary Committee are 3 nominations, Saul green for the Eastern District of Michigan, Ken Oden for the Western District of Texas, and Sheldon Whitehouse for the District of Rhode Island. Of the 3 pending nominees, only Ken Oden is a contested nominee since he is opposed by Senators Gramm and Hutchinson.

Decision Memorandums have been executed by the President and will result in formal nomination on Monday, April 11, 1994 for Faith Hochberg for the District of New Jersey, Redding Pitt for the Middle District of Alabama, and Gregory M. Sleet for the District of Delaware. Currently pending before the President are two Decision Memorandums for the Northern and Southern Districts of Mississippi. Once a decision is made by the President, we can move to nomination towards the end of next week. By the end of next week, we assume that there will be 85 nominations completed.

Of the 8 remaining positions, the following is a summary of their status.

[redacted]

(b)(6)

UNITED STATES ATTORNEY NOMINATION TRACKING

07-Apr-94					
	UNITED STATES ATTORNEY CANDIDATES				
STATE	DISTRICT	CANDIDATE	CITY	NOM	CONF
Alabama	Middle	[redacted]	Montgomery		
Alabama	Middle	[redacted]	Montgomery		
Alabama	Middle	[redacted] (b)(6)	Montgomery		
Alabama	Middle	[redacted]	Montgomery	11-Apr-94	
Alabama	Northern	Claude Harris	Birmingham	07-Sep-93	30-Sep-93
Alabama	Southern	[redacted]	Mobile		
Alabama	Southern	[redacted]			
Alabama	Southern	[redacted]			
Alaska		Robert Bundy	Anchorage	18-Nov-93	11-Feb-94
Alaska		[redacted]	Anchorage		
Arizona		Janet Napalitino	Phoenix	01-Jul-93	19-Nov-93
Arkansas	Eastern	Paula Casey	Little Rock	04-Aug-93	21-Sep-93
Arkansas	Western	P.K. Holmes	Fort Smith	04-Aug-93	21-Sep-93
California	Central	Nora M. Manella	Los Angeles	12-Oct-93	17-Nov-93
California	Northern	Michael Yamaguchi	San Francisco	29-Jul-93	30-Sep-93
California	Southern	Alan D. Bersin	San Diego	21-Oct-93	19-Nov-93
California	Western	Charles J. Stevens	Sacremento	27-Oct-93	19-Nov-93
Colorado		Henry Solano	Denver	07-Sep-93	18-Oct-93
Connecticut		Christopher F. Droney	New Haven	08-Sep-93	18-Oct-93
D.C.		Eric Holder	Washington	29-Jul-93	21-Sep-93
Delaware		Gregory M. Sleet	Wilmington	11-Apr-94	
Florida	Middle	Larry H. Colleton	Tampa	18-Nov-93	11-Feb-94
Florida	Northern	Patrick M. Patterson	Tallahassee	27-Oct-93	19-Nov-93
Florida	Southern	Kendell Coffey	Miami	12-Oct-93	19-Nov-93
Georgia	Middle	James L. Wiggins	Macon	20-Nov-93	11-Feb-94
Georgia	Northern	Kent B. Alexander	Atlanta	04-Feb-94	23-Mar-94
Georgia	Southern	Harry D. Dixon	Savannah	18-Nov-93	11-Feb-94
Guam		[redacted]			
Guam		[redacted]			
Guam		[redacted]			
Hawaii		[redacted]	Honolulu		
Hawaii		[redacted]	Honolulu		
Hawaii		[redacted]	Honolulu		
Hawaii		[redacted]	Honolulu		
Hawaii		[redacted]	Honolulu		
Idaho		Betty Hansen Richardson	Boise	07-Sep-93	30-Sep-93
Illinois	Central	Frances C. Hulin	Springfield	12-Oct-93	17-Nov-93
Illinois	Northern	James B. Burns	Chicago	21-Oct-93	19-Nov-93
Illinois	Southern	Charles Grace	Fairview Heights	21-Oct-93	19-Nov-93
Indiana	Northern	John DeGuilio	Dyer	10-Sep-93	18-Oct-93
Indiana	Northern	[redacted]	Dyer		
Indiana	Southern	Judith A. Stewart	Indianapolis	15-Jul-93	30-Sep-93
Iowa	Northern	Steven Rapp	Cedar Rapids	02-Nov-93	11-Feb-94
Iowa	Northern	[redacted]	Cedar Rapids		
Iowa	Southern	Don Nickerson	Des Moines	02-Nov-93	11-Feb-94
Iowa	Southern	[redacted]	Des Moines		
Kansas		Randall K. Rathburn	Wichita	23-Jul-93	21-Sep-93
Kentucky	Eastern	Joseph L. Famularo	Lexington	21-Oct-93	19-Nov-93
Kentucky	Western	Michael Troop	Louisville	15-Jul-93	21-Sep-93

UNITED STATES ATTORNEY NOMINATION TRACKING

STATE	DISTRICT	CANDIDATE	CITY	NOM	CONF
Louisiana	Eastern	[redacted] (b)(6)	New Orleans		
Louisiana	Eastern	[redacted]	New Orleans		
Louisiana	Middle	**Judge L. J. Hymel**	Baton Rouge	18-Nov-93	10-Mar-94
Louisiana	Western	**Michael Skinner**	Shreveport	21-Oct-93	11-Feb-94
Maine		**Jay P. McCloskey**	Portland	07-Sep-93	30-Sep-93
Maryland		**Lynne Battaglia**	Baltimore	04-Aug-93	21-Sep-93
Massachusets		**Donald K. Stern**	Boston	02-Nov-93	19-Nov-93
Michigan	Eastern	Saul Green	Detroit	19-Nov-93	
Michigan	Western	**Michael Detmer**	Grand Rapids	19-Nov-93	11-Feb-94
Minnesota		**David L. Lillehaug**	Minneapolis	18-Nov-93	11-Feb-94
Mississippi	Northern	[redacted]	Oxford		
Mississippi	Northern	[redacted]	Oxford		
Mississippi	Northern	[redacted]	Oxford		
Mississippi	Northern	[redacted]	Oxford		
Mississippi	Southern	[redacted]	Jackson		
Mississippi	Southern	[redacted]	Jackson		
Mississippi	Southern	[redacted]	Jackson		
Mississippi	Southern	[redacted]	Jackson		
Missouri	Eastern	**Edward L. Dowd**	Jackson	07-Sep-93	07-Sep-93
Missouri	Western	**Steven Hill**	Kansas City	19-Nov-93	11-Feb-94
Missouri	Western	[redacted]	Kansas City		
Missouri	Western	[redacted]	Kansas City		
Montana		**Sherry Matteucci**	Billings	12-Oct-93	19-Nov-93
Nebraska		**Thomas J. Monaghan**	Omaha	22-Jul-93	30-Sep-93
Nevada		**Kathryn Landreth**	Las Vegas	07-Sep-93	30-Sep-93
New Hampshire		**Paul Gagnon**	Concord	20-Nov-93	11-Feb-94
New Hampshire		[redacted]	Concord		
New Jersey		Faith Shapiro Hochberg	Newark	11-Apr-94	
New Mexico		**John J. Kelly**	Albuquerque	20-Sep-93	18-Oct-93
New York	Eastern	**Zachery W. Carter**	Brooklyn	15-Jun-93	21-Sep-93
New York	Northern	[redacted]	Syracuse		
New York	Southern	**Mary Jo White**	New York	18-Jun-93	21-Sep-93
New York	Western	**Patrick H. NeMoyer**	Buffalo	18-Jun-93	21-Sep-93
North Carolina	Eastern	**Janice McKenzie Cole**	Raleigh	18-Nov-93	11-Feb-94
North Carolina	Eastern	[redacted]	Raleigh		
North Carolina	Eastern	[redacted]	Raleigh		
North Carolina	Eastern	[redacted]	Raleigh		
North Carolina	Middle	**Walter Clinton Holton, Jr.**	Greensboro	18-Nov-93	10-Mar-94
North Carolina	Middle	[redacted]	Greensboro		
North Carolina	Middle	[redacted]	Greensboro		
North Carolina	Western	[redacted]	Asheville		
North Carolina	Western	[redacted]	Asheville		
North Carolina	Western	[redacted]	Asheville		
North Carolina	Western	**Mark Calloway**	Asheville	18-Nov-93	11-Feb-94
North Dakota		**John Schneider**	Fargo	21-Jun-93	21-Sep-93
Ohio	Northern	**Emily Sweeny**	Cleveland	08-Sep-93	18-Oct-93
Ohio	Southern	**Edmund Sargus**	Columbus	07-Sep-93	30-Sep-93
Oklahoma	Eastern	**John Raley**	Muskogee	02-Jul-93	21-Sep-93
Oklahoma	Northern	**Steve Lewis**	Tulsa	22-Jul-93	21-Sep-93
Oklahoma	Western	**Vicki Miles-LaGrange**	Oklahoma City	21-Jul-93	21-Sep-93
Oregon		**Kristine Olson Rogers**	Portland	20-Nov-93	10-Mar-94
Oregon		[redacted]	Portland		
Pennsylvania	Eastern	**Michael Stiles**	Philadelphia	16-Sep-93	18-Oct-93

UNITED STATES ATTORNEY NOMINATION TRACKING

STATE	DISTRICT	CANDIDATE	CITY	NOM	CONF
Pennsylvania	Middle	**David Barash**	Scranton	07-Sep-93	30-Sep-93
Pennsylvania	Western	**Frederick Thieman**	Pittsburgh	29-Jul-93	30-Sep-93
Puerto Rico		[redacted] (b)(6)	Hato Rey		
Puerto Rico		[redacted]	Hato Rey		
Puerto Rico		[redacted]	Hato Rey		
Puerto Rico		[redacted]	Hato Rey		
Puerto Rico		[redacted]	Hato Rey		
Puerto Rico		[redacted]	Hato Rey		
Puerto Rico		[redacted]	Hato Rey		
Rhode Island		Sheldon Whitehouse	Providence	06-Feb-04	
South Carolina		**Joseph Preston Strom, Jr.**	Columbia	04-Aug-93	30-Sep-93
South Dakota		**Karen Schreier**	Souix Falls	19-Jul-93	21-Sep-93
Tennessee	Eastern	**Carl K. Kirkpatrick**	Knoxville	16-Sep-93	18-Oct-93
Tennessee	Middle	**John M. Roberts**	Nashville	20-Nov-93	10-Mar-94
Tennessee	Western	**Veronica F. Coleman**	Memphis	07-Sep-93	30-Sep-93
Texas	Eastern	[redacted]	Beaumont		
Texas	Northern	**Paul Coggins**	Fort Worth	23-Jul-93	18-Oct-93
Texas	Southern	**Gaynelle Griffin Jones**	Houston	15-Jul-93	21-Sep-93
Texas	Western	Ken Oden	San Antonio	19-Nov-93	
Utah		**Scott Matheson**	Salt Lake City	04-Aug-93	21-Sep-93
Vermont		**Charles Tetzlaff**	Burlington	02-Jul-93	30-Jul-93
Virgin Islands		[redacted]	St. Thomas		
Virgin Islands		[redacted]	St. Thomas		
Virgin Islands		[redacted]	St. Thomas		
Virginia	Eastern	**Helen F. Fahey**	Alexandria	07-Sep-93	30-Sep-93
Virginia	Western	**Robert P. Couch**	Roanoke	05-Aug-93	30-Sep-93
Washington	Eastern	**James P. Connelly**	Spokane	21-Jun-93	21-Sep-93
Washington	Western	**Katrina C. Pflaumer**	Seattle	27-Oct-93	19-Nov-93
West Virginia	Northern	**William D. Wilmoth**	Wheeling	02-Jul-93	21-Sep-93
West Virginia	Southern	**Rebecca A. Betts**	Charleston	18-Nov-93	11-Feb-94
Wisconsin	Western	**Peggy Lautenschlager**	Madison	10-Sep-93	18-Nov-93
Wisconsin	Eastern	**Thomas Schneider**	Milwaukee	10-Sep-93	18-Nov-93
Wyoming		**David D. Freudenthal**	Cheyenne	06-Feb-94	24-Mar-94
COUNTS		135	130	83	77

Ap. 8/94

Mr. President:
Per your comments and concerns, you can see we are very close to having all regional positions filled
Mack

MEMORANDUM

To: Mack McLarty
From: J. Veronica Biggins
Kevin O'Keefe
Subject: **Regional Appointments**
Date: April 8, 1994

Of the 94 regional appointments, 89 have been identified and 72 have been announced and are acting in their positions. Of the 17 identified candidates, 7 are awaiting final White House Counsel clearance, 4 are Labor Representatives for whom FTE slots are awaiting clearance, and 6 candidates are awaiting starting dates being negotiated between the department and the candidate.

There are still 6 potential regional slots that are still in the interview process. In each of these slots, previous candidates have been identified and offered the positions but for various reasons have declined or withdrawn their candidacy. Interviews are proceeding.

REGIONAL APPOINTMENTS ANNOUNCEMENT TRACKING

REGION	DEPT.	APPOINTEE	GRADE	DEC MEMO	START	COUNSEL	ANNOUNCE
		Announced					
		In Process					
		Leading Candidate					
6	FEMA	Young	SES	Y	7/12/93	7/20/93	7/21/93
5	HHS	Weiss	SES	Y	8/11/93	8/19/93	10/20/93
5	HUD	Eisendrath	SES	Y	8/16/93	8/23/93	10/20/93
1	HHS	Johnston	SES	Y	8/12/93	8/19/93	10/27/93
9	HHS	Johnson	SES	Y	8/21/93	8/30/93	10/28/93
9	EPA	Marcus	SES	Y	7/27/93	8/3/93	11/1/93
1	LABOR	Davis	C	Y	11/2/93	N	11/2/93
4	LABOR	Kelly	C	Y	11/2/93	N	11/2/93
9	LABOR	Sawyer	C	Y	11/2/93	N	11/2/93
10	LABOR	Stell	C	Y	11/2/93	N	11/2/93
1	LABOR D	King	C	Y	11/2/93	N	11/2/93
9	HUD	Agnos	SES	Y	7/20/93	7/26/93	11/4/93
1	EDUC	Dann-Messier	C	Y	11/5/93	N	11/12/93
3	EDUC	Goode	C	Y	11/1/93	N	11/12/93
6	EDUC	Cain	C	Y	11/5/93	N	11/12/93
8	EDUC	Simons	C	Y	11/5/93	N	11/12/93
10	EDUC	Nuxholl	C	Y	11/5/93	N	11/12/93
4	GSA	Dortch	SES	Y	10/5/93	11/18/93	12/1/93
4	EPA	Hankinson	SES	Y	10/16/93	12/1/93	12/3/93
6	EPA	Saginaw	SES	Y	10/16/93	11/30/93	12/3/93
1	GSA D	Dunfey	SES	Y	11/12/93	12/2/93	12/8/93
3	FEMA	Calvan	SES	Y	10/16/93	11/30/93	12/13/93
8	FEMA	Armstrong	SES	Y	10/16/93	11/30/93	12/13/93
2	GSA	Adler	SES	Y	9/14/93	11/30/93	12/13/93
1	HUD	Crane	SES	Y	9/14/93	12/3/93	12/13/93
8	HUD	Hernandez	C	Y	12/7/93	N	12/20/93
5	EPA	Adamkus	SES	Career	CAREER	CAREER	12/22/93
1	SBA RA	McGowan	GS-15	Y	10/21/93	12/16/93	12/22/93
8	SBA RA	Redder	GS-15	Y	1/26/94		12/24/93
7	GSA	Overton	SES	Y	9/22/93	12/7/93	1/10/94
4	EDUC	Williams	C	Y	12/15/93	N	1/13/94
5	EDUC	Jones	C	Y	12/15/93	N	1/13/94

REGIONAL APPOINTMENTS ANNOUNCEMENT TRACKING

REGION	DEPT.	APPOINTEE	GRADE	DEC MEMO	START	COUNSEL	ANNOUNCE
7	EDUC	Walker	C	Y	12/15/93	N	1/13/94
9	EDUC	Hancock	C	Y	12/17/93	N	1/13/94
1	EDUC D	Pascal	C	Y	12/15/93	N	1/13/94
4	EDUC D	Harwood	C	Y	5/12/93	N	1/13/94
7	HHS	Steele	SES	Y	10/21/93	1/3/94	1/14/94
3	HUD	Miller	SES	Y	9/14/93	12/14/93	1/14/94
7	EPA	Grams	SES	Y	10/27/93	1/11/94	1/19/94
1	EPA	DeVillars	SES	Y	11/15/93	1/25/94	1/27/94
7	HUD	O'Hern	C	Y	Y	N	1/28/94
10	GSA	Pearson	SES	Y	11/12/93	1/11/94	2/4/94
NCR	GSA D	Alcalde	SES	Y	10/27/93	11/17/93	2/4/94
4	HHS	Ford-Roegner	SES	Y	11/11/93	1/10/94	2/4/94
6	HUD	Weatherford	SES	Y	9/14/93	1/11/94	2/4/94
8	EPA	Yellowtail	SES	Y	10/16/93	1/19/94	2/9/94
7	FEMA	Miller	SES	Y	10/16/93	1/14/94	2/9/94
10	FEMA	Hara	SES	Y	10/16/93	1/19/94	2/9/94
5	GSA	Burke	SES	Y	11/12/93	1/19/94	2/9/94
4	SBA RA	Paul	GS-15	Y	11/9/93	1/14/94	2/9/94
5	EPA D	Jordan	SES	Y	12/13/93	1/26/94	2/11/94
3	LABOR	Pat Halpin Murphy	C	Y	2/16/94		2/16/94
10	EPA	Clarke	SES	Y	12/29/93	2/11/93	2/18/94
2	EPA	Fox	SES	Y	2/14/94	3/10/94	3/11/94
3	EPA	Kostmayer	SES	Y	12/29/93	3/10/94	3/11/94
1	FEMA	Elisa	SES	Y	10/27/93	2/11/94	3/11/94
4	FEMA	Hutchinson	SES	Y	1/5/94	2/22/94	3/11/94
8	GSA	Hogan	SES	Y	1/12/94	3/1/94	3/11/94
8	HHS	Cary	SES	Y	12/16/93	2/17/94	3/11/94
10	HUD	Santos	C	Y		N	3/11/94
5	SBA RA	Dixon	GS-15	Y	10/21/93	2/22/94	3/11/94
9	FEMA	Mattingly	SES	Y	1/26/94	3/10/94	3/12/94
3	SBA ADV	Armstrong	PL	Y	10/21/93	12/10/93	3/23/94
5	SBA ADV	Brown	PL	Y	12/30/93	N	3/23/94
10	SBA ADV	Williams	PL	Y	12/23/93	N	3/23/94
6	SBA RA	Breedlove	GS-15	Y	12/23/93	3/1/94	3/23/94
7	SBA RA	Kent	GS-15	Y	1/27/94	3/9/94	3/23/94
2	LABOR	James	C	Y			4/25/94

Withdrawal/Redaction Marker
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. list	re: Regional Appointments Announcement Tracking [partial] (1 page)	04/00/1994	b(6)

COLLECTION:
Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 4887

FOLDER TITLE:
April 10-16, 1994 [2]

2018-0662-S
rs3095

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]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
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]

REGIONAL APPOINTMENTS ANNOUNCEMENT TRACKING

REGION	DEPT.	APPOINTEE	GRADE	DEC MEMO	START	COUNSEL	ANNOUNCE
3	GSA	**Christoline**	SES	Y	CAREER	CAREER	CAREER
10	HHS	**Career**	SES	Career	CAREER	CAREER	CAREER
1	SBA ADV	**Guiney**	PL	Y	10/21/93	N	Y
4	SBA ADV	**Norville**	PL	Y	N	N	Y
2	FEMA	Meyninger	SES	Y			
5	FEMA	Levine	SES	Y	12/21/93		
6	GSA	Killian	SES	Y	1/12/94		
2	HHS	Green	SES	Y			
2	HUD	Citron	SES	Y	2/14/94		
4	HUD	Gibson	SES	Y	9/14/93		
2	SBA RA	Bettridge	GS-15	Y	1/26/94		
5	LABOR	[redacted]	C				
6	LABOR	[redacted]	C				
6	SBA ADV	[redacted]	PL	Y			
3	SBA RA	[redacted]	GS-15				
2	EDUC	[redacted]	C				
9	SBA ADV	[redacted]	PL				
8	SBA ADV	[redacted]	PL				
10	SBA RA	[redacted]	GS-15				
7	LABOR	[redacted]	C				
8	LABOR	[redacted]	C				
2	SBA ADV		PL				
9	GSA		SES				
3	HHS		SES				
6	HHS		SES				
7	SBA ADV		PL				
9	SBA RA		GS-15				
		89		80	75	69	72
94		95%		85%	80%	73%	77%

Mr President:

NOT AS good
a picture as
U.S. Marshalls.
But as you can
see some nominations
have not yet been
sent.

MEMORANDUM

To: Mack McLarty
From: J. Veronica Biggins JVB
Kevin O'Keefe
Subject: **United States Marshall Nominations**
Date: April 7, 1994

There are currently 50 United States Marshals nominated of the 94 positions, and 44 have been confirmed. There are pending before the President, Decision Memorandums for an additional 7 nominations which are as follows.

Mississippi Northern	Michael Crews
Mississippi Southern	Eisenhower Durr
Alabama Middle	Florence Cauthen
Illinois Northern	Joseph DiLeonardi
Louisiana Middle	Ronald Boudreaux
Oklahoma Eastern	Robert Robertson
Wisconsin Western	Dallas Neville

Assuming that these decision memorandums are endorsed by the President, by the end of next week 57 Marshals will have been nominated.

There are currently pending F.B.I. background investigations on candidates for 26 positions. These backgrounds are at various stages in the review process. I anticipate that Justice may be in position to forward 12 candidates in the next ten days.

We have not as yet received recommendations for 12 positions from either Senior Democratic Senators or Deans of Democratic delegations. We are continuing to press for recommendations.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001c. list	re: U.S. Marshall Tracking [partial] (2 pages)	04/00/1994	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 4887

FOLDER TITLE:

April 10-16, 1994 [2]

2018-0662-S
rs3095

RESTRICTION CODES

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RR. Document will be reviewed upon request.

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

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b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
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]

U.S. MARSHALL TRACKING

STATE	DISTRICT	CANDIDATE	NOM	CON	G	E
California	Northern	**James Molinari**	11/2/93	2/11/94	M	
Iowa	Southern	**Phyllise Henry**	11/2/93	2/11/94	F	
Kentucky	Eastern	**Joe R. Mullins**	11/2/93	2/11/94	M	
New Mexico		**John Sanchez**	11/2/93	2/11/94	M	H
New York	Western	**Michael McCaffrey**	11/2/93	2/11/94	M	
West Virginia	Southern	**Charles M. Adkins, Jr.**	11/2/93	2/11/94	M	
Florida	Middle	**Don R. Moreland**	11/4/93	2/11/94	M	
Massachusetts		**Nancy Jane McGillivray-Shaffer**	11/4/93	2/11/94	F	
Washington	Eastern	**C. Ronald Dashiell**	11/4/93	2/11/94	M	
Missouri	Eastern	**Floyd A. Kimbrough**	11/5/93	2/11/94	M	
North Dakota		**Brian Berg**	11/5/93	2/11/94	M	
Kentucky	Western	**Charles Logsdon**	11/10/93	2/11/94	M	
Louisiana	Eastern	**Jimmy Serio**	11/12/93	2/11/94	M	
Oklahoma	Northern	**Jim Hughes**	11/12/93	2/11/94	M	
Tennessee	Western	**W. J. Wood**	11/12/93	2/11/94	M	
Arkansas	Eastern	**Conrad Pattillo**	11/15/93	2/11/94	M	
California	Southern	**Stephen S. Gregg**	11/15/93	2/11/94	M	
Alabama	Southern	**Robert Moore**	11/16/93	2/11/94	M	AA
Kansas		**R. Rand Rock, II**	11/16/93	2/11/94	M	
Louisiana	Western	**J.R. "Snap" Oakes**	11/16/93	2/11/94	M	
Nebraska		**Cleveland Vaugh, Jr.**	11/16/93	2/11/94	M	AA
South Dakota		**Robert Ecoffey**	11/16/93	2/11/94	M	NA
Washington	Western	**Rosa Melendez**	11/16/93	2/11/94	F	H
Arkansas	Western	**Hugh Black**	11/17/93	2/11/94	M	
Florida	Southern	**Daniel J. Horgan**	11/18/93	2/11/94	M	AA
Oklahoma	Western	**Pat Wilkerson**	11/18/93	2/11/94	M	
Illinois	Southern	**Terrance Delaney**	11/19/93	2/11/94	M	
Michigan	Eastern	**James Douglas**	11/19/93	2/11/94	M	
Montana		**Bill Strizich**	11/19/93	2/11/94	M	
Pennsylvania	Eastern	**Al Lewis**	11/19/93	2/11/94	M	
Idaho		**James Benham**	11/20/93	2/11/94	M	
Arizona		**Al Madrid**	11/10/93	3/10/94	M	H
Minnesota		**Charles L. Zacharias**	11/12/93	3/10/94	M	
Tennessee	Middle	**Raimon L. Patton**	11/19/93	3/10/94	M	
Delaware		**Timothy P. Mullaney**	1/25/94	3/10/94	M	A
Rhode Island		**John J. Leyden**	1/25/94	3/10/94	M	
South Carolina		**Major Israel Brooks, Jr.**	1/25/94	3/10/94	M	
Maine		**Lawrent Gilbert**	2/1/94	3/10/94	M	
Texas	Western	**Jack O. Dean**	2/1/94	3/10/94	M	AA
Nevada		**Herbert L. Brown**	1/25/94	3/23/94	M	
Georgia	Middle	**L. Cary Bittick**	1/27/94	3/23/94	M	
New Hampshire		**Ray Gagnon**	1/27/94	3/23/94	M	AA
Wisconsin	Eastern	**Nannette Hegerty**	2/1/94	3/23/94	F	
Indiana	Southern	**Frank Anderson**	2/194	3/23/94	M	AA
California	Eastern	**Jerry J. Enomoto**	1/25/94		M	
Tennessee	Eastern	**Joe C. Fowler**	1/27/94		M	
Florida	Northern	**James W. Lockley**	2/1/94		M	
Colorado		**Ernestine Rowe**	3/4/94		F	AA
Michigan	Western	**Barbara C. Jurkas**	3/4/94		F	
West Virginia	Northern	**L. J. Trupo**	3/4/94		M	
Alabama	Middle	Florence Mangum Cauthen	4/12/94		F	
Illinois	Northern	Joe DiLeonardi	4/12/94		M	
Louisiana	Middle	Ronald J. Boudreaux	4/12/94		M	
Mississippi	Northern	David Crews	4/12/94		M	
Mississippi	Southern	Ike Durr	4/12/94		M	AA
Oklahoma	Eastern	Robert B. Robertson	4/12/94		M	
Wisconsin	Western	Dallas Neville	4/12/94		M	
Alabama	Northern				F	
Alabama	Northern	(b)(6)			M	AA
Alabama	Northern				M	

U.S. MARSHALL TRACKING

STATE	DISTRICT	CANDIDATE	NOM	CON	G	E
		[redacted]				
Connecticut					M	
Georgia	Northern				M	
Georgia	Southern				M	
Hawaii					M	A
Hawaii					M	
Illinois	Central				M	AA
Indiana	Northern				M	AA
Indiana	Northern				M	
Indiana	Northern				M	
Maryland						
Maryland						
Mississippi	Northern				M	
Missouri	Western				M	AA
Missouri	Western				M	
Missouri	Western				M	AA
New York	Eastern				M	
North Carolina	Eastern				M	
North Carolina	Eastern				M	
North Carolina	Middle				F	
North Carolina	Middle	(b)(6)			M	
North Carolina	Western				M	
North Carolina	Western				M	
North Carolina	Western				M	
Ohio	Northern				M	
Ohio*g	Southern				M	
Ohio*m	Southern				M	AA
Pennsylvania	Middle				M	
Texas	Eastern				M	AA
Texas	Northern				M	
Texas	Southern				M	H
Utah					M	
Utah					M	
Utah					F	
Vermont					M	
Virginia	Eastern				M	AA
Virginia	Western				M	
Wisconsin	Western				M	
Wyoming					M	H
Alaska					M	
California	Central					
D.C.						
D.C. S.Ct.						
Guam						
New Jersey						
New York	Northern					
New York	Southern					
Oregon						
Oregon						
Pennsylvania	Western				M	
Puerto Rico						
COUNTS		98	57	44		

THE PRESIDENT HAS SEEN 4/11

Per your comments @ Kent

THE WALL STREET JOURNAL WEDNESDAY APRIL 6

U.S. Rejects Lorenzo's Bid To Form Airline

Department Cites Problems At Previous Company, Control at ATX Corp.

By DANIEL PEARL
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – The Transportation Department turned down Frank Lorenzo's bid to re-enter the airline business, citing safety problems at his old airlines and saying he would have too much control over his new one, ATX Corp.

The unusual action rejecting ATX's application follows a year-long investigation into Mr. Lorenzo's stormy tenure as chairman of Texas Air Corp. in the 1980s, when it controlled Eastern Air Lines and Continental Airlines. ATX officials, who had planned a small, low-fare airline based in Baltimore, said yesterday they will file an appeal immediately. Such an appeal would most likely be filed in federal court here.

USAir Cuts Some Fares

USAir launched a year-round lower-fare structure for travel between Eastern cities and the important Florida market. Article on page A4.

"This is the most blatant abuse of the government regulatory process we have ever seen," ATX President Stephen Kolski said at a news conference. "It's our belief that the creation of a successful business by providing jobs and profits is a good thing. We're appalled the administration didn't have the integrity to agree."

Unions, which often clashed with Mr. Lorenzo at Eastern and Continental, praised the decision to turn down ATX. "Justice has been done, and the public interest has been protected," said Randy Babbitt, a former Eastern pilot who heads the Air Line Pilots Association. Mr. Babbitt's union put heavy resources into defeating Mr. Lorenzo.

ATX officials saw the writing on the wall in December, when an administrative law judge in the Transportation Department blamed Mr. Lorenzo for past safety violations at Eastern and Continental and recommended that ATX be denied a certificate to fly. In an attempt to save his application, Mr. Lorenzo earlier this year sold new stock to investors and scaled back his ownership of ATX's voting stock to 23% from 57%.

But the Transportation Department said Mr. Lorenzo would have a "significant effect" on company operations. In a 75-page decision yesterday, the department said Mr. Lorenzo selected Mr. Kolski and was involved in hiring other managers; is the most experienced airline manager at ATX; remains the largest

Please Turn to Page A4, Column 3

Department Rejects Lorenzo Bid To Re-Enter the Airline Business

Continued From Page A3

shareholder; and provided the initial capital. "The company is his creation," the decision said.

The decision praised Mr. Lorenzo's business plan for ATX, but said that "it cannot overcome the negative conclusions we reach" because of Mr. Lorenzo's record at Texas Air. The decision cited the heightened federal surveillance and inspection of Mr. Lorenzo's past airlines, and said Eastern and Continental needed a "massive life-support system" to stay within safety standards. "The prospect of a repeat of the [Texas Air] history is unacceptable," the decision said. It also criticized Mr. Lorenzo's combativeness during the department's proceedings, when he challenged requests to produce various documents.

By appealing the decision, ATX could get a new round of hearings. And obtaining that will be "an uphill battle, because there's such deference awarded to regulatory agencies," according to Jeffrey Shane, an aviation lawyer who worked in the Bush administration.

One ground for appeal, Mr. Kolski said, is Transportation Secretary Fede[rico] Pena's decision to order a formal inv[esti]gation by the administrative law ju[dge]. Such a decision "shouldn't be made [by a] political appointee," Mr. Kolski said. [ATX] has charged that Mr. Pena made [the] decision because of political pressure f[rom] union supporters in Congress.

A spokesman for Mr. Pena s[aid] "There's nothing inappropriate about [the] secretary being involved in the proce[ss]." He said Mr. Pena followed the recomm[en]dation of career staff within the dep[art]ment, and referred the case to an admi[nis]trative law judge "to make sure ATX h[ad a] fair hearing."

This is only the second time the Tra[ns]portation Department has used an adm[in]istrative law judge for a new-airline ap[pli]cation; the other case involved question[s of] American citizenship. Yesterday's d[eci]sion was signed not by Mr. Pena, but [by] Patrick V. Murphy, a civil servant wh[o is] acting assistant secretary for aviation [and] international affairs.

–Bridget O'Brian in Houston cont[rib]uted to this article.

MACK MCLARTY

April 7, 1994

Mr. President,

Per your comments to me at the Kennedy Center about Frank Lorenzo -- In my opinion the right decision was made on this matter.

94 APR 8 P3:4

Mack

Attachment

Mr. President:
A tougher piece than the recent Wall Street Journal Article.

Sent copy to Cannon

THE PRESIDENT HAS SEEN 4/11

94 APR 8 P3:43

MAR-30-94 WED 14:27

Chicago Tribune
Perspective
SUNDAY, MARCH 27, 1994

From the folks who brought you Willie Horton, here's Whitewater

By Carol Iesutaitis

WASHINGTON—In the war over Whitewater, President Clinton's foes are manning their weapons—telephones, fax machines, newsletters and air waves—with no Clinton-basher being more aggressive or visible in recent weeks than Floyd G. Brown.

Brown, who heads a conservative foundation, has fashioned himself into a sort of one-stop service center for some reporters and congressional aides scouring about for tips, leads, documents, interviews or rumors in the Whitewater story.

He's not the only source of information. Many reporters are doing their own investigation. But a visit to Brown's offices, located over a nail salon in a low-slung commercial building in Fairfax, Va., is a quick study in how the feeding frenzy gets fed in Washington.

Looking for a copy of Bill and Hillary Rodham Clinton's 1980 tax return? Brown's got it. Photocopies of Whitewater check stubs or Mrs. Clinton's mortgage agreement? He has those too.

Need to interview David Hale, the Arkansan who accused Clinton of financial misdeeds as governor and last week pleaded guilty to unrelated charges of fraud against the government? Brown says he can arrange it. Hunting for the clerk who testified that he shredded files at Rose Law Firm? Brown can get him on the phone for you.

Want a new angle on the Whitewater story? A full-time researcher, employed by Brown, spends long days digging for skeletons in the Clintons' Arkansas closets, alternately traveling to Little Rock and working the phones from Virginia.

The researcher, David Bossie, harvests tales of alleged wrongdoings from a network of Clinton enemies, then peddles them to Capitol Hill and media contacts in hopes of prompting scandalous stories.

There's no smoking gun to be found in Brown's mountain of material, which he has been circulating around Washington for months. He says he does it out of conviction that Clinton lacks integrity and that during the presidential campaign the media fell down on the job of fully investigating his behavior in Arkansas.

"It's never pretty when you clean up after a mistake," he said.

The bespectacled, 33-year-old Brown, who has been described as a sort of overgrown Dennis the Menace, has spent years in the gamey, dirty tricks business of opposition research.

A Pacific Northwest native—the son of a Democratic sawmill worker whose own father was a member of the leftist International Workers of the World—Brown got his first taste of national politics in 1988 as a campaign worker for Sen. Bob Dole (R-Kan.).

But when the Republican establishment proved too tame, he set out to stir up the political pot as a free-lance operator. Currently, Brown is head of Citizens United, a 175,000-member nonprofit conservative organization, a vehicle that Brown has used to raise nearly $3 million in direct mail solicitations.

With a taste for dredging up sexual scandal, Brown's tactics are loathed by

SEE BROWN, PAGE 4

Carol Jouzaitis is a member of the Tribune's Washington bureau.

Brown

CONTINUED FROM PAGE 1

both parties because of, as one Democratic research report put it, a "complete lack of shame, unmitigated gall and total amorality."

Yet Brown is highly media-savvy, and he has sensed that in this world of instant news, the media have developed a new set of needs.

What the media requires in the convoluted Whitewater story, Brown believes, is an easy-access library of otherwise hard-to-get documents or a faxed-on-deadline explanation of the tangled web of Arkansas players and their arcane business relationships.

"There are a lot of people who don't know how to do this, who don't want to," said Jerry Seper, an investigative reporter with the Washington Times who said he spent four days in Yellville, Ark., going line-by-line through handwritten Whitewater real estate records. "This fax revolution becomes very valuable in getting information out."

While members of the mainstream media once viewed Brown as an ideological extremist for his anti-Clinton tactics in the 1992 election, some now check in with him regularly for the latest Whitewater grist.

Members of The Wall Street Journal's editorial board, who have been regularly slamming the Clintonites, met recently with Brown and examined his pile of information, said Daniel Henninger, the paper's deputy editorial editor.

After the meeting, the Journal devoted nearly half of its editorial page one day to reprinting some of them: a series of letters between Hale and former U.S. Attorney Paula Casey discussing Hale's attempts at plea bargaining.

Democrats, under pressure to defend the Clintons from allegations they hardly understand themselves, have attacked Brown's operation as part of an orchestrated, Republican search-and-destroy mission to smear the president and first lady. Sen. David Pryor (D-Ark.) recently called Brown's operation a "sleaze factory."

Brown's major claim to fame is that his independent political action committee produced the controversial Willie Horton campaign ad, decried by Democrats as a race-baiting attempt to discredit Michael Dukakis in his unsuccessful 1988 presidential bid against George Bush.

In 1992 Republicans and Democrats alike condemned Brown's methods when he produced a 60-second spot inviting viewers to "get to know Gennifer Flowers the way Bill Clinton did" by calling a telephone line offering an earful of allegations about sex, marijuana use and draft avoidance.

Republicans still are in a quandary over their relationship with Brown. Publicly, they dismiss Brown as the worst kind of partisan dirty trickster.

"That [Willie Horton] spot was, is, will ever after be, a nightmare," said Mary Matalin, Bush's former campaign spin doctor.

But privately, Republicans are an eager receptacle for his anti-Clinton vitriol.

Two weeks ago, Rep. John Doolittle (R-Calif.) quietly invited Brown to give 10 junior House Republicans his highly partisan take on Whitewater probes. Brown's materials also have wound up in the hands of Rep. Jim Leach (R-Iowa) whose staff also has been doing its own investigation as the congressman presses for hearings into Whitewater. Leach's spokesman, Joe Pinder, declined to say how they got there.

The fact that Brown gets rapped from both sides of the aisle hardly bothers him. Each morning, in amateurish, Rush Limbaugh-style, the baby-faced Brown can be found broadcasting a three-hour, talk radio show to a handful of far-flung markets including Charleston, Ill.; Waverly, Tenn.; and Tulsa. His monthly "Clintonwatch" newsletter assails the administration for its "radical socialist agenda."

Down the hall, Bossie's office is crowded with stacks of files bursting with materials all having something to do with Whitewater, the Clintons, their investment partners Jim and Susan McDougal, Hale, Mrs. Clinton's former partners at the Rose Law Firm and other Arkansas pals.

Assembled on a walnut coffee table for the journalist's perusal are six phone-book-sized volumes containing a mind-numbing array of materials—cataloged, packaged and neatly bound.

Much of it taken from public records, some of it obtained from more obscure sources, the volumes included deeds, mortgages, correspondence, law suits, balance sheets and bank records.

For the Whitewater neophyte, there are handy, reference guides, including a 15-page chronology of the land deal and its Washington fallout and thumbnail sketches of the players.

Brown and Bossie claim that "dozens" of networks, newspapers and magazines—including Time and Money magazines, NBC and the London Times—have used them for information or interviews.

Recently Bossie was seen in Arkansas accompanying NBC network producer Ira Silverman as he pursued an interview with former state Banking Commissioner Beverly Bassett Schaffer. Silverman and Bossie "jumped out from behind the car next to hers," said Archie Schaffer, her husband, "then chased her through the streets of Fayetteville to her family law office."

Silverman acknowledged using Bossie for background information on Whitewater but denied that Bossie was working with him on the Shaffer interview.

Betsy Wright, a former Clinton aide and now a lobbyist in Washington, was appalled: "The idea that one of these fellas went on a [media] stakeout is a shameful day for the mainstream media."

Back in Brown's office, a fax machine sends a daily stream of "Whitewater bulletins," always winding up with a list of questions: Was there an illegal flow of money from Madison Guaranty Savings & Loan to Whitewater Development Corp.? Did Clinton hand out contracts to his Arkansas friends in return for campaign contributions?

The faxes may lack news, but they have succeeded in focusing attention on Brown, whose appearance at a National Press Club briefing drew television cameras and nearly 30 reporters, who practically tripped over one another grabbing for his weighty volumes of documents.

While much has been made of similarities between the Watergate scandal and Whitewater, from a journalist's standpoint, there is one important difference.

Watergate was about a president's abuse of power in office.

Whitewater is about a set of land transactions and other deals that occurred in Arkansas as far back as 16 years, and piecing together the story involves tedious hours following a confusing paper trail by poring over dusty records.

It's the sort of investigative journalism that few reporters have the experience or stomach for, and fewer newspapers have the resources to fund.

Which is why Brown readily shares with reporters, among other things, a 4-inch-thick copy of a real estate title search on Whitewater properties, which Brown paid a consultant $3,000 to prepare.

While Citizens United newsletters describe the group's agenda as a "grass-roots effort to bring the government back under the control of the American people," the bulk of its money currently is being spent on investigating Clinton, Brown acknowledged.

He uses his radio show, which he calls "Talk Back to Washington," to troll for new contributors.

And as long as the Whitewater frenzy is sustained, Brown has plenty to talk about on the air. In his tiny studio one recent morning, Brown's commentary focused on the day's newspaper accounts of document shredding and other Whitewater developments.

"White House ethics melt down," Brown gushed into the microphone, quoting a headline in The New York Times. "I mean, it's as if I wrote this."

+/8 To the President from Mack

TRW Inc.

Executive Offices
1900 Richmond Road
Cleveland, OH 44124

Joseph T. Gorman
Chairman of the Board &
Chief Executive Officer

TRW

THE PRESIDENT HAS SEEN 4/11

94 APR 8 P3:43

March 24, 1994

President William Jefferson Clinton
The White House
Washington, D.C.

Dear President Clinton:

As we discussed at The Business Council meeting on March 1, I would like formally to invite you to be the dinner speaker at the Annual Meeting of The Business Roundtable that will be held on June 21 at the J.W. Marriott Hotel in Washington, D.C. The theme of the meeting will be "Investing in Our People", and will focus on education reform, international competitiveness, and workforce development -- themes of your own Administration.

As you are well aware, September will mark the fifth anniversary of the Charlottesville Education Summit and the adoption by President Bush and the nation's governors of the National Education Goals. It also marks the fifth anniversary of the Roundtable's ten-year commitment to improve the quality of our nation's public schools at the K-12 level by pursuing the National Goals.

I now chair the Roundtable's Education Task Force, and although we have made progress in a number of states as a result of our reform efforts, I am neither pleased nor satisfied with the overall results that have been achieved. If meaningful change is to occur, public and private sector leaders must collectively step up the call for reform and not be dissuaded or discouraged by those who oppose reform.

You displayed this resolve when you were Governor of Arkansas and co-chair of the NGA Education Task Force, and continue to demonstrate your commitment to our nation's children and their future by your action as President. Your very presence at our meeting would do much to rekindle our efforts and renew the mandate to make our nation's educational system the best in the world.

Your ability to recreate the sense of urgency for reform that was felt in Charlottesville will provide the climax to our annual Roundtable meeting, to be attended by over 200 CEO's.

Thank you for your consideration of this request.

With very best regards,

Sincerely,

Joe

Joseph T. Gorman

cc: J. D. Ong
√The Honorable T. F. McLarty III
The Honorable R. W. Riley

THE WHITE HOUSE
WASHINGTON

DATE: 4/10/94

TO: Mack, George, David Gergen

FROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.

059208

THE WHITE HOUSE

WASHINGTON

March 29, 1994 94 APR 7 P8:57

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT E. RUBIN RER

SUBJECT: DEVELOPMENT STRATEGY FOR NEW & GROWING BUSINESSES

Following up on conversations we have had in recent months, this memorandum outlines Administration efforts underway to improve access to capital for new and growing businesses. This vigorous program is the product of an interagency group, which consists of NEC, SBA, Treasury, Commerce, OMB, CEA, and the Export–Import Bank. (The group is currently considering additional measures to encourage new and growing businesses.) This memorandum is presented for your information; no decision is requested.

1. *Increasing Access to Debt Financing: Improving SBA's §7(a) Program*

SBA's §7(a) loan program plays an increasingly important role in small business finance: in the past few years, §7(a) lending has doubled, to more than $7 billion. The Administration's strategy includes two major improvements in the program.

- *Varying loan–guarantee levels*: Currently, SBA loans are offered on a "first come, first served" basis, with virtually all loans guaranteed at an 80–90% level. As not all loans need such near–total guarantees, this pricing is highly inefficient. SBA is developing a system of "tranches" of lending with different guarantee levels (e.g., 50% for real estate refinancing, 90% for seasonal lines of credit, etc.). This should significantly expand the dollar amount of loans SBA can guarantee, with almost no effect on the budget.

- *Improving §7(a) lending practices*: New data show problematic lending practices by §7(a) lenders. For example, of the 3,485 §7(a) loans (totalling $1.3 billion) made by the Money Store, only 95 loans (2.7%) were made to African–Americans, only 438 (12.5%) were made to women. SBA, OMB, OCC, NEC, and Treasury are developing a plan to improve these lending practices.

2. *Expanding the Securitization of Small Business Loans*

As mortgage markets demonstrate, securitization can facilitate lending by increasing liquidity for lenders and bringing new investors into the market, encouraging standardization, and reducing the cost of lending. More importantly, a secondary market functions as a counterpoise to cyclical contractions in the banking system. While we have some doubts about the feasibility of a large–scale secondary market for small business loans (due in part to the lack of standardization among those loans), our strategy includes two measures to accelerate the development of a private secondary market for unguaranteed small business loans.

- *Facilitating the development of a secondary market*: Provisions in the CDFI bill will eliminate legal, tax, and accounting-related impediments to securitization of small business loans. Moreover, federal agencies will make available borrower and loan performance data--data that will facilitate private sector securitization.

- *Support for state loan pools*: In addition, SBA will work with state loan-guarantee pools to encourage securitization of non-SBA loans.

While some have urged more aggressive steps (such as the formation of a government-sponsored entity like Fannie Mae for small business loans), we believe that encouraging formation of a private secondary market is the most appropriate policy at this time.

3. Encouraging Less Traditional Forms of Small Business Financing

The shift from manufacturing to services and the spread of just-in-time practices has rendered bank lending practices anachronistic: lenders often require "hard" collateral--plant, equipment, or inventory--even from firms that do not usually hold such collateral. Our strategy includes two efforts to encourage the development of less traditional financing tools.

- *Reexamining the prohibition on the pledging of federal receivables*: Currently, federal receivables--such as Medicare payments to providers--cannot be pledged as collateral. Especially for smaller firms, this prohibition is a significant impediment to borrowing and growth. Over the coming months, an interagency group will reconsider these prohibitions.

- *Insuring receivables*: The Export-Import Bank is examining the insurance of receivables as a substitute for debt financing. In many cases, such insurance would be both a more appropriate and a more efficient means of financing. The Bank is also examining additional innovative mechanisms such as credit union-style collaboratives among emerging firms and new means of attracting non-traditional finance sources such as insurance companies.

4. Increasing Access to Equity Financing

Recent years have seen a reduced supply of, and an increased demand for, equity capital for smaller firms. On the supply side, the amount of venture capital available for investment in smaller firms remains far below the record levels of the 1980s, and consolidation in the venture capital industry favors larger venture firms and very large investments. At the same time, demand for equity capital by smaller firms has increased due to the contraction in debt financing, the shift toward service industries (which tend to lack the plant-and-equipment collateral to support debt financing), and the increasing role of women and minority entrepreneurs (who often

THE PRESIDENT HAS SEEN 4/11

Truman Arnold

Copy

March 29, 1994

94 APR 8 P3:43

Pres – Mack – fyi

B

President Bill Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

What a delightful weekend. The opportunity to visit with you and the First Lady is always a pleasure, but to attend the victorious Razorback game was really special.

Not only are you a great President, but you are wonderful hosts always making Anita & I very comfortable.

It's been suggested by my many friends who saw us on TV with you that a "little powder" on the balding head would sure be appropriate. Something about a lot of glare.

I followed up with "Mack" on your invitation to come by for a visit. I'm available any time at your convenience.

You will be happy to know that every business associate that I talk to is having a better year than last year after tax. Keep up the good work.

Look forward to seeing you soon.

Best regards,

Truman Arnold

TA:dl

Mr. President –
What do
you want me to
do about Truman's
comment? Not
sure what you said
or want to really [illegible]