Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. form	[Personally Identifiable Information] [partial] (6 pages)	06/00/1995	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 5954

FOLDER TITLE:

June 25-30, 1995

2018-0662-S
rs3133

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]
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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE
WASHINGTON

06/26/95

NSC:

For your appropriate handling.

The original letter will be forwarded to the President upon his return.

Todd Stern

Staff Secy —

THE DEPUTY SECRETARY OF VETERANS AFFAIRS
WASHINGTON

June 21, 1995 95 JUN 26 P3:42

MEMORANDUM FOR THE PRESIDENT

SUBJ: Normalization of Relations with Vietnam

On May 22, 1995 I discussed with you my assessment of the successes of the Presidential Delegation that you directed that I lead to Vietnam to advance resolution of the POW/MIA issue. Throughout our visit it was noted that there was a substantial shift in the attitude of Vietnamese government officials and we heard repeatedly from United States representatives how cooperation had dramatically improved at all levels. Through both joint and unilateral efforts we are now benefiting from an established process to pursue the fullest possible accounting.

Since our return I have had the opportunity to discuss the normalization process with the leaders of major veterans service organizations. At this time we have achieved a significant level of agreement that the normalization process should move forward. The Veterans of Foreign Wars and AMVETS have publicly announced their support. Vietnam Veterans of America have a national resolution that requires them to oppose normalization. However, their leadership has indicated that they will not aggressively attack the administration if we move forward and stated to me that they believe it is time to normalize. The American Legion, Disabled Veterans and the National League of Families remain opposed. The Disabled American Veterans are not expected to aggressively denounce normalization.

In my opinion, we have opened a window of opportunity with this important constituency that will allow you to move forward without substantial opposition from the veterans community. The leadership is generally supportive and from their perspective it is important that normalization occur prior to their national conventions in late July and August. I do not believe that normalization will receive prolonged - significant press attention.

We have a process in place to continue our search and have the assurance of the Vietnamese government that they will continue their level of cooperation. Progress has been made in the four areas that you established. I sincerely believe we can make more progress if we establish diplomatic relations.

I recommend that you meet with the leadership of the major veterans service organizations that serve on your delegation and announce normalization of relations with Vietnam and subsequently conduct a public press announcement with members of Congress and 20-30 Vietnam Veterans as well as Veterans Service Organizations present.

Hershel

The Scourge of Deadbeat Dads

SUSAN BROTCHIE

SHE WAS FOUR MONTHS PREGNANT WHEN THE FATHER of her unborn child first walked out on her in 1982. That was just the beginning of Susan Brotchie's problems. The man refused to provide support for her daughter, Katie, and it took nine years and countless legal battles to collect the money. Brotchie could have simply put those grueling years behind her; instead she decided to put her experience to work for others. While raising her daughter and holding a full-time job as a cost analyst, she founded Advocates for Better Child Support (ABCS), in Peabody, Mass., which has helped more than 9,000 people establish child support or collect overdue payments.

Brotchie has succeeded where others have failed by working within the system. She collaborated with Massachusetts Rep. Peter Torkildsen on a proposal to allow officials to pursue delinquent parents across state lines. That became the basis for the so-called "deadbeat-dads amendment" to the House Republican

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John -

Maty Franks sent this to me as potential candidate for Surgeon General.

The guy won a CBS/Newsweek achievement award.

Maty says he is very impressive.

Let me know if I should pass it on to anyone.

Phil

Making House Calls to the Homeless

DR. PEDRO JOSE GREER

HE IS SOMETHING OF A LEGEND IN MIAMI, AND SO IS the story of how he became passionate about getting medical care to the poor. As an intern in 1984, Dr. Pedro Jose Greer treated a homeless man with tuberculosis, a usually curable disease that had progressed to a fatal stage. Greer was so appalled that someone in his own backyard would be too poor or ignorant to seek medical treatment that he began working in a shelter and soon founded a clinic there—setting up a folding table and dragging in as many fellow doctors as he could find. But there's an equally telling part of the story that isn't so well known: as the patient lay dying, Greer spent four days searching the streets for the man's family, hoping to keep him from passing his last days alone.

Greer's clinic—the Camillus Health Concern—is now one of the largest providers of medical care for the poor in south Florida, serving 4,500 patients last year. Greer, 38, has won numerous awards, including the MacArthur Fellowship in 1993. But he's never forgotten the man who died alone. Somewhere between the three days a week he spends at the clinics and his thriving private practice, the tall, bearlike doctor regularly prowls Miami's underbelly, making sure the city's homeless, drug addicts, hookers and other street people know that medical care is available if they need it. "To treat somebody that doesn't have a home or a family, you have to adapt the therapy to their reality," he says.

Greer, whose parents came from Cuba, knew early on that he would care for the poor. He quit the University of Florida before his senior year to attend med school in the Dominican Republic and had planned to take his stethoscope to Africa or South America. But he's thrilled to be giving back to his hometown—he went to high school with singer Gloria Estefan and was born at Jackson Memorial Hospital, where he now works. Greer is just surprised by the attention he's received. He says: "I've had the privilege of treating the sick and the honor of working with the poor."

TOP: TOM SALYER. IRA WYMAN FOR NEWSWEEK

Bob Nash — LAURA HANDMAN — HAROLD'S wife heard him speak + thought he was great. JOHN

6-30-95

DEMOCRATIC ★ NATIONAL ★ COMMITTEE

Donald L. Fowler
National Chair

Christopher J. Dodd
General Chair

95 JUN 27 P 1:36

June 26, 1995

Mr. John Podesta
Staff Secretary
White House
Washington, DC 20500

Dear John:

I am enclosing the C.V. of Dr. James B.D. Mark. Dr. Mark would like to enter his name for consideration for nomination to the position of Surgeon General. As you can see, he has an extensive background as a surgeon -- including experience in the U.S. Public Health Service, academia, public service activities and professional societies.

I will also be forwarding Dr. Mark's published works and other additional materials shortly. Please feel free to contact me at any time about this matter at (202) 479-5130. Thanks for your attention to this matter.

Sincerely,

ERIC BERMAN
Director of Research

Bob Nash
6.30.95

cc: Charles R. Berman, Esq.

EB/MW

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Clinton Library

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CURRICULUM VITAE

JAMES B. D. MARK, M.D.

Date of Birth:
Place of Birth: (b)(6)

Education:

B.A. - Vanderbilt University - 1950
M.D. - Vanderbilt University School of Medicine - 1953

Professional Training:

Yale-New Haven Hospital
- Intern in Surgery - 1953-54
- American Cancer Society Fellow in Surgery - 1954-55
- Assistant Resident in Surgery - 1957-58
- Resident in Thoracic & Cardiovascular Surgery - 1958-59
- Resident in General Surgery - 1959-60

Military Service:

U.S. Public Health Service - 1955-57
Rank: Senior Assistant Surgeon

Faculty and Hospital Appointments:

Yale University School of Medicine
- Instructor in Surgery - 1960-62
- Assistant Professor of Surgery - 1962-65

Stanford University School of Medicine
- Associate Professor of Surgery - 1965-69
- Professor of Cardiothoracic Surgery - 1969-present
- Chairman, Department of Surgery, Santa Clara Valley Medical Center - 1965-70
- Associate Dean for Student Affairs - 1970-72
- Head, Division of Thoracic Surgery - 1972-present
- Senior Fulbright-Hays Fellow and Visiting Professor of Surgery, University of Dar es Salaam, Tanzania - 1972-73
- Associate Dean for Regional Medical Affairs - 1973-74
- Acting Chairman, Department of Surgery - 1974-77
- Johnson and Johnson Professor of Surgery - 1978-present
- Associate Dean for Clinical Affairs - 1988-92
- Chief of Staff, Stanford University Hospital - 1988-92

January 1995

Licensure

Tennessee 1953, Connecticut 1954, California 1958

Society Memberships

American Association for the Advancement of Science
American Association for Thoracic Surgery
American College of Chest Physicians
American College of Surgeons
American Surgical Association
California Academy of Medicine
California Medical Association
Halsted Society
Pacific Coast Surgical Association
San Francisco Surgical Society
Santa Clara County Medical Society
Sigma Xi
Western Surgical Association
Western Thoracic Surgical Association

Honors

Phi Beta Kappa
Alpha Omega Alpha (Alumnus)
Award for Outstanding Contribution in Medical Education
Santa Clara County Medical Society - 1984
Kaiser Award for Contributions to Medical Education, Stanford
University School of Medicine - 1987
l'Ambrogino (Gold Medal) of the City of Milan - 1990

Board Certification

American Board of Surgery - 1961
American Board of Thoracic Surgery - 1961

University and Outside Professional Activities

State of California
Governor's Committee on Traffic Safety - 1967-69
Chairman, Task Group on Emergency Medical Services Health
Review and Program Council - 1970-71
California Hospital Commission - 1972

Santa Clara County Medical Society
Vice President - 1970-72, 1973-75
President-elect - 1975-76
President - 1976-77

James B.D. Mark, M.D.
Curriculum Vitae - page 3.

Institute for Medical Research of Santa Clara County
- Board of Directors - 1970-79
- Executive Committee - 1971-72

California Academy of Medicine
- Executive Committee - 1975-80
- Vice President - 1977
- President - 1978

American College of Surgeons
- International Relations Committee - 1974-84
- Committee on Surgical Education in Medical Schools - 1976-86
- Vice President, Northern California Chapter - 1979-80
- President, Northern California Chapter - 1980-81
- Governor - 1984-90

San Francisco Surgical Society
- Executive Council - 1978-83
- President - 1984-85

Governing Body, Health Systems Agency of Santa Clara County, 1978-80

Committee on Clinical Research in Developing Countries of the Institute of Medicine - 1979-80

California Medical Association
- Committee on Scientific Assemblies - 1978-84
    - Chairman - 1979-81
- Executive Committee of the Scientific Board - 1979-83

Western Thoracic Surgical Association
- Membership Committee - 1975-78
- Program Committee - 1982-85
- Council - 1985-87
- Vice-President - 1991-92
- President - 1992-93

Halsted Society
- Membership Committee - 1975-78
- Vice President - 1983
- President - 1984

American College of Chest Physicians
- President Elect - 1993-94
- President - 1994-95

James B.D. Mark, M.D.
Curriculum Vitae - page 4.

American Association for Thoracic Surgery
Program Committee - 1968, 1985
Manpower Committee - 1983-85
Liaison Committee for Thoracic Surgery - 1987-90

Pacific Coast Surgical Association
Vice President - 1990-91

Stanford University
Medical School Admissions Committee - 1969-72, 1973-74, 1977-78, (Chairman), 1982
Medical School Faculty Senate - 1968-71, 1973-74
Committee of Five - 1970-71
Senate of the Academic Council - 1974-77, 1981-83, 1985-87
Commission on Investment Responsibility - 1985-88
Medical School Committee on Ethical Scientific Performance - 1987-present

Trustee of the Associates of the Yale Medical Library - 1979-83

Vanderbilt Medical Alumni Association
Board of Governors - 1982-87
President-elect - 1984
President - 1985-86

Editorial Boards
Journal of Thoracic and Cardiovascular Surgery - 1987-1994
Stanford Medicine - 1988-present

Board of Directors - Stanford University Hospital - 1992-1994

THE WHITE HOUSE

WASHINGTON

June 30, 1995

MEMORANDUM FOR WALTER DELLINGER
ASSISTANT ATTORNEY GENERAL,
OFFICE OF LEGAL COUNSEL

FROM: JOHN PODESTA
ASSISTANT TO THE PRESIDENT
AND STAFF SECRETARY

RE: CONTINUING SERVICE ON THE COMMISSION ON PROTECTING AND REDUCING GOVERNMENT SECRECY

I am writing to follow up our conversations concerning my service on the Commission on Protecting and Reducing Government Secrecy.

I was appointed by the President on January 6, 1995, to serve on the Commission as a Government member. As you know, I am leaving my position as Assistant to the President and Staff Secretary effective today.

Public Law 103-236, which establishes the Commission, does not direct that a government member be automatically terminated when that member's underlying government service in the executive branch ends.

It is my understanding based on the statute and our conversations that I may continue to hold over and serve as a member of the Commission unless and until the President appoints a replacement. It is also my understanding that the President would support my continuing to serve, so long as there is no legal impediment to continuing in that holdover capacity. Please let me know if, after reviewing the statute, you conclude that I may continue my service on the Commission.

I have enclosed a copy of the statutory authorization for your convenience.

c.c. Bob Nash

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 1994 AND 1995

TITLE IX—COMMISSION ON PROTECTING AND REDUCING GOVERNMENT SECRECY

Protection and Reduction of Government Secrecy Act.
Classified information.
50 USC 401 note.

SEC. 901. SHORT TITLE.

This title may be cited as the "Protection and Reduction of Government Secrecy Act".

SEC. 902. FINDINGS.

The Congress makes the following findings:

(1) During the Cold War an extensive secrecy system developed which limited public access to information and reduced the ability of the public to participate with full knowledge in the process of governmental decisionmaking.

(2) In 1992 alone 6,349,532 documents were classified and approximately three million persons held some form of security clearance.

(3) The burden of managing more than 6 million newly classified documents every year has led to tremendous administrative expense, reduced communication within the government and within the scientific community, reduced communication between the government and the people of the United States, and the selective and unauthorized public disclosure of classified information.

(4) It has been estimated that private businesses spend more than $14 billion each year implementing government mandated regulations for protecting classified information.

(5) If a smaller amount of truly sensitive information were classified the information could be held more securely.

(6) In 1970 a Task Force organized by the Defense Science Board and headed by Dr. Frederick Seitz concluded that "more might be gained than lost if our Nation were to adopt—unilaterally, if necessary—a policy of complete openness in all areas of information".

(7) The procedures for granting security clearances have themselves become an expensive and inefficient part of the secrecy system and should be closely examined.

(8) A bipartisan study commission specially constituted for the purpose of examining the consequences of the secrecy system will be able to offer comprehensive proposals for reform.

SEC. 903. PURPOSE.

It is the purpose of this title to establish for a two-year period a Commission on Protecting and Reducing Government Secrecy—

(1) to examine the implications of the extensive classification of information and to make recommendations to reduce the volume of information classified and thereby to strengthen the protection of legitimately classified information; and

(2) to examine and make recommendations concerning current procedures relating to the granting of security clearances.

SEC. 904. COMPOSITION OF THE COMMISSION.

(a) ESTABLISHMENT.—To carry out the purpose of this title, there is established a Commission on Protecting and Reducing Government Secrecy (in this title referred to as the "Commission").

President. (b) COMPOSITION.—The Commission shall be composed of twelve members, as follows:

(1) Four members appointed by the President, of whom two shall be appointed from the executive branch of the Government and two shall be appointed from private life.

(2) Two members appointed by the Majority Leader of the Senate, of whom one shall be a Member of the Senate and one shall be appointed from private life.

(3) Two members appointed by the Minority Leader of the Senate, of whom one shall be a Member of the Senate and one shall be appointed from private life.

(4) Two members appointed by the Speaker of the House of Representatives, of whom one shall be a Member of the House and one shall be appointed from private life.

(5) Two members appointed by the Minority Leader of the House of Representatives, of whom one shall be a Member of the House and one shall be appointed from private life.

(c) CHAIRMAN.—The Commission shall elect a Chairman from among its members.

(d) QUORUM; VACANCIES.—After its initial meeting, the Commission shall meet upon the call of the Chairman or a majority of its members. Seven members of the Commission shall constitute a quorum. Any vacancy in the Commission shall not affect its powers but shall be filled in the same manner in which the original appointment was made.

(e) APPOINTMENT OF MEMBERS; INITIAL MEETING.—(1) It is the sense of the Congress that members of the Commission should be appointed not later than 60 days after the date of enactment of this title.

(2) If after 60 days from the date of enactment of this Act seven or more members of the Commission have been appointed, those members who have been appointed may meet and select a Chairman who thereafter shall have authority to begin the operations of the Commission, including the hiring of staff.

SEC. 905. FUNCTIONS OF THE COMMISSION.

The functions of the Commission shall be—

(1) to conduct, for a period of 2 years from the date of its first meeting, an investigation into all matters in any way related to any legislation, executive order, regulation, practice,

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or procedure relating to classified information or granting security clearances; and

(2) to submit to the Congress a final report containing such recommendations concerning the classification of national security information and the granting of security clearances as the Commission shall determine, including proposing new procedures, rules, regulations, or legislation. Reports.

:. 906. POWERS OF THE COMMISSION.

(a) IN GENERAL.—(1) The Commission or, on the authorization the Commission, any subcommittee or member thereof, may, the purpose of carrying out the provisions of this title—

(A) hold such hearings and sit and act at such times and places, take such testimony, receive such evidence, administer such oaths, and

(B) require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, the Commission or such designated subcommittee or designated ember may deem advisable.

(2) Subpoenas issued under paragraph (1)(B) may be issued ıder the signature of the Chairman of the Commission, the chairan of any designated subcommittee, or any designated member, ıd may be served by any person designated by such Chairman, ıbcommittee chairman, or member. The provisions of sections 102 rough 104 of the Revised Statutes of the United States (2 U.S.C. 92–194) shall apply in the case of any failure of any witness comply with any subpoena or to testify when summoned under uthority of this section.

(b) CONTRACTING.—The Commission may, to such extent and ı such amounts as are provided in appropriation Acts, enter into ontracts to enable the Commission to discharge its duties under his title.

(c) INFORMATION FROM FEDERAL AGENCIES.—The Commission s authorized to secure directly from any executive department, ureau, agency, board, commission, office, independent establishnent, or instrumentality of the Government information, suggesions, estimates, and statistics for the purposes of this title. Each uch department, bureau, agency, board, commission, office, stablishment, or instrumentality shall, to the extent authorized y law, furnish such information, suggestions, estimates, and statisics directly to the Commission, upon request made by the Chairman.

(d) ASSISTANCE FROM FEDERAL AGENCIES.—(1) The Secretary of State is authorized on a reimbursable or non-reimbursable basis to provide the Commission with administrative services, funds, facilities, staff, and other support services for the performance of the Commission's functions.

(2) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(3) In addition to the assistance set forth in paragraphs (1) and (2), departments and agencies of the United States are authorized to provide to the Commission such services, funds, facilities, staff, and other support services as they may deem advisable and as may be authorized by law.

(e) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

(f) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as departments and agencies of the United States.

SEC. 907. STAFF OF THE COMMISSION.

(a) IN GENERAL.—The Chairman, in accordance with rules agreed upon by the Commission, may appoint and fix the compensation of a staff director and such other personnel as may be necessary to enable the Commission to carry out its functions, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no rate of pay fixed under this subsection may exceed the equivalent of that payable to a person occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code. Any Federal Government employee may be detailed to the Commission without reimbursement from the Commission, and such detailee shall retain the rights, status, and privileges of his or her regular employment without interruption.

(b) CONSULTANT SERVICES.—The Commission is authorized to procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates not to exceed the daily rate paid a person occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code.

SEC. 908. COMPENSATION AND TRAVEL EXPENSES.

(a) COMPENSATION.—(1) Except as provided in paragraph (2), each member of the Commission may be compensated at not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day during which that member is engaged in the actual performance of the duties of the Commission.

(2) Members of the Commission who are officers or employees of the United States or Members of Congress shall receive no additional pay on account of their service on the Commission.

(b) TRAVEL EXPENSES.—While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

SEC. 909. SECURITY CLEARANCES FOR COMMISSION MEMBERS AND STAFF.

The appropriate executive departments and agencies shall cooperate with the Commission in expeditiously providing to the Commission members and staff appropriate security clearances in a manner consistent with existing procedures and requirements, except that no person shall be provided with access to classified information pursuant to this section who would not otherwise qualify for such security clearance.

SEC. 910. FINAL REPORT OF COMMISSION; TERMINATION.

(a) FINAL REPORT.—Not later than two years after the date of the first meeting of the Commission, the Commission shall submit to the Congress its final report, as described in section 905(2).

(b) TERMINATION.—(1) The Commission, and all the authorities of this title, shall terminate on the date which is 60 days after the date on which a final report is required to be transmitted under subsection (a).

(2) The Commission may use the 60-day period referred to in paragraph (1) for the purpose of concluding its activities, including providing testimony to committees of Congress concerning its final report and disseminating that report.

Approved April 30, 1994.

LEGISLATIVE HISTORY—H.R. 2333 (S. 1281):

HOUSE REPORTS: Nos. 103–126 (Comm. on Foreign Affairs) and 103–482 (Comm. of Conference).
SENATE REPORTS: No. 103–107 accompanying S. 1281 (Comm. on Foreign Relations).
CONGRESSIONAL RECORD:
Vol. 139 (1993): June 15, 16, 22, considered and passed House.
Vol. 140 (1994): Jan. 25–28, 31, Feb. 1, 2, S. 1281 considered in Senate; H.R. 2333, amended, passed in lieu.
Apr. 28, House agreed to conference report.
Apr. 29, Senate agreed to conference report.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 30 (1994):
Apr. 30, Presidential statement.

○

THE WHITE HOUSE

WASHINGTON

June 30, 1995

MEMORANDUM FOR WALTER DELLINGER
ASSISTANT ATTORNEY GENERAL,
OFFICE OF LEGAL COUNSEL

FROM: JOHN PODESTA
ASSISTANT TO THE PRESIDENT
AND STAFF SECRETARY

RE: CONTINUING SERVICE ON THE COMMISSION ON PROTECTING AND REDUCING GOVERNMENT SECRECY

I am writing to follow up our conversations concerning my service on the Commission on Protecting and Reducing Government Secrecy.

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I have enclosed a copy of the statutory authorization for your convenience.

c.c. Bob Nash

THE WHITE HOUSE

WASHINGTON

95 JUN 30 P12:21

June 30, 1995

MEMORANDUM FOR TODD STERN

FROM JENNY McCARTHY

SUBJECT JACK R. SHOCK

As you know, Jack R. Shock is our recommendation for the position of Director of Presidential Letters and Messages in the Department of Correspondence. He was referred to us by Debra Wood, Director of Student Correspondence.

Craig Smith has vouched for his loyalty to President Clinton, and we also received strong endorsements of this candidacy through Kay Goss at FEMA, to whom Nancy Hernreich referred us.

If this meets your approval, please sign the attached form.

OK Todd

ATTACHMENTS

cc: Jim Dorskind

Jack R. Shock
Assistant Professor of Communication

ACADEMIC PREPARATION

Ed.D. in Higher Education	University of Arkansas	1994
Dissertation Title: A Survey of Mass Communication Graduates of Harding University		
M.A. in Journalism	University of Arkansas at Little Rock	1985
B.A. in Marketing	Harding University	1980

PROFESSIONAL EXPERIENCE

Assistant Professor of Communication	Harding University Searcy, AR	1988 - Present
Graduate Assistant in Higher Education	University of Arkansas Fayetteville, AR	1992 - 1993
Director of Student Publications	Harding University Searcy, AR	1988 - 1991
Account Assistant	Russ Lapso & Associates New York, NY	1984
Intern, Associated Collegiate Press	University of Minnesota Minneapolis, MN	1985

PROFESSIONAL AND COMMUNITY MEMBERSHIPS

Public Relations Society of America
Public Relations Student Society of America
    Chapter Advisor, Harding University Chapter
Arkansas Young Democrats
    Chapter Advisor, Harding University Chapter
Associated Collegiate Press
Arkansas College Media Association
    President, 1990 - 1991
Arkansas Young Democrats
    Chapter Advisor, Harding University Chapter

PROFESSIONAL ACTIVITIES

Institutional Services

- **Committee Responsibilities**
  - **Harding University**
    - Public Relations Committee
    - Cooperative Education Committee
    - Lyceum Committee
  - **University of Arkansas**
    - Admissions Committee, College of Education
  - **Harding University Communication Department**
    - Communication Department Awards Banquet
    - Print Journalism and Public Relations' Majors Internship Coordinator
- **Other Institutional Services**
  - Director of Student Publications
  - Titans Social Club Sponsor
  - Young Democrats Club Sponsor

Presentations

Hammons, J., & Shock, J. (November, 1992). The Course Syllabus Reexamined. Paper presented at the Lilly Conference on College Teaching, Miami University, Oxford, Ohio.

Shock, J. (July, 1985). Sportswriting for the Scholastic Press. Workshop presented by the Associated Collegiate Press at the University of Minnesota, Minneapolis, Minnesota.

Shock, J. (June, 1986). Advanced Newspaper Production. Workshop presented at the University of Missouri School of Journalism, Columbia, Missouri.

Shock, J. (July, 1986). Yearbook Production. Workshop presented at the University of South Carolina School of Journalism, Columbia, South Carolina.

Shock, J. (June, 1987). Newspaper Production. Workshop presented at the University of South Carolina School of Journalism, Columbia, South Carolina.

Shock, J. (July, 1987). Yearbook Production. Workshop presented at the University of South Carolina School of Journalism, Columbia, South Carolina.

Shock, J. (July, 1988). Yearbook Production. Workshop presented at the University of Alabama School of Mass Communication, Tuscaloosa, Alabama.

Shock, J. (August, 1988). Yearbook Production. Workshop presented at Josten's Harding - University Yearbook Summer Workshop, Searcy, Arkansas.

Shock, J. (July, 1989). Yearbook Production. Workshop presented at the University of Alabama School of Mass Communication, Tuscaloosa, Alabama.

Shock, J. (October, 1989). Writing for the Yearbook. Workshop presented at Judsonia High School, Judsonia, Arkansas.

Shock, J. (February, 1990). Yearbook Production. Workshop presented at the University of Alabama School of Mass Communication, Tuscaloosa, Alabama.

Shock, J. (August, 1990). Yearbook Production. Workshop presented at Josten's Harding University Yearbook Summer Workshop, Searcy, Arkansas.

Publication

Hammons, J. & Shock, J. The course syllabus reexamined. The Journal of Staff, Program, & Organization Development. Accepted for publication.

Special Projects

TV16 Religious Broadcasting Advisory Committee, 1994 - 1995, Harding University, Searcy, Arkansas.

Sunshine School Twenty-Fifth Anniversary Celebration, Steering Committee, 1990 - 1991, Searcy, Arkansas.

Developed program and brochure for Student Activities Program at North Little Rock High School, 1990, North Little Rock, Arkansas.

Designed summer camp brochure for Camp Wyldewood, 1987, Searcy, Arkansas.

Faculty advisor for Open Lines of Communication, Department of Communication newsletter, 1994 - present, Harding University, Searcy, Arkansas.

Professional Development Activities

National Scholastic Press Association, National Meeting, Little Rock, Arkansas, October, 1984.

Associated Collegiate Press, National Meeting, Dallas, Texas, 1985.
College Media Association New Adviser's Workshop, San Francisco, California, 1986.
Arkansas College Media Association, State Meeting, Conway, Arkansas, 1986.
Associated Collegiate Press, National Meeting, New York, New York, 1987.
Associated Collegiate Press, National Meeting, Atlanta, Georgia, November, 1988.
Associated Collegiate Press, Summer Workshop, Washington, D.C., July, 1990.
Associated Collegiate Press, Summer Workshop, Washington, D.C., July, 1991.
Public Relations Society of America, National Meeting, Baltimore, Maryland, November, 1994.

SERVICE ACTIVITIES

Church

College Church of Christ, Searcy, Arkansas
Worship Planning Committee

Community

Arkansas Young Democrats

End of transmission —
J. Shock

THE WHITE HOUSE
WASHINGTON

June 30, 1995

TO: JENNY MCCARTHY

FROM: TODD STERN

Jenny -

This should come over as a memo from Jim and/or you to me with an approve/disapprove and with a resume attached.

Also, as I mentioned, I don't have any interest in what Ark. Dems think generally -- I'm only interested in Arkansans in WH. Is Craig Smith only one who knows him?

Todd

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Todd

White House Office
Supplemental Information Sheet for Personnel Action
(To be completed by all persons tentatively selected for employment)

Date: 6/22/95

Name: JACKIE ROBERT SHOCK | Social Security Number: [redacted] (b)(6)
Date of Birth: [redacted] | Place of Birth: [redacted]
Local Address: NONE YET | Last Permanent Address: 115 Cherokee Searcy, AR 72143

In case of emergency notify: L. J. SHOCK 501-753-5342 Phone Number: 501-268-1204

Marital Status: ☒ Single ☐ Married ☐ Widowed ☐ Separated ☐ Divorced

Spouse's Name: / Spouse's Employer:

Department/Office/Agency: White House Correspondence
Reporting to: Jim Dorskind Office Phone Number: 65494

Personnel Status: ☒ XX White House Employee ☐ Other Government Employee (please specify):

☐ Reimbursable Detail ☐ Non-reimbursable detail ☐ Volunteer
☐ Assignee ☐ White House Fellow ☐ Presidential Management Intern
☐ Historically Provided Service ☐ Intergovernmental Personnel Agreement ☐ Intern

Other:

(For all Other Government Employees, please attach a brief description of the individual's role and responsibilities)

Effective Date: Ending Date (If applicable):

Current or Most Recent Place of Employment: HARDING UNIVERSITY
Address: BOX 765 SEARCY, ARKANSAS 72149
Supervisor: DR. MICHAEL JAMES Phone Number: 501-279-4445
Military Service: ☐ Yes ☒ No Service Branch: Date of Discharge:
Prior EOP Service: ☐ Yes ☒ No Agency: Dates of Employment:

Have you ever been fired from any job for any reason, quit after being told you would be fired, or left by mutual agreement because of specific problems? ☐ Yes ☒ No (If yes, please explain on the back of this form.)

Are you now under any charge, or have you ever been convicted of, or forfeited collateral for any violation of law? ☐ Yes ☒ No (If yes, please explain on the back of this form.)

To Be Completed By Requesting Official:

Type of Pass or access requested:

☒ WH Badge ☐ WH Vol ☐ WH Access ☐ Other (OGA, NGS, CON)
☐ EOP Badge ☒ EOP Vol ☐ EOP Access

8/22/95

Signature of Requesting Office Approving Official

To be completed by all regular Employees and Other Government Employees:

I acknowledge that the information provided herein is true and correct to the best of my knowledge and further acknowledge that this information may be used to initiate a preliminary background investigation in preparation for my employment in the White House and the Executive Office of the President.

Jackie Robert Shock 6/22/95

Signature Date

To be Completed by Volunteers Only:

I acknowledge that the personnel data is correct and I am volunteering my services without compensation or promise of such.

Signature Date

Revised 1/94

THE WHITE HOUSE
PRE-EMPLOYMENT INFORMATION

Name: SHOCK | JACKIE | R.
Last | First | Middle Initial

SSN: (b)(6)

Local Address: none yet
Street | City | State | Zip

Phone: ______ | 501-2790-445
Home | Work

Department: White House Correspondence

Requested By: Jim Dorskind

Position Title: Director, Presidential Letters and Messages

Salary: $40,000 JAD

Proposed Date of Employment: July 16, 1995

Ending Date, (If Possible) —

Work Schedule (circle one):

Full Time | Part Time | Intermittent

APPROVALS

Assistant to the President | Office of Management and Administration

June 30, 1995
Date | Date

Upon approval or disapproval, return to:

Jenny McCarthy | 94 | x.66556
Name | Room | Ext.

THE WHITE HOUSE

PRE-EMPLOYMENT INFORMATION

Name: SHOCK — *Last* | JACKIE — *First* | R. — *Middle Initial*

SSN: (b)(6)

Local Address: none yet — *Street* | *City* | *State* | *Zip*

Phone: ______ *Home* | 501-2790-445 *Work*

Department: White House Correspondence

Requested By: Jim Dorskind

Position Title: Director, Presidential Letters and Messages

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APPROVALS

____
Assistant to the President

____
Date

____
Office of Management and Administration

____
Date

Upon approval or disapproval, return to:

____
Name | Room | Ext.

Appointment

Subject to Drug Testing

I hereby acknowledge that my appointment to a position in the Executive Office of the President (EOP) is subject to the applicant drug testing requirement as set forth in the EOP Drug-Free Workplace Plan. I also acknowledge that I am responsible to present myself for a drug test prior to my appointment at a place and time to be determined. Should it be determined, under the requirements of the Plan, that I have a verified positive test result for any of the prohibited drugs, I understand that my appointment will be terminated.

6/22/95
Date

Jackie Robert Shock
Signature

(b)(6)
Social Security Number

JACKIE ROBERT SHOCK
Typed or Printed Name

WHO
Agency

501-268-1204
Telephone Number

June 29, 1995

TO: JIM

FR: JENNY

RE: RESPONSE FROM JACK SHOCK'S POLITICAL REFERENCES

As I mentioned, Jack gets very strong recommendations from a number of prominent Democrats in Arkansas. Through Kay Goss at FEMA, Watson Bell, a member of the Harding University Board and the long-time Clinton campaign coordinator in the area, says that he has the "highest regard" for Jack, who he describes as a strong Clinton supporter, and points out that "it is isn't easy being the head of the Harding University Democratic Club." State Senator Mike Beebe also spoke highly of Jack. In addition, I received a call from Frank Whitbeck, who has helped raise funds for POTUS, who says the White House didn't need to have any hesitation in hiring Jack.

THE WHITE HOUSE

WASHINGTON

June 27, 1995

MEMORANDUM FOR JAMES A. DORSKIND
SPECIAL ASSISTANT TO THE PRESIDENT
DIRECTOR OF CORRESPONDENCE AND PRESIDENTIAL MESSAGES

JENNY MCCARTHY
DEPUTY DIRECTOR OF CORRESPONDENCE AND PRESIDENTIAL MESSAGES

FROM: DEBRA S. WOOD DW
DIRECTOR OF PRESIDENTIAL STUDENT CORRESPONDENCE

SUBJECT: JACK SHOCK

****

I am pleased to furnish the following information to you regarding the potential employment of Jack Shock as Director of Presidential Letters and Messages.

Eleven years ago, I met Jack when I was a junior in high school and a student in one of his classes. While I have not been in contact with him in several years, he and I share a number of close friends and acquaintances: Bruce and Renva Watterson, both professors at Henderson State University in Arkadelphia, Arkansas; Pris Benson, drama teacher at North Little Rock High School in North Little Rock, Arkansas; Anita Cameron, Assistant Principal at North Little Rock High School; and Dr. Charlotte Meredith, former Director of Personnel, North Little Rock Public Schools and currently language arts teacher in Denver, Colorado (also married to my cousin).

I have known all of these individuals for the past eleven years. They have been my teachers, friends of other members of my family, and my mentors. All of them are leaders in their communities, they are extremely moral individuals, and highly regarded in Arkansas' education system.

Today, during a conversation with Charlotte, she made it very clear to me that Jack is a Democrat and a supporter of President Clinton and his policies. She described Jack as an intellectual person, a moral individual, very open-minded, and an extremely popular teacher among his students. You should know that

Charlotte played an instrumental part in Hillary Rodham Clinton's efforts to reform Arkansas' education system by making a presentation to the Arkansas Education Standards Committee. Charlotte's husband, who is my cousin, was the Vice President of the Young Democrats at the University of Arkansas at Fayetteville when Mack McLarty was President.

I am aware of your concerns regarding Harding University and its reputation as being very conservative. Charlotte, who is a member of the National Speech Communication Association, told me that Harding University is well known throughout the state and country as having a very good communications program, of which, Jack is a member of the faculty. She said that as a speech teacher in Arkansas, she remembers Harding hosting numerous high school and college speech tournaments and that at the time, Dr. Evan Ulrey, who was the chairman of the department, was well known in communication journals throughout the country. The only other institution of higher learning in Arkansas that had a similar reputation in the communications field was Arkansas State University (ASU) in Jonesboro.

Jack volunteered on Democratic Congressman Ray Thornton's campaign. He also knows Representative Thornton. In addition, Ray Thornton's sister, Betty Ulrey, is the wife of the retired chairman of the speech and drama department at Harding University.

I hope the above information will assist you with the questions raised about the potential employment of Jack Shock. I know that the Clinton Administration would benefit greatly from any member of this close-knit group of individuals, and I know that any of them would be more than happy to speak with you about Jack's character and political affiliations.

THE WHITE HOUSE
WASHINGTON

DATE: 6/30/95

TO: Jane Sherburne

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

U.S. Senate
Republican Policy
Committee

Don Nickles, Chairman
Kelly D. Johnston, Staff Director

Issue Update

Jane Sherburne

May 23, 1994 [Revised]

Whitewater: A Chronology

"I did not do anything wrong. There is nothing here. I made an investment and I lost money, like a lot of other Americans. And that's all there is."

Bill Clinton
White House Press Conference
March 8, 1994

"We made a bad investment, we lost money and that's really all there is to it."

Hillary Rodham Clinton
Los Angeles Times, March 15, 1994

In order to keep Senators and their staffs up to date on events related to Whitewater and the failure of Madison Guaranty Savings and Loan, which cost taxpayers at least $47 million, the following chronology of major events from 1978 to the present (April 10, 1994) follows.

1978: Whitewater Created, Clintons Get Stake on "Little Money"

- The Clintons' association with the McDougals began in the 1960s when Bill Clinton and Jim McDougal worked together on the staff of then-U.S. Senator J. William Fulbright (D-AR). While Bill Clinton served as attorney general of Arkansas in 1978, the Clintons and the McDougals formed Whitewater Development Corporation to develop land in the Ozark Mountains of Arkansas.

- Through Whitewater Development Corp., 230 acres of Ozark Mountain vacation property was purchased for $203,000 in borrowed money with plans to subdivide and sell the acreage in lots. "During this period," reported the *New York Times* (3/8/92), "the Clintons appear to have invested little money, so stood to lose little if the venture failed, but might have cashed in on their 50 percent interest if it had done well."

- The *Washington Post* reported on November 29, 1993, that the $20,000 down payment that the Clintons apparently paid in for Whitewater came from an unsecured loan at a Little Rock bank, whose board of directors included Clinton's top campaign finance official that year, Walter DeRoeck.

1979-80: Clinton Becomes Governor; McDougal Buys A Bank

- Bill Clinton took office in January 1979. James McDougal joined his administration as an economic development aide. He soon left and bought the Bank of Kingston in northern Arkansas (*New York Times*, 11/2/93).

- David Hale (who served as an Arkansas municipal judge from March 1979 until September 1993) formed Capital-Management Services, Inc., licensed with the Small Business Administration as a Specialized Small Business Investment Corporation to make taxpayer-guaranteed loans to socially disadvantaged men and women to start their own businesses (*U. S. News & World Report*, 4/4/94).

1982: McDougal Buys Madison

- James McDougal bought Madison Guaranty Savings and Loan Association. Whitewater Development kept its accounts at Madison (*Minneapolis Star Tribune*, 3/13/94).

1983: McDougal Bank Investigated; Madison Assets Grow

- The Kingston Bank, which James McDougal purchased in 1979, came under investigation. Governor Clinton's banking commissioner informed the Governor that McDougal was engaging in questionable banking practices (*New York Times*, 11/2/93). From assets of $6 million, Madison had now grown to over $100 million (*Ibid.*).

1984: Whitewater Posts Losses; Madison Hires Hillary

- According to check ledgers, Whitewater posted losses beginning in 1984 and had frequent and large negative balances in its account at Madison (*New York Times*, 11/2/93). The Resolution Trust Corporation later alleged that beginning in 1984, Whitewater was used by the McDougals in a check-kiting scheme involving funds from Madison (*Washington Post*, 11/11/93).

- The *Los Angeles Times* (11/7/93) reported McDougal said Clinton "stopped by after a morning jog" to tell him that family finances were tight and ask if he could please throw some of Madison Guaranty Savings' legal business to his attorney wife, Hillary Rodham Clinton. When asked how much they needed, Clinton said "$2,000 a month," according to McDougal.

- Hillary Clinton, then with the Rose Law Firm, began accepting a $2,000-a-month retainer from Madison Guaranty. Mr. McDougal said he hired Hillary at the urging of her husband, Governor Clinton (*Los Angeles Times*, 11/12/93). She remained on retainer for 15 months.

1985: Hillary's Efforts, A Clinton Fundraiser, the Feds Investigate

- Days before McDougal held a fundraiser on April 4, 1985, that raised at least $35,000 to help Clinton pay off his debt to his 1984 reelection campaign, McDougal learned that Madison was being scrutinized by federal regulators (*New York Times*, 11/2/93). "At least one person listed as having donated money at the 1985 event has denied he contributed to Clinton" (*Arkansas Democrat Gazette*, 1/15/94). It is widely speculated that McDougal illegally diverted Madison funds to Clinton's campaign (*Time*, 1/17/94).

- It was during this time that Whitewater allegedly was used by the McDougals in a check kiting scheme to drain funds from Madison. Details of the alleged scheme were published by the *Washington Post* (11/11/93):

> "Whitewater issued 10 checks for more than $70,000. Several were written to the Bank of Cherry Valley, where Clinton had a campaign account. . .
>
> "Five of the checks issued by Whitewater's account and totalling more than $60,000 were overdrafts that eventually were covered by funds from other alleged shell corporations, or from Madison Financial Corp., the S&L's wholly owned subsidiary.
>
> "One $30,000 check was issued on Whitewater's account to McDougal with the notation 'loan repayment,' though sources said the RTC found no records of any loan from McDougal.
>
> "That check resulted in an overdraft that was covered by a deposit of $30,000 from Madison Financial Corp. (MFC). In April 1985, according to S&L documents, MFC deposited $30,000 directly into Whitewater's account as a 'prepayment' on a 1985 bonus to McDougal, MFC's president."

- April 30: Madison's attorneys, including Rose Law Firm partner Hillary Rodham Clinton, presented a "precedent-setting" stock reissue plan to state regulators to save Madison (*Washington Post*, 1/24/94). Madison's attorneys included a Frost & Co. audit of Madison to demonstrate its solvency as part of their petition to state regulators (*Los Angeles Times*, 1/16/94).

- May 14: In a "Dear Hillary" letter, Arkansas State Securities Commissioner Beverly Bassett Schaffer approved the stock reissue plan advanced by Madison's attorneys, including Hillary Rodham Clinton, but the plan was never carried out (*New York Times*, 11/2/93; *Washington Post*, 1/24/94). Clinton appointed Schaffer to this post of regulating the state's S&Ls, and her brother helped manage Clinton's 1984 campaign.

- In 1984 and 1985, the Clintons "mistakenly" claimed interest deductions totaling $5,133 to which Whitewater — not the Clintons — was entitled. That's because Whitewater directly made payments on those loans. (*New York Times*, 3/8/92, *Wall Street Journal*, 1/4/94). The notes of a senior Resolution Trust Corporation criminal investigator, L. Jean Lewis, from a February 2, 1994, meeting with FDIC attorney April Breslaw, published in the *Congressional Record* on March 24, 1994 (page H-2006), state that during this time the Clintons "knew they had real estate ventures that were not cash flowing, but also knew that their mortgages and/or notes were being paid. I pointed out that these business partners are intelligent individuals, the majority of them being attorneys, who must have concluded that McDougal was making the payments for their benefit."

- Funds from Madison were allegedly "funneled" through Whitewater to make a payment on a loan to Governor Bill Clinton. A $7,500 payment from Madison Marketing, a subsidiary of Madison Guaranty S&L, headed by McDougal's wife, Susan McDougal, was made to Whitewater's account. A check was later written by James McDougal for $7,322.42 to Security Bank of Paragould, Arkansas, to cover Clinton's loan payment (*Washington Times*, 2/4/94).

1986: Whitewater Gets Funds From SBA-Backed Loan to Start New Development; McDougal Removed as Madison Head

- David Hale, owner of Capital-Management Services, Inc., alleged that in March 1986, Governor Clinton and James McDougal met with him to structure an SBA-backed "disadvantaged business" loan to Whitewater partner Susan McDougal, to help "clean up" some personal financial and legal problems. Capital-Management Services issued a check for $300,000 made out to "Susan H. McDougal d/b/a Master Marketing" on April 3, 1986 (*Washington Times*, 11/4/93).

- Whitewater may have used $110,000 of the $300,000 loan to Susan McDougal by Capital-Management Services to purchase a new development southwest of Little Rock, known as Lorance Heights, which also failed. Despite the fact that Capital-

Management Services, Inc., was supposed to lend funds only to disadvantaged businesses, the McDougals had recently filed a financial statement showing a net worth of $2.2 million (*Washington Post*, 11/6/93; *Washington Times*, 3/24/94).

- Madison owner James McDougal was removed from Madison's affairs by Federal and state regulators for financial mismanagement (*Chicago Tribune*, 11/10/93).

1987: Whitewater Records to Hillary?

- James McDougal claimed that in late 1987, he sent all Whitewater records and files to Hillary Rodham Clinton at her request (*Washington Times*, 11/4/93). The Clintons said many of them have disappeared (*New York Times*, 3/8/92).

1988: Hillary Seeks Power of Attorney Over Whitewater

- November 28, 1988: Hillary Clinton sent a letter to James McDougal requesting that he sign an enclosed power-of-attorney request for Whitewater Development, including giving her the power to endorse, sign and execute "checks, notes, deeds, agreements, certificates, receipts or any other instruments in writing of all matters related to Whitewater Development Corp." The Clintons' spokesman in 1992 claimed they were only "passive shareholders" in Whitewater (*Washington Times*, 11/4/93).

- December 7: Capital-Management Services, Inc., filed a complaint with the Circuit Court of Pulaski County, Arkansas, alleging default of its $300,000 loan to Susan H. McDougal. The Court judgment against Susan McDougal occurred on February 6, 1989.

1989: Madison's Failure Costs Taxpayers $47 Million; Rose Firm Hired

- The *Washington Post* on November 3, 1993, reported:

> "The thrift, Madison Guaranty Savings and Loan, failed in 1989, costing taxpayers an estimated $47 million. In an effort to recoup some of that money, the Federal Deposit Insurance Corp. hired the influential Rose law firm of Little Rock to sue the S&L's accountants, paying it $400,000 in fees and expenses.
>
> "Through a Justice Department spokesman, (Associate Attorney General Webster) Hubbell said he told the FDIC that lawyers at his firm, including senior partner Hillary Rodham Clinton, had represented Madison in the mid-1980s.

"FDIC officials said their attorneys have no documents and 'no recollection' that Hubbell told them of that work. According to FDIC records, however, the late Vincent Foster, a Rose partner before joining the Clinton White House general counsel's office, wrote to the FDIC earlier in 1989 soliciting work for his firm.

"'The firm does not represent any savings and loan association in state or federal regulatory matters,' Foster wrote, using the present tense. Conflict-of-interest rules generally bar lawyers from representing the government in S&L cases if they have done significant work for the thrift."

- While the Rose Law Firm was seeking the FDIC's business, FDIC attorney April Breslaw, "known for her toughness on conflict of interest, intervened on behalf" of Rose partner Webb Hubbell as he sought to represent the FDIC in a $10 million suit against Frost & Co., Madison S&L's auditors. The suit challenged the accuracy of the audit that Rose had relied upon in previously representing Madison in 1985. Breslaw "brushed aside repeated internal challenges to Hubbell's loyalty to [the] FDIC"; she "vouched in writing for the Rose firm's performance" in another FDIC case; and she "inexplicably approved a $1 million settlement with Frost, although it had $3 million in liability" (*Washington Times*, 2/15/94).

1990: McDougal Acquitted

- James McDougal was acquitted of charges that he illegally profited from real estate deals involving the development subsidiary of Madison Guaranty, Madison Financial Corporation.

1991: Rose Settles Madison Suit for $1 Million, Keeps 40 Percent

- The government sought $60 million in its suit against Madison Guaranty's accountants, Frost & Co. The Rose firm settled the case on the FDIC's behalf with little publicity in 1991 for $1 million (*Washington Post*, 11/3/93). "'I felt they [the Rose firm] had switched sides — they turned around and worked the other side of the street,' said one of the accountants, who asked not to be named because he continues to have dealings with the Rose law firm" (*Washington Post*, 11/3/93). The Rose Firm billed the FDIC $400,879, "40 percent of the money recovered in the settlement" (*Washington Times*, 3/5/94). In a letter to the FDIC inspector general, U. S. Rep. Jim Leach said "Mr. Hubbell settled the suit for a fraction of the firm's insurance coverage, and then had the gall to demand $400,000 in fees" (*Ibid.*).

1992: Whitewater Becomes Campaign Issue; Whitewater Documents Allegedly Destroyed; McDougal Complains; Clintons Sell, Named in Criminal Referral; Tax Returns Not Filed

- After the *New York Times* originally broke the Whitewater story on March 8, Clinton, on March 12, asked Denver lawyer and personal friend James Lyons to prepare a "full financial review" of the land deal.

  Lyons's review, based on a report prepared by Patten, McCarthy and Associates, a Denver-based forensic accounting firm that specializes in "financial reconstructions," was completed and made public on March 23, 1992, claiming the Clintons lost at least $60,000 on the Whitewater investment, having "invested, loaned or otherwise advanced" to the development company $68,900 since the venture began in 1978. It further claimed that Whitewater had an outstanding mortgage of $10,400 plus accrued interest for which the Clintons are joint guarantors (*Associated Press*, 3/23/92).

  However, "there is evidence aplenty that the Lyons report omitted or glossed over some pertinent facts," the *Wall Street Journal* reported on January 4, 1994. Three year's worth of unfilled tax returns were never mentioned. It also failed to mention an airplane-for-land swap involving Chris Wade, the real estate agent for the development, and James McDougal. Wade sold the plane to Whitewater, but McDougal took possession and sold it to Seth Ward — a Madison subsidiary employee and Webster Hubbell's father-in-law.

  Additionally, the Lyons report failed to report Whitewater's largest transaction — an October 1986, $550,000 purchase of land owned by International Paper Company's realty unit (IPC eventually foreclosed on the property after Whitewater didn't make payments). In 1985, Governor Clinton had negotiated major tax concessions to keep International Paper from moving two of its plants out of Arkansas.

- Further, Patten, McCarthy & Associates, the accounting firm which prepared the 1992 report, refused to vouch for the accuracy of its findings, according to the *Wall Street Journal* on January 12, 1994. In addition, the *Wall Street Journal* on April 1, 1994, reported that a draft analysis of Whitewater finances prepared for the Clinton presidential campaign "suggests that Bill and Hillary Clinton may have taken improper tax deductions in 1979 and 1980." The draft report was never made public.

- The *Washington Times* reported on March 7, 1994, that three current or former Rose Law Firm attorneys "were summoned" to the Arkansas governor's mansion during the 1992 campaign by Hillary Rodham Clinton, "who personally handed over records to be shredded at the firm's downtown office." The shredding began after a 3/8/92 *New York Times* report on the Clintons' involvement with Whitewater, and continued through the November 3 election.

- James McDougal made accusations about Governor Clinton in at least one tape-recorded conversation with Arkansas GOP Co-Chairman and former gubernatorial candidate Sheffield Nelson. McDougal accused Clinton of not being truthful about Whitewater losses (*Newsweek*, 2/7/94).

- The *Washington Post* reported on November 11, 1993, that the RTC named the Clintons' business partners, the McDougals, as targets in an October 1992 referral to the Justice Department. According to a number of press reports, Bill and Hillary Clinton were also named in the referral as potential beneficiaries of a check-kiting scheme conducted by the McDougals, but there was no evidence they had any direct knowledge of the scheme.

- The Clintons sold their "virtually worthless" interest in Whitewater back to James McDougal following Clinton's election to the presidency. Vincent Foster handled the transaction for the Clintons (*Newsweek*, 11/15/93).

1993: FBI Raids an Office; Foster Found Dead; U.S. Attorney Finally Recuses Self; White House, President Given Heads Up; Calls for Investigations Begin

- June 8: Donna Henneman, a Justice Department employee in the Executive Office for U. S. Attorneys, placed a telephone call to L. Jean Lewis, a senior criminal investigator for the RTC in Kansas City. Henneman told Lewis that her office finally located the Madison criminal referral within the Fraud section of the Criminal Division, where the individual assigned to the referral "didn't want to deal with it." Henneman also said that the Criminal Division advised the Associate Deputy Attorney General, Doug Frazier, that there was "no identifiable basis for recusal of the U. S. Attorney in the Eastern District of Arkansas" (*Congressional Record*, 3/24/94, pg. H-2009).

- The *Washington Post* reported on December 19, 1993, that the Clintons "found that the company had not filed tax returns for three years. Those returns were prepared by an Arkansas accounting firm under the direction of the late Vincent Foster. . ." and filed in June 1993.

- On July 20, 1993, a Federal Magistrate in Little Rock, Arkansas, authorized a search warrant for the business offices of David Hale, owner of Capital-Management Investment Corp. Hours later, Vincent Foster, Jr., left his office and committed suicide at Fort Marcy, Virgina, on National Park Service property.

  White House telephone logs show that in the hours before his death, Foster received calls from a former colleague in the Rose law firm and from Denver lawyer James Lyons, who had prepared the Whitewater review for the campaign in 1992. Lyons called Foster about two hours before the deputy counsel left his office for the last time (*Washington Post*, 1/13/94), but Lyons claims that they did not connect.

White House, President, Get Advance Notice of RTC Referral

- In a September 29, 1993, conversation, Treasury General Counsel Jean Hanson told White House Counsel Bernard Nussbaum "that a (RTC) document recommending a criminal investigation of Madison Guaranty would name the Clintons as possible beneficiaries of illegal actions by the thrift" (*New York Times*, 3/4/94).

- On October 8, 1993, nine days after the Hanson-Nussbaum conversation, the RTC issued a criminal referral to the Department of Justice concerning a possible check-kiting scheme involving Whitewater and Madison Guaranty, in which the Clintons were named as possible beneficiaries of the scheme. "That would mean that Mr. Nussbaum took part in discussing a criminal referral involving the Clintons while it was still being evaluated by the [RTC] and before the Justice Department learned of the case" (*New York Times*, 3/4/94).

- Sometime in October, the President was personally told of the criminal referral, possibly by White House aide Bruce Lindsey. "I don't remember when I knew about it or who told me about it, but it was just sort of presented as a fact, a decision that had been made by the government. And I didn't think much about it at the time," Clinton said (*Washington Post*, 3/8/94).

Congress Engages

- November 5: U. S. Rep. John La Falce (D-NY), Chairman of the House Small Business Committee, asked the SBA for a report "on the activities of Capital-Management Services, Inc.," by November 15 (*Washington Times*, 11/6/93).

- November 7: *The Los Angeles Times* reports that U. S. Senator Lauch Faircloth requested the appointment of an independent counsel to investigate the Whitewater matter in a letter to Attorney General Janet Reno.

- November 9: The *Associated Press* reported that U.S. Attorney for the Eastern District of Arkansas, Paula Casey, recused herself and her aides from the matter "because of their familiarity with some of the parties and the need to ensure that there be no misperceptions about the impartiality of the investigation." Casey has a long history of involvement with Clinton, including volunteering in his gubernatorial bids.

  But on November 11, the *Washington Post* reported that "two weeks ago, U.S. Attorney Paula Casey told the RTC in a letter that her office 'concurs' with the earlier Justice Department conclusion that there was 'insufficient information' in the first referral to warrant a law enforcement probe. . ."

The *Department of Justice Manual* specifically requires recusal if "a U.S. attorney has a personal interest in the outcome of the matter or because he/she has or had a professional relationship with parties or counsel, or for other good cause. . ." (Section 1-3.170, 1993-1 Supplement).

- Also on November 9, House Republican members of the Banking Committee, led by Rep. Jim Leach (R-IA), requested a Banking Committee investigation of Whitewater (*Washington Times*, 11/10/93).

- November 10: L. Jean Lewis, senior criminal investigator for the RTC's Kansas City office, was notified that she was to be replaced as lead investigator on irregularities at Madison. "The Powers That Be have decided that I'm better off out of the line of fire. . ." she said in an electronic mail message to a colleague (*Congressional Record*, 3/24/94, pg. H-2011).

- On December 21, White House spokesman Mark Gearan revealed that two White House aides, Hillary Clinton's chief of staff, Maggie Williams, and Special Assistant Patsy Thomasson (who has an extensive background in Arkansas politics) entered Foster's office shortly after his July 20 suicide, but claimed that no files were taken. However, later, the White House said a file dealing with the Clintons' investment in Whitewater (believed to have been in Foster's office at the time of his death) was in the possession of the Clintons' personal attorney, David Kendell, of the Washington, DC, firm of Williams and Connelly (*Wall Street Journal*, 12/21/93).

- Numerous media reports also raised questions about the handling of Foster's files by White House Counsel Bernard Nussbaum, including his refusal to permit the FBI and U. S. Park Police to examine key Foster documents.

- On December 23, 1993, Senators Dole and D'Amato wrote Banking Committee Chairman Riegle asking for an investigation, which the chairman later refused to grant.

- Also on December 23, President Clinton voluntarily agreed to turn over Whitewater records to the Justice Department (Hotline, January 4, 1994). On the same day, President Clinton's personal lawyer, David Kendall, asked the Justice Department to subpoena Whitewater documents in "a move that probably prevents their release under the Freedom of Information Act" (*Wall Street Journal*, 1/6/94).

January 1994: Clinton Relents; Special Counsel Appointed; Senate Republicans Press for Banking Committee Hearings

- January 2, 1994: White House senior advisor, George Stephanopoulos, stated that all subpoenaed Whitewater documents have been turned over the the Justice Department (ABC's *This Week with David Brinkley*, 1/2/94).

- January 3, 1994: White House press secretary Dee Dee Meyers contradicted the previous day's pronouncement by Senior Advisor George Stephanopoulos, stating it will take "a couple of weeks" for the White House to turn over the President's Whitewater papers to the Justice Department (*New York Post*, 1/4/94).

- January 12, 1994: After intense media coverage of Whitewater, Madison, and the Clintons' refusal to either publicly release records or ask for a special counsel, they gave in: White House Counsel Bernard Nussbaum formally requested the appointment of a special counsel. Attorney General Janet Reno agreed, "reluctantly."

- January 18, 1994: The President and Mrs. Clinton's Whitewater documents begin to arrive at the Justice Department.

- January 20, 1994: On the first anniversary of Clinton's inauguration, Reno appointed former New York U.S. Attorney Robert Fiske (1976-1980) as special counsel with broad authority to investigate criminal (but not civil) involvement in Whitewater. He began work on January 24.

- January 30: Senate Republicans on the Banking Committee formally requested a special meeting of the panel to pursue hearings or an investigation into Whitewater (*AP/Philadelphia Inquirer*, 1/30/94). Chairman Don Riegle (D-MI) rejected the request (*Hotline*, 2/1/94).

- The *Wall Street Journal* filed suit in U. S. District Court (New York City) to "force the release of reports on White House lawyer Vincent Foster's death" (*Wall Street Journal*, 1/31/94).

February 1994: Senate, House Democratic Leaders Reject Hearings; White House, RTC Officials Meet on Whitewater; New Grand Jury Impaneled; Rose Firm Cleared

- February 1: Ricki Tigert, nominee to chair the Federal Deposit Insurance Corp., (FDIC), and close friend of First Lady Hillary Clinton, appeared before the Senate Banking Committee and refused to recuse herself on Whitewater/Madison matters (*Wall Street Journal*, 2/2/94). But on February 8, in a letter to Senator Al D'Amato, she changed her mind and recused herself from any matter involving the President and Mrs. Clinton, including the agency's probe of Madison Guaranty S&L (*Wall Street Journal*, 2/9/94).

- February 2: Deputy Treasury Secretary Roger Altman arranged a private meeting at the White House for counsel Bernard Nussbaum and others to talk about the then-approaching deadline for a civil suit against the Clintons (*New York Newsday*, 2/25). Altman later said the meeting was "a piece of awful judgment."

- According to notes kept by RTC investigator L. Jean Lewis, FDIC attorney April Breslaw visited her in Lewis's Kansas City office from 3:50 p.m. until about 4:35 p.m. February 2, 1994. Breslaw said that "the people at the top" keep getting asked about Whitewater, and that the "head people" would like to be able to say that Whitewater did not cause a loss to Madison. "I stated that if she wanted me to tell her, unequivocally, that Whitewater didn't cause a loss, I could not do that. I could only reiterate the allegations contained in the referral, which are based on fact, and that it is my opinion and belief that Whitewater did, in fact, cause a loss to Madison. . ." (*Congressional Record*, 3/24/94, pg. H-2006).

- The *Washington Times* (2/9/94) reported that on February 3, the Rose Law Firm, which at one time represented Madison before Arkansas state regulators and later prosecuted Madison for the FDIC, shredded documents related to Whitewater. Rose officials deny the shredding occurred (*USA Today*, 2/10/94). Special Counsel Robert Fiske said he will investigate (*Washington Post*, 2/10/94).

- February 9: The Senate voted 95-0 to extend to 12/31/95 (or until the date of termination of the RTC) the deadline for civil fraud actions against failed Savings and Loans. (Record Vote No. 36, *Congressional Record*, 2/9/94, pg. S-1253)

- February 10: U. S. Rep. Jan Meyers (R-KS) introduced a House Resolution requesting that Clinton answer "whether he or any White House official contacted the Small Business Administration about Capital-Management Services or its owner, David Hale (*H. Res. 360, 103d Congress*).

- February 13: The House voted 356-52 to reauthorize the Independent Counsel Act.

- February 15: Special Counsel Fiske asked U. S. District Judge Stephen Reasoner in Little Rock to convene an additional federal grand jury for an 18-month term. The grand jury would look solely into the Whitewater case (*Arkansas Democrat-Gazette*, 2/16/94). Reasoner ordered the grand jury impaneled the next day (*Arkansas Democrat-Gazette*, 2/17/94).

- February 17: The *Washington Post* reported that a parking meter manufacturer, POM Inc., owned by Webb Hubbell's father-in-law, Seth Ward, was also being targeted by investigators. POM was a Madison borrower, and Hillary Clinton did work for the company as well.

- The FDIC "found no evidence that the Rose Law Firm. . .violated conflict of interest rules in its dealings with Madison Guaranty" and "would not seek legal sanctions against the Rose law firm... for apparently failing to fully disclose two areas of potential conflict" when the firm was hired in 1989 to pursue a case against Madison S&L (*Wall Street Journal, Washington Post*, 2/18/94). But the FDIC report acknowledged "that a shortage of documents made a complete investigation impossible" (*Washington Times*, 2/18). Additionally, the *Wall Street Journal* reported that "many of the findings in the report are based in part on Mr. Hubbell's recollections."

- February 24: Deputy Treasury Secretary Altman's February 2nd White House briefing on Whitewater was revealed in a Senate Banking Committee oversight hearing on the Resolution Trust Corporation.

- February 25: Altman removed himself from further official involvement in the government's Whitewater real estate probe (*Los Angeles Times*, 2/26/94).

  Also on February 25, Acting FDIC Chair Andrew Hove ordered agency investigators to "reopen" their probes of two cases involving the Rose Law Firm — one on Rose's representation of Madison Guaranty S&L and another regarding Dan Lasater (*Arkansas Democrat-Gazette*, 2/26/94).

- In late February, White House officials George Stephanopoulos and Harold Ickes talked to Deputy Treasury Secretary Roger Altman, expressing outrage over the RTC's hiring of former Bush Administration U. S. Attorney Jay Stephens to handle possible civil suits related to Madison Guaranty (*Washington Post*, 3/26/94).

- February 28: Senate Republican Leader Robert Dole called for full Congressional hearings into the Whitewater affair following Altman's revelations about the meeting between White House and Treasury officials (*Arkansas Democrat-Gazette*, 3/1/94).

March 1994: Nussbaum, Hubbell Resign; 11 Administration Officials Get Subpoenas; President Holds Press Conferences; House, Senate Vote for Hearings; Key Figure Gets Immunity

- The *Associated Press* and the *Washington Post* reported that Special Counsel Fiske has decided to re-examine the conclusion that Vince Foster committed suicide (3/3/94).

- Senator D'Amato revealed on March 3 that 43 GOP senators "have pledged to hold up" Ricki Tigert's nomination to head the FDIC until the Senate Banking Committee holds hearings on the White House-Treasury briefings (*Washington Post*, 3/4/94).

- March 4: Ten White House and Treasury officials were subpoenaed for documents and testimony: White House aides Bernard Nussbaum, Mark Gearan, Harold Ickes, Margaret Williams, Lisa Caputo and Bruce Lindsey; and Treasury aides Roger Altman, Jean Hanson, Josh Steiner and Jack DeVore (*Boston Globe*, *Washington Post*, 3/5/94).

- March 5: Nussbaum's resignation is accepted by President Clinton (*Baltimore Sun*, 3/6/94).

- March 6: White House Chief of Staff Mack McLarty admits on CNN's "Late Edition" that he knew about the February 2nd meeting between Treasury and White House aides over the RTC criminal referral. "I think it was arranged through my office. I did not attend the meeting" (*"Late Edition CNN"*, 3/6/94).

- March 7: At a press conference, to defend his wife, President Clinton revealed that "shortly after it was made, he had been told about a request by Federal regulators for a criminal investigation into" Madison Guaranty S&L (*New York Times*, 3/8/94). Sources said that White House advisor Bruce Lindsey "may have told the Clintons about the issue" in October 1993 after press inquiries began (*Washington Post*, 3/8/94).

- March 8: White House and Treasury file searches "produced evidence of numerous additional contacts of an unspecified nature between officials" relating to Madison S&L (*Washington Post*, 3/9/94).

March 9: Senators Speak Out, Meet with Fiske

- Senators Al D'Amato and William Cohen met with Special Counsel Fiske over the matter of Senate hearings on Whitewater after Fiske sent D'Amato a letter raising objections to public hearings that might threaten his investigation (*Hotline*, 3/9/94).

  U. S. Senator Bob Graham (D-FL), chairman of the Democratic Senatorial Campaign Committee, in an interview with Knight-Ridder editors and reporters, called for Hillary Clinton "to come forward and answer questions about her involvement in the Whitewater controversy. . .If she were another person unrelated to the president, who had served in the same positions, business, legal representation, she would be a legitimate figure for questioning. . . She needs to be part of this openness" (*Hotline*, 3/10/94).

  Eighty-one House Republican Members asked the Office of Government Ethics to investigate Mrs. Clinton's holdings in an investment partnership that "sold short several health-care stocks early last year" (*Wall Street Journal*, 3/10/94).

  U. S. Senator Don Nickles suggested Deputy Treasury Secretary Altman resign: "If there was someone who was acting improperly, it's him: Why isn't he gone?" (*Washington Post*, 3/9/94)

- March 10: Three White House staffers took the witness stand before the Whitewater grand jury: Mark Gearan, Margaret Williams and Lisa Caputo (*New York Newsday*, 3/11/94). Also, Deputy White House Counsel Joel Klein delivers White House documents subpoenaed by Special Counsel Fiske (*Ibid.*, *Washington Post*, 3/11/94).

  Senate Republican Leader Robert Dole said Altman should step down from his post at Treasury, and that Webb Hubbell should do the same at Justice until Whitewater is settled ("Imus in the Morning," WABC, 3/10/94).

- March 11: *The Chicago Tribune* reported that Special Counsel Fiske has subpoenaed records from another failed real estate deal financed by Whitewater: Lorance Heights. Whitewater funds used to purchase Lorance Heights, southwest of Little Rock, may have come from the questionable $300,000 SBA-backed loan to Susan McDougal from Capital-Management Services, Inc., the loan David Hale has alleged was structured with help — and pressure — from Bill Clinton (*Washington Times*, 3/24/94).

- March 14: Associate Attorney General Webb Hubbell resigned over a dispute with his former employer, the Rose Law Firm, over his past billing practices (*Arkansas Democrat-Gazette*, 3/15/94).

- March 16: *Money Magazine* editors said that an audit (published in their April issue) of the Clintons' tax returns from 1980-92 revealed that the First Couple may owe up to $45,411 in back taxes, interest and penalties (*New York Post*, 3/16). On March 17, CNN's Wolf Blitzer quoted sources as saying that the Clintons' attorney, David Kendell, has concluded the Clintons owe back taxes, interest and possibly even penalties regarding Whitewater.

- March 17: White House senior advisor George Stephanopoulos was subpoenaed by Special Counsel Fiske (*New York Times*, 3/18). Nussbaum and Ickes testified before the grand jury.

  Also, the *Wall Street Journal* reported that several Arkansas investors, including a group once headed by White House Office of Administration Director Patsy Thomasson, are being investigated by the Securities and Exchange Commission in connection with possible insider trading (3/18/94).

  The U. S. Senate voted 98-0 to approve a Senate investigation of the Whitewater affair. Senate Leaders George Mitchell and Robert Dole will determine the timetable for hearings (Record Vote No. 62, *Congressional Record*, 3/17/94, pg. S-3178).

- March 18: Deputy Treasury Secretary Roger Altman admits to another contact with the White House concerning Whitewater -- a meeting with Deputy White House Chief of Staff Harold Ickes to discuss Altman's possible removal from all matters involving Whitewater (*Arkansas Democrat-Gazette*, 3/19/94).

- March 20: Former-Little Rock Municipal Judge and Capital-Management Services, Inc., owner David Hale reached a plea agreement with Special Counsel Fiske (*Washington Times*, 3/21/94). Hale entered the plea in U. S. District Court on March 22.

- March 21: House Banking Committee Chairman Henry Gonzalez abruptly called off an RTC oversight hearing scheduled for March 24 "to blunt what he saw as a GOP move to turn it into an indictment" of President Clinton (*Knight-Ridder*, 3/22/94). He also called for an investigation of the Whitewater affair by the House.

- March 22: The Senate Banking Committee released a third letter from Deputy Treasury Secretary Altman disclosing additional discussions he held with White House officials about the RTC's criminal referral of Whitewater (*Wall Street Journal*, 3/23/94).

  The House voted 408-15 for a resolution identical to the one adopted by the Senate committing Democratic leaders to hold "good faith" talks with the GOP on when and under what circumstances Whitewater hearings might be held (*Dallas Morning News*, 3/23/94).

March 24: New Charges, New Revelations

- U. S. Rep. Jim Leach, ranking Republican member of the House Banking Committee, addressed the House on a point of personal privilege to issue four specific allegations, with supporting materials: 1) Whitewater was used to skim federally-insured deposits from Madison; 2) the Clintons profited from Whitewater; 3) the Federal government's regulatory system "has been flagrantly violated"; 4) White House and Democratic congressional leaders are using "closed society techniques" to resist a full airing of the issue (*USA Today*, 3/25/94; *Congressional Record*, 3/24/94, pp. H-1999-2020).

  President Clinton held a nationally-televised news conference, dominated by questions concerning Whitewater. Clinton revised his previous assertion that his Whitewater losses were $68,000, now calling it a loss of approximately $47,000. Additionally, the President announced that he would release on March 25th the couple's tax returns for the years 1978-1979 (*Los Angeles Times*, 3/25/94). *Money Magazine* shortly thereafter revised their estimate of taxes, interest and penalties owed by the Clintons to $99,858 (*Money Magazine* news release, 3/30/94).

- March 26: White House Staff Secretary John Podesta is subpoenaed by Special Counsel Fiske to testify before the Whitewater grand jury (*Los Angeles Times*, 3/27/94).

- March 31: Josh Steiner, Chief of Staff to Treasury Secretary Lloyd Bentsen, testified before the Whitewater grand jury. He reportedly kept a diary which listed contacts between Treasury officials and the White House (*Arkansas Democrat-Gazette*, 3/31/94).

  The RTC also refused a request by U. S. Rep. Jim Leach for access to all Whitewater-Madison records (*Washington Times*, 4/1/94).

April 1994: Arkansas Senators Complain of Madison Exec's Treatment; RTC Releases Madison Records

- The *Washington Post* revealed on April 1 that Arkansas U. S. Senators David Pryor and Dale Bumpers last year wrote to top Clinton Administration officials to "complain" about the government's treatment of Seth Ward, a Madison executive and father-in-law of Webb Hubbell. Senator Bumpers' letters went to White House Chief of Staff Mack McLarty, Deputy Treasury Secretary Roger Altman, and the White House Counsel's office. Senator Pryor wrote to Altman and Treasury Chief of Staff Josh Steiner.

- April 4: The RTC released more than 8,000 pages of documents from Madison Guaranty, under FOIA requests. "The newly released documents leave unanswered some key questions — such as who got which loans — since the names of individual recipients were stricken from the documents" (AP/*Baltimore Sun*, 4/5/94).

- April 6: President and Mrs. Clinton's attorney, David Kendall, sent 2,000 pages of Whitewater corporate records to Sam Heuer, attorney for former business partner James McDougal, who said he would make the Whitewater records public as soon as he got them (*Washington Times*, 4/7/94).

- April 7: White House Staff Secretary John Podesta appeared before the Whitewater grand jury ("Inside Politics," CNN, 4/7/94).

- April 8: James McDougal offers 2,000 pages of Whitewater corporate records sent by the President and Mrs. Clinton's attorney to major news organizations at a price: $4,000, $2 per page, to help defray his legal expenses. Several major news organizations, including the *Washington Post*, declined (*AP Worldstream*, 4/7/94; Charles Osgood, CBS Radio News, 4/8/94). McDougal later lowered the price to 50 cents a page (*Arkansas Democrat-Gazette*, 4/10/94).

Hillary's Cattle Futures

- April 11: The Clintons' personal attorney, David Kendall, said his clients paid $14,615 in federal and state (Arkansas) back taxes and interest on an overlooked capital gain in one of Hillary Rodham Clinton's commodity trading accounts (Knight-Ridder/*Philadelphia Inquirer*, 4/12/94).

- April 12, 1994: The *Philadelphia Inquirer* reported that the Clintons' just-released tax records for 1978-1979 contradict earlier suggestions by the President that his wife quit the commodities market "because she had gotten jittery about trading while pregnant with Chelsea. The new records show she traded until May 1980; Chelsea was born in

February, 1980." The President's previous statement at a town meeting that Hillary got out after receiving a margin call while pregnant is declared "no longer operative" (*Washington Post*, 4/12/94).

- April 13, 1994: The *Los Angeles Times* reports that Hillary Rodham Clinton "took tax deductions from the money-losing Whitewater real estate venture to reduce her personal tax liability on the extraordinary profits she earned from commodities trading in the late 1970s," according to the Clintons' Whitewater partner, James McDougal. McDougal's statements and documentation "offered the first evidence of a connection between Mrs. Clinton's commodity trading and the Clintons' investments in the Whitewater venture."

- April 22, 1994: On the day former President Nixon died, following a stroke suffered earlier in the week, Hillary Rodham Clinton held a White House press conference to answer questions about Whitewater and her commodities trading. U. S. Senator Alfonse D'Amato, speaking immediately following the event, said the press conference "raised even more questions" than it answered (*Hotline*, 4/25/94).

May 1994: Bennett is hired; Leach files suit.

- May 2, 1994: President Clinton "is adding Robert Bennett, the noted criminal lawyer, to his legal team to fight a threatened sexual-harassment suit and help defend against Whitewater charges" (*Wall Street Journal*, 5/3/94).

- May 5, 1994: Special Counsel Robert Fiske subpoenaed the White House for "virtually all documents relating to Vincent Foster" (*USA Today*, 5/6/94).

- May 11, 1994: U. S. Rep. Jim Leach files suit in U. S. District Court "to compel" the Office of Thrift Supervision and the RTC "to give him documents he has requested" about Madison (*Wall Street Journal*, 5/12/94).

U.S. Senate
Republican Policy
Committee

Don Nickles, Chairman
Kelly D. Johnston, Staff Director

Issue Update

May 23, 1994

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First Lady's Commodities Trading Raises Many Questions, Variety of Answers from White House

EXECUTIVE SUMMARY

Controversy has swirled around First Lady Hillary Clinton since March, when questions arose about a series of commodity futures trades which turned Mrs. Clinton's initial $1,000 investment into a $100,000 profit in less than a year. Was she lucky, as she claimed? Or was there another explanation for her astounding profit? The White House issued a series of evasive and contradictory statements about most aspects of these transactions, including:

- Who traded in the most controversial account at Refco (not Mrs. Clinton, but a lawyer friend, James Blair, who represented one of the largest businesses in the state of Arkansas, which received several million dollars in state loans and tax credits during the period Bill Clinton was governor);

- How long Mrs. Clinton traded in commodity futures (from October 1978 to May 1980, not July 1979, as the White House implied);

- How quickly Mrs. Clinton made her first profit of $5,300 on her $1,000 investment (in one day, not over several, as the White House first claimed);

- Whether she lost money in a second commodities account at a different brokerage house (she actually made a profit of nearly $6,000);

- Whether all applicable taxes were paid (the Clintons sent nearly $15,000 in back taxes and interest to the Federal government and the State of Arkansas; in addition, details of the trades are not listed on their tax returns, as required by law);

- Whether she was aware that her Refco broker, Robert L. "Red" Bone, had been disciplined by the Chicago Mercantile Exchange for trading violations (the White House says not at the time, but Blair admitted in 1983 to receiving improper trades during the period, and a Clinton law client sued Mrs. Clinton's commodities brokerage in 1980 for trading violations).

U.S. Senate
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Committee
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Issue Update

May 23, 1994

First Lady's Commodities Trading Raises Many Questions, Variety of Answers from White House

Since March, First Lady Hillary Rodham Clinton has found herself embroiled in controversy centering on her late 1970s commodity trading. While wife of the Arkansas Attorney General, and later as Arkansas' First Lady, Clinton invested $1,000 in the highly risky commodities market, and made a 10,000 percent profit in ten months — nearly $100,000.

This paper is based solely on material in the public domain and reports by the media.

What Was Traded, Where, and For How Long

After much reluctance, the White House revealed late last month that in October 1978, Hillary Clinton made an initial investment of $1,000 in Refco., Inc., a Springdale, Arkansas, investment firm which handled commodity futures.[1] She made the investment on the recommendation of James Blair,[2] an attorney who at the time was a lawyer for Tyson Foods Inc., an Arkansas firm specializing in poultry production. In this account, a total of 32 trades were executed.[3] According to the White House, "the commodities traded were cattle, soybeans, sugar, hogs, copper and lumber."[4] However, "[b]rokers in the Refco office have said that most of her profits were in cattle futures."[5] The last trade in the Refco account was made in July 1979; it was closed in October 1979.[6] Twenty-six of the trades in the Refco account made Mrs. Clinton a profit of nearly $100,000.[7]

During the period in which Hillary Clinton traded in cattle futures, the market rose substantially. "The August live cattle contract traded at the Chicago Mercantile Exchange rose from 60 cents per pound in October [1978]...to 76 cents in late April of the following year. From there, the price plummeted to 56 cents by August."[8]

In October 1979, with $5,000 in profits made from her Refco trades, Mrs. Clinton opened another account at Stephens, Inc., of Little Rock, Arkansas. "The firm traded commodity futures in cattle, soybeans, sugar, hogs, copper and lumber."[9]

Originally, the White House reported that Mrs. Clinton stopped trading because she was pregnant with her daughter: "She became pregnant with Chelsea. She did not have the stomach for it anymore."[10] In fact, the Stephens account was closed in May 1980, nearly three months after the Clintons' daughter was born.[11]

Leo Melamed, former chairman of the Chicago Mercantile Exchange, told the *Washington Post* on April 10, 1994, that "[b]ecause Clinton was the only one authorized to trade her account, Bone technically violated trading regulations by taking her orders from Blair."[22] The next day, Melamed issued a statement that "nothing in [Clinton's] records appears to reflect any trading violations on the part of Mrs. Clinton."[23] The White House stated that "during that period, [the First Lady] didn't" know that Blair's placement of orders was improper.[24] Further, the White House said, "She did her own trading, and if there was any technical violation it was the broker's."[25]

Hillary Clinton herself, in her April 22, 1994, press conference, stated that trading decisions were made at "primarily Jim [Blair's] suggestion...I relied primarily on [Blair's] advice...Now, I did not make every trade he recommended..."[26]

As for the Stephens account, Clinton stated that her broker at Stephens was responsible for making all trading decisions: "I made that a discretionary account. ...In the discretionary account at Stephens, my broker made most of the decisions...he checked with me maybe a couple of times a month, but because it was discretionary, he did not have to get my approval."[27]

First Refco Trade Ignites Press Focus

Almost immediately, the press focused on details of the first trade at Refco, which is registered on a statement that misspells Clinton's first name and records a cash entry of $1,000.[28] The statement contains no details on the trade, just a profit entry for October 12, 1978, of $5,300.[29]

According to experts, such a profit was impossible in a single day, given the circumstances reflected in the statement and applicable market rules. At that time, the Chicago Mercantile Exchange "required speculators to put up a minimum good-faith deposit of $1,200 per contract to trade cattle."[30] "Tables printed in newspapers show that October 12 was a relatively peaceful day on the commodities market, and to make that much money would have required the purchase of at least 12 futures contracts."[31] "The minimum amount...required on 12 such contracts would have been $14,400, far more than the $1,000 Mrs. Clinton had deposited in her account."[32]

TRADING ON MARGIN

IN buying and selling various financial instruments, such as stocks or commodity futures, investors are allowed to invest on margin. This means that customers do not have to put up the whole purchase amount of what they trade; a minimal percentage, at first, is all that is required. Normally customers are required to have available enough money to cover the full price of the instruments they hold, if they are asked to pay that to their broker. A request for payment is a "margin call."

Special Treatment on Cattle Deal Margin Calls

According to detailed press reports, the First Lady "traded huge amounts of commodities without putting up the money usually required for such high-risk trading..."[45]

> "Hillary Rodham Clinton's brokerage firm, Refco Inc., gave her advantages unavailable to most futures market investors, according to several veteran market observers who examined the trading records released by the White House earlier this week.
>
> "Clinton was permitted to put up less money to trade in the futures market than would have been required from most customers, and she was allowed several extra days to respond to a margin call."[46]

> "At one point in July 1979, her account appears to have been more than $90,000 short of the cash usually required, said Morris Markovitz, a veteran commodities trader and broker who examined the records. ...
>
> "[T]he records show Clinton's account fell below its money requirement almost immediately after it was opened on October 11, 1978. Two weeks later, the account was $10,300 short of cash, yet Clinton made no additional deposits.
>
> "The statements show the margin call lasted at least five days. Investors usually must bring their account into balance overnight.
>
> "In January 1979 she was an additional $2,200 short, yet did not invest any more cash."[47]

> "On June 27, 1979, she invested in 50 cattle futures contracts. It was Clinton's biggest single trade with Refco, and the most profitable.
>
> That would have required a $60,000 margin deposit. But the records show an available balance of $25,011. No more cash was added.
>
> The margin shortfall continued in July 1979, peaking on July 12. On that day, Clinton had losses of $41,740 in one trade, $22,155 in another, plus a profit of $2,625 in a third. Under Refco's rules, she should have added $92,364 to avoid having her investments terminated...
>
> Stanley Greenwood, another [Refco] customer, testified that on July 12, as Hillary Clinton apparently was allowed to avoid a margin call, his own investments were liquidated when he failed to post $48,000 to cover his losses."[48]

> "Court testimony shows [Clinton's broker] frequently waived margin calls for certain customers — in effect, loaning them money to maintain their accounts...By waiving Clinton's margin call, Bone made it possible for her to wait until the market turned back in her favor. Ultimately, she made a profit of $24,631 on her trades."[49]

Hillary Clinton, in her press conference, stated that "...when my position was under-margined, I would either close out my position or use the equity I had...[Refco] just, I guess, took the money that I had in the account and closed out the position."[50]

counsel for MacIlroy, serving in that position until four days before the May 1983 trial.[59] According to MacIlroy, his Refco brokers "had opened an account for him in Springdale and...generated a lot of profits in his name...[The broker's] job was to hold the orders and not turn them in until Springdale had called him after the market closed and given him customer account numbers and how they wanted those orders divided between all the customers."[60] In his court case, MacIlroy lost.

In another trade allocation case, Refco was ordered to repay $27,000 to a customer by the Chicago Mercantile Exchange, although his court case was dismissed.[61]

Because the statements released by the White House are only monthly summaries, no one can ascertain what trading decisions were made in Hillary Clinton's account. According to the White House, Mrs. Clinton "was unaware of Mr. Bone's regulatory problems in that era."[62]

Most of the trades in Mrs. Clinton's account took place over several days or weeks, making allocations unlikely. However, two trades appear to have taken place in one day: the initial trade, on October 12, 1978, which made Clinton a $5,300 profit; and another in January 1979 "that made $25,000."[63]

A Question on "Straddles"

The former head of the chief counsel's office at the IRS's Commodities Industry Specialization Team, David Brandon, has raised the question of whether or not the First Lady profited from a "straddle," a common tax-evasion form of trading in the commodities markets during the early and mid-1980s.

A straddle is an investment in commodities futures by someone who enters contracts to buy and sell the same commodity; a gain on one contract will be offset, by the same amount, with a loss in the second contract. "[T]he investor could close the loss leg of the straddle and realize a...loss, which offset"[64] any gain in investments elsewhere — the stock market, for example. The "investor was not required to report the unrealized...gain...[t]ypically, the investor entered into another straddle in the following year, thereby indefinitely rolling over the capital gain into subsequent years." As well, a straddle "could just as easily be used to openly transfer gains while hiding the offsetting loss...In fact, the IRS found numerous incidents of straddle being used for money-laundering purposes."

Ultimately, before the law was clarified and this behavior stopped in the later 1980s, the IRS assessed over $7 billion in delinquent taxes and penalties for the unreported straddle gains, and settled for about $3.5 billion.

According to Brandon, the profile of investors who ultimately were found to be straddling "always had one thing in common, which was limited experience or no prior experience in commodities trading. ... [Mrs. Clinton] was a novice in the commodities market who, against all odds, realized large gains."

The First Lady stated in her press conference that "one of our best friends, Jim Blair, who had been a friend of my husband's and mine for some time,"[66] encouraged her to begin commodities trading in cattle in 1978. Mrs. Clinton said she was unconcerned about any appearance of conflict of interest because "my husband performed [the Blairs'] wedding ceremony. I was the best person at the wedding...[I]n 1980, right during the time that this was all going on, when my husband ran for reelection, Tyson supported his opponent."[67]

Blair has served as director for more than 20 Tyson-controlled subsidiaries during his career in Arkansas.[68] He assisted the Clinton campaign on damage-control strategy when the issue of Whitewater first erupted in the media in March 1992.[69] Last year, his wife was appointed by the President to the board of the Corporation for Public Broadcasting.[70]

What Is Tyson Foods?

Tyson Foods, Inc., is the nation's largest poultry company, and one of the biggest of the Arkansas-based businesses.[71] As Attorney General in 1978, Bill Clinton "intervened in a lawsuit that eventually loosened Federal regulations so that Tyson and other Arkansas poultry processors could vastly increase their productivity." During Clinton's gubernatorial years, the company also received $9 million in state government loans.

From the late 1970s forward, the company dumped waste sludge into waterways near Green Forest, Arkansas. Tyson avoided taking any action to end the dumping, although several state regulatory agencies had oversight responsibility for this problem. In 1987, Blair demanded to meet with Governor Clinton's staff, in Governor Clinton's office, to work out a state regulatory snarl that Blair blamed for the dumping. The meeting, though, did not take place.

In 1989, the company was sued for dumping the waste. "The lawsuit produced evidence that Mr. Clinton was personally briefed on the pollution problems at Green Forest." The lawsuit was recently settled out of court; the terms of the settlement have been sealed.

ENDNOTES

1."White House Releases Documents on Commodity Trades," Reuters, March 29, 1994.

2. "First Lady Barely Avoided Futures Crash: Clinton Commodities Broker Became Target of Lawsuits, Sanctions." *Washington Post*, March 31, 1994, pg. A1; First Lady's press conference, April 22, 1994.

3. "That Revision Thing," *Time*, April 25, 1994, pg. 38.

4. "First Lady Risked $1,000, Made $98,000 in Trading," *Houston Chronicle*, March 30, 1994, pg. A1.

5. "Hillary Clinton Turned $1,000 into $99,540, White House Says," *New York Times*, March 30, 1994, pg. A1.

6. First Lady's press conference, April 22, 1994.

36. *The Hotline*. April 27, 1994, pg. 4, citing the Minneapolis *Star-Tribune*.

37. "Hillary Clinton Turned $1,000...", *New York Times*, March 30, 1994, pg. A1.

38. "How Hillary Clinton...", *Sacramento Bee*, March 30, 1994, pg. A1.

39. CNN, "Inside Politics," March 30, 1994. The leadoff to the segment begins, "With headlines such as 'Hillary's Cash Cows' and editorials with such as 'Hillary in the Pits,' it seems the latest White House effort to defend Hillary Rodham Clinton's financial and personal integrity has, instead, fueled yet another line of criticism against the first lady."

40. "$1,000 Investment Grows to $100,000 for Hillary Clinton," *The Cleveland Plain Dealer*, March 30, 1994, pg. 1A.

41. "Top Arkansas Lawyer Helped Hillary Clinton Turn Big Profit," *New York Times*, March 18, 1994, pg. A1. "Other than a brief reference to $449 in commodities trading losses on their 1980 tax return, there is no evidence that the Clintons ever returned to the highly volatile commodities markets."

42. "Clintons Sending Check...", *Houston Chronicle*, April 12, 1994, pg. A2.

43. First Lady's press conference, April 22, 1994. "Now in the fall of 1980, my husband lost his election, we moved, so by 1981, when I gathered all my documents together to give to my accountant, I had a year-end statement from Stephens which did not report anything about commodities, I had a year-end statement from the PV(?) Brokerage Company, which reported a loss, and I had no year-end statement from either Clayton or the company called Aklee. So I think what happened is we bundled all of the documents we had because I took all of the reports that I had, gave them to the accountant, and I believed that in the absence of a year-end statement, the accountant and my husband and I missed the fact that we had actually made some money in the Acklee account." [Question marks, variable spelling in original.]

44. "Clintons Sending Check...", *Houston Chronicle*, April 12, 1994, pg. A2.

45. "Hillary Clinton's Records Raising Cash Questions," *USA Today*, March 31, 1994, pg. 2A.

46. "A Commodities 'Break' For Hillary Clinton; Margin Terms Were Easier Than Usual, Some Experts Say," *Chicago Tribune*, April 2, 1994, pg. 1.

47. "Hillary Clinton's Records...", *USA Today*, March 31, 1994, pg. 2A.

48. "Records Suggest Investment Favors: Rules May Have Been Bent for First Lady," *USA Today*, April 7, 1994, pg. 10A.

49. "Commodities Trading Saga: Pieces Still Missing," *USA Today*, April 25, 1994, pg. 4A.

50. First Lady's press conference, April 22, 1994.

51. First Lady's press conference, April 22, 1994.

52. Glassman, "Hillary Cows...", *The New Republic*, May 16, 1994, pg. 18.

53. Ibid.

54. "Mrs. Clinton Turned $1,000 Stake into $99,000 Profit," *Los Angeles Times*, March 30, 1994, pg. A1.

55. "Broker Recalls Mrs. Clinton's Trading, Denies Her Profit Was From Favoritism," *Wall Street Journal*, April 11, 1994, pg. A16.

56. Ibid.

57. "First Lady's broker used improper block trading." *Los Angeles Times*, April 5, 1994, pg. A1.

58. "Mrs. Clinton a Lawyer in Case Against Broker," *USA Today*, April 13, 1994, pg. 5A.

59. "First Lady's Former Client Details Abuse Allegations," *USA Today*, April 25, 1994, pg. 4A.

U.S. Senate Republican Policy Committee

Don Nickles, Chairman
Kelly D. Johnston, Staff Director

Issue Update

May 23, 1994

Whitewater-Madison: Twelve Questions

The seeds of the Whitewater-Madison affair were planted in 1978. Bill Clinton was Attorney General of Arkansas, and about to be elected Governor. Hillary Rodham Clinton had recently joined the Rose Law Firm in Little Rock. James McDougal was a real estate developer, and his wife Susan was a real estate broker.

The two couples acquired 230 undeveloped acres on the White River in northern Arkansas. The acquisition was financed by \$203,000 in borrowed money, all apparently arranged by James McDougal. Whitewater Development Corp. was formed to subdivide and sell the acreage for vacation homes.

The *New York Times*, which first broke the Whitewater story in March 1992, reported at that time: "The Clintons appear to have invested little money, so stood to lose little if the venture failed, but might have cashed in on their 50 percent interest if it had done well."[1]

As described in the *New York Times* report, the Whitewater deal was questionable from the start. For a nominal initial investment -- now acknowledged to have been only \$500[2] -- the Governor-to-be and his wife received a benefit worth more than \$100,000. In 1979, Governor Clinton appointed James McDougal to the cabinet-level position of Director of Economic Development. In 1982, McDougal purchased a small S&L in rural Arkansas, renamed it Madison Guaranty Savings and Loan Association, and opened an office in Little Rock.

An apt description of what happened next is found in these quotes, borrowed from the President himself:

> In the name of all the people who do the work, pay the taxes, raise the kids and play by the rules ... I proudly accept your nomination for the presidency of the United States. ... The thing that makes me angriest about what's gone wrong in the last 12 years is that our government has lost touch with our values, while our politicians continue to shout about them. I'm tired of it. I was raised to believe that the American dream was built on rewarding hard work. But we have seen the folks in Washington turn the American ethic on its head. For too long, those who play by the rules and keep the faith have gotten the shaft. And those who cut corners and cut deals have been rewarded. ... Our people are pleading for change, but government is in the way. It has been hijacked by privileged, private interests.[3]

On April 4, 1985, James McDougal held a political fundraiser for Governor Clinton in the Madison main lobby. According to the *Washington Post* (4/2/94), the fundraiser was held at Bill Clinton's request, specifically to help him pay off the personal loan used for his 1984 campaign.

James McDougal delivered $35,000, supposedly the proceeds of the fundraiser, to Betsey Wright, Governor Clinton's 1984 campaign manager, for deposit in the Clinton campaign account.

An unknown part of this sum was in the form of Madison cashier's checks, showing depositors' names as payers. The names appear to have been entered without the depositors' consent. For instance, there is a $3,000 Madison cashier's check purporting to be a contribution from Charles Peacock III, then a 24-year-old college student. Peacock denies making the donation, which in any event exceeded contribution limits established by Arkansas law. Moreover, the Clinton campaign did not file a report identifying contributors, as required by Arkansas law.[5]

The "fundraiser" may have been a cover to transfer Madison funds to the Clinton campaign. With Madison's subsequent failure, Bill Clinton in effect obtained federal financing of his reelection.

A key federal law at issue is --

- 18 USC § 1344, which at the time made it a crime to "knowingly execute, or attempt to execute, a scheme or artifice ... to obtain any of the moneys, funds, credits, assets, securities, or other property owned by or under the custody or control of a federally chartered or insured financial institution by means of false or fraudulent pretenses ..."

  Amendments to 18 USC § 1344 adopted in 1989 and 1990 broadened its scope and increased the applicable criminal penalties.

Betsey Wright (questioned about Madison funds allegedly diverted to the campaign):
"I know nothing about that."

Bruce Lindsey:
"There was nothing improper about politicians in Arkansas raising money from people regulated by the state."[6]

A key federal law at issue is --

- 18 USC § 1344, making it a crime to obtain any money or funds of a federally-insured financial institution by false or fraudulent pretenses (see Question No. 1 above).

President Clinton:

"We had nothing to do with the savings and loan."

President Clinton:

"I think what the American people are really upset about is the thought that this investment that we made 16 years ago that lost money that did not involve savings and loans might somehow divert any of us from doing the work of the country."[16]

President Clinton:

"We're not covering up or anything, we are opening up. We are disclosing. We are giving you information."[17]

Hillary Rodham Clinton (asked whether she is convinced that no dollars were diverted from Madison into Whitewater and used to pay the Clintons' personal obligations):

"I know of nothing to support that, and I think we should wait and see what all the facts are because, you know, I just want to reiterate that we didn't even see any documents until late in the 1980s, probably late '88 or '89, and so I just don't have any way of telling you what went on from '78 to '88 or '89."[18]

3. Did the Clintons underpay their taxes?

The editors of *Money* magazine reported, in their April 1994 issue, that a review of the Clintons' 1980-92 income tax returns showed that the Clintons may owe $45,411 in unpaid federal income taxes, interest, and penalties for those years. At that time, the Clintons had not released their 1978 and 1979 returns.

When the 1978-79 returns were made public in late March, the *Money* editors, writing in the May 1994 issue, revised their estimate to $99,958. The unpaid taxes discussed by ***Money*** arise mainly, though not entirely, from Whitewater-related transactions; the magazine did not address taxes due from profits in commodities trading.[19]

4. Why did Hillary Rodham Clinton receive a $2,000-per-month retainer from Madison?

In 1984, Madison hired Hillary Rodham Clinton and her law firm, the Rose Law Firm, to provide unspecified attorney services on a $2,000-per-month retainer. James McDougal claims that Governor Clinton asked him to provide legal business to his wife in order to help the Clintons financially.[23]

According to published allegations, James McDougal asked: "How much do you need?" Bill Clinton replied, "about $2,000 a month," possibly indicating that the intent of the arrangement was more to transfer money to the Clintons than to meet Madison's bona fide need for legal services. Indeed, McDougal has said he had no specific legal work in mind when he retained Mrs. Clinton.[24]

Key federal laws at issue are --

- 18 USC § 215, which makes it a crime to corruptly solicit or accept anything of value in connection with any business of a financial institution.
- 18 USC § 1344, making it a crime to obtain any money or funds of a federally-insured financial institution by false or fraudulent pretenses (see Question No. 1 above).

Washington Post, 4/2/94:

> *"President Clinton and Hillary Clinton repeatedly have said they did nothing wrong in connection with Madison. They have described her legal work for the thrift as minimal."*

Key federal laws at issue are --

- 18 USC § 1001, which makes it a crime to make or use any false statement or writing or to conceal material facts in matters within the jurisdiction of a United States agency.

- 18 USC § 1007, which makes it a crime to influence in any way the actions of the FDIC by means of false statements, or former 18 USC § 1008 (the corresponding provision for the Federal Savings and Loan Insurance Corporation).

George Stephanopoulos:
"The state supervision of Madison Guaranty was rigorous and proper."[28]

6. Did Bill Clinton apply pressure to obtain a fraudulent, federally-insured Small Business Administration loan?

David L. Hale, a long-time Arkansas Democratic Party activist, was president of Capital-Management Services, Inc., in Little Rock. He was also a part-time municipal judge in Little Rock, appointed to that post by Governor Clinton.

Capital-Management was a "specialized small business investment company" licensed by the Small Business Administration (SBA) under a federal program to assist "persons whose participation in the free enterprise system is hampered because of social or economic disadvantages." See 15 USC § 681(d). Capital-Management had authority to make SBA-guaranteed loans to, **and only to**, socially or economically disadvantaged small businesses.

Three crucial facts are undisputed: 1) In 1986, Capital-Management issued a $300,000 federally-guaranteed SBA loan to Susan McDougal.[29] 2) Only three months before, the McDougals had issued a financial statement showing a net worth of $2.2 million.[30] 3) The loan was not repaid, and "the U.S. taxpayer became obligated to pick up the tab."[31]

James McDougal says that $110,000 of the SBA-backed loan was deposited in the Whitewater Development Corp. checking account at Madison, and then used for Whitewater's purchase of an 810-acre tract of land south of Little Rock from International Paper Realty Corporation.[32] The General Accounting Office, in its review of Capital-Management, could not confirm or refute this, but did find that Whitewater made payments on the purchase contract totalling $110,000, using Madison checks.[33]

Washington Times, 3/2/94:

"Mr. Clinton, through a spokesman, has said he does not recall meeting with Mr. Hale to arrange an SBA loan and 'does not believe it occurred.' "

7. Did the Rose Law Firm have a conflict of interest in representing the Federal Deposit Insurance Corporation in a suit against Madison's auditor?

Federal regulators closed Madison in 1989.[40] As already noted, its financial losses cost the federal taxpayers an estimated $60 million. In an effort to recoup at least some of that money, the Federal Deposit Insurance Corporation (FDIC) hired the Rose Law Firm to pursue a claim against Frost & Company, Madison's auditors. The late Vincent Foster, Jr., then a partner with Hillary Rodham Clinton at the Rose Law Firm (and later Deputy White House Counsel), solicited FDIC business by representing: "The firm does not represent any savings and loan association in state or federal regulatory matters."[41]

Webster Hubbell, then the Rose Law Firm's managing partner (and subsequently Associate Attorney General), worked on the case, which stemmed from the failure of Madison, without disclosing the firm's previous representation of Madison. In the litigation, Hubbell attacked the accuracy of the Frost & Company audit -- the same audit that Hillary Rodham Clinton had used to keep Madison open in 1985.[42]

The Rose Law Firm inexplicably settled the FDIC's $60 million claim for a mere $1 million, an amount below Frost's insurance coverage. Though the poor recovery did little to make good on the taxpayers' losses, the firm received $400,000 in fees for this work.[43]

In a report issued earlier this year, the FDIC decided not to seek legal sanctions against the Rose Law Firm. However, the FDIC report acknowledged that a shortage of documents made its investigation incomplete. Specifically, there were no documents showing what inquiries were made of the firm concerning potential conflicts of interest, or what response the firm might have made. Moreover, many of the report's findings were based on Webster Hubbell's recollection that he "very generally" had told the FDIC that the firm had done "a small amount" of work for Madison, without being aware that Mrs. Clinton had represented Madison before the Arkansas Securities Commission. Hubbell told investigators that he "thought" he informed the FDIC that his father-in-law, Seth Ward, was pursuing legal claims against the FDIC arising from his service as a Madison executive, but he cannot be certain.[44]

documents marked with the late Vince Foster's initials, and that the shredding occurred **after** the appointment of Special Counsel Robert Fiske. (Fiske was appointed on January 20, 1994.) The *Washington Times*, covering the same story, reported that the shredding occurred on February 3, 1994.[49]

Key federal laws at issue are --

- 18 USC § 1001, which makes it a crime to conceal material facts in connection with any matter within the jurisdiction of a United States agency.
- 18 USC §§ 1503 and 1505, which make obstruction of justice a crime.
- Internal Revenue Code § 7203, which makes it a crime willfully to fail to keep any records required by the Internal Revenue Code.
- Internal Revenue Code § 7206, which makes it a crime willfully to destroy any records relating to the financial condition of the taxpayer with respect to tax owed.

President Clinton:

> *"Law firms dispose of their documents all the time. ... I can tell you this. I believe I'm a better authority than anybody else in America on my wife. I have never known a person with a stronger sense of right and wrong in my life -- ever."*[50]

9. What documents were taken from Vince Foster's office the evening of his death?

On July 20, 1993, Vincent Foster, Jr., Deputy White House Counsel and a former partner with Hillary Rodham Clinton at the Rose Law Firm, died in what the U.S. Park Police determined to have been a suicide. Within hours after his death, Bernard Nussbaum, White House Counsel, and other White House aides entered his office and removed Whitewater files. Later, "White House officials acknowledged that a file on ... Whitewater Development Corp., had been found in Foster's office and turned over to David Kendall, the President's lawyer."[51]

Key federal laws at issue are --

- 18 USC § 641, which prohibits conversion to personal use of anything of value belonging to the United States (construed by the courts to prohibit use of subordinate federal employees for personal services when the subordinate is paid for work time that should have been devoted to federal business).
- 31 USC § 1301, providing that appropriated funds shall be applied only to the objects for which the appropriations were made.

11. What were the financial entanglements running to or from Bill Clinton's campaigns, Hillary Rodham Clinton and the Rose Law Firm, Lasater & Company, Stephens Inc., Arkansas Development Finance Authority, Madison Guaranty S&L, and Whitewater Development Corp.?

In 1984, Governor Clinton created the Arkansas Development Finance Authority (ADFA). Its purpose was to create jobs in Arkansas through use of tax-exempt bonds. Ostensibly, the bond issues were to benefit job-creating companies unable to obtain credit from banks or other conventional sources. All of its directors were appointed by the Governor, and the Governor himself approved all bond issues.[55]

ADFA showed little success in terms of its stated purpose. After nine years and tens of millions of dollars in loans, only 2,700 jobs were created, most at low wages.[56]

ADFA appears to have achieved greater success in another function, however. According to published sources, it was "common knowledge" that companies headed by political supporters of Governor Clinton received favored status for business loans through ADFA bond issues.[57] One of ADFA's first issues provided $2.75 million in below-market financing to Park-On-Meter, whose president was Seth Ward II, Webster Hubbell's brother-in-law and son of Madison executive Seth Ward. Park-On-Meter clearly seems to have been a prosperous firm that was able to borrow money from other sources. The Rose Law Firm handled the legal work for ADFA, while simultaneously representing Park-On-Meter.[58]

Another recipient of ADFA largess was Stephens Inc. of Little Rock, the only major investment bank not headquartered on Wall Street. Despite the volume of business steered to Lasater. Stephens Inc. was involved in the underwriting and sale of more than $4 billion in state bond issues in Arkansas during Bill Clinton's years as Governor, including most ADFA issues, some of which benefitted Stephens interests. After changes in Arkansas law sought by the Clinton administration relaxed restrictions on bank holding companies. Stephens became the major owner of Worthen Banking Corporation.[68]

Worthen Bank played a critical role in Bill Clinton's 1992 presidential campaign, as described by *The New Republic*:

> After Clinton's unexpected loss in the New Hampshire primary, with the campaign coffers bare, the staff paying its bills on their personal credit cards and federal matching funds just beyond reach, the Worthen Bank rescued the candidacy with a prearranged $3.5 million line of credit, selflessly advanced at a lucrative rate of interest. Later, Worthen ... became the Clinton campaign's depository of $55 million in federal campaign funds, which, in effect, was free money. Worthen did not have to pay any interest on this staggering sum ...[69]

Even Whitewater Development Corp. entered into the tangled scheme of Arkansas bond issues connected with political and financial favors. In 1986, Whitewater purchased an 810-acre tract of woodlands property known as "Lorance Heights," located a few miles south of Little Rock, from International Paper Realty Corp., a subsidiary of International Paper Company. The down payment of $80,190 (against a total price of $550,950) was paid with Madison checks.[70] The purchase came after International Paper Company had benefitted from state tax breaks,[71] as well as a tax-exempt bond issue (it is not clear whether the underwriter was Stephens or Lasater). According to *Newsweek*, critics say the purchase was at an unusually cheap price.[72] Up to $250,000 in profits from timber-cutting at the site, done in violation of deed restrictions, is unaccounted for.[73]

The money trail that interconnects Bill Clinton's campaigns, Hillary Rodham Clinton's law firm, Lasater, ADFA, Whitewater and Madison remains to be untangled. Depending on the facts that come to light, **key federal laws at issue may include --**

- Various banking laws.
- Various securities laws.
- Statutes or regulations governing political contributions.
- Internal Revenue Code provisions governing issues of tax-exempt bonds.
- Provisions of Title 18 discussed under Question No. 7 above.

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senior RTC officials in Washington wanted it understood that they wished to claim Whitewater was not responsible for any losses at Madison.

> Courageously, Kansas City investigators refused to allow Washington RTC objections to change the content of the referrals they sent in the second week of October 1993 to the Justice Department.
>
> Courageously, Kansas City investigators refused to back the Washington position that Madison's losses were unrelated to Whitewater and pointed out to their superiors that in one intensely reviewed six month period alone approximately $70,000 was transferred from Madison and Madison-affiliated companies to Whitewater.
>
> Courageously, Kansas City investigators have sought whistleblower protection rather than comply with the Washington RTC gag order that no one from Kansas City could speak with Special Counsel Fiske without clearance through and accompaniment of Washington RTC officials.

The Paula Casey Episode. As Representative Leach further stated:

> The briefing of the White House by high ranking Department of Treasury and RTC employees must be understood in the context of the development and transmittal to the Justice Department of these referrals and in the context of the possibility Kansas City was in the process of developing further referrals.[77]

Under the headline "Arkansas Probe Sensitive From Start: Investigation of Collapsed S&L Affected by Links With the Clintons," the *Washington Post* (1/5/94) reported that in the fall of 1992, the RTC referred suspected check-kiting and account overdrafts at Madison to the Justice Department. The referral named then-presidential nominee Clinton and his wife as beneficiaries of the possibly criminal activities. The referral languished, in part because the Bush Administration did not want to take action that might appear to be politically motivated against Governor Clinton.

During 1993, the RTC renewed its own investigation. The *Washington Post* account (1/5/94) continued:

> By September, having gathered much more information and still having received no official decision on the first referral, the RTC drafted a new request for the Justice Department. This expanded referral recommended investigation of nine separate matters of possible criminal behavior, adding details of new transactions and conflicts of interest, and naming a number of new players, sources said.

On October 8, 1993 -- during the midst of the series of improper White House briefings and attempted manipulation of the RTC -- the RTC's criminal referral concerning Madison went to the Justice Department. However, the referral did not become public knowledge until October 31, when it was reported by the *Washington Post*.[78]

President Clinton:

"No one in the White House, at least to the best of my knowledge, has tried to use any information to in any way improperly influence the RTC or any federal agency. Would it have been better if those meetings had not occurred? Yes, I think it would have been. We have people here who wouldn't do anything wrong but perhaps weren't sensitive enough to how something could look in retrospect."

President Clinton:

"Keep in mind, until I came here all the appointees of the RTC were hired under previous Republican administrations."[84]

President Clinton:

"This is really about a real estate investment I made almost 16 years ago now that lost money and sputtered to a not successful conclusion several years ago. ... There will not be a cover-up, there will not be an abuse of power in this office. This -- and there is no credible charge that I violated any law, even way back in the dark ages -- or years ago when this happened. And I just would remind you, I was Governor of my state for 12 years. There was never a hint of scandal in my administration."[85]

* * * * * *

We deal briefly with two other questions. Though much has been said about them, both are diversions from the real issues, except as they bear on credibility and integrity:

(1) Did the President and Mrs. Clinton lose money in Whitewater, as they have repeatedly claimed but never documented? No Whitewater-related losses appear on the Clintons' income tax returns (though there are deductions for charitable donations of used underwear). Moreover, as the *Los Angeles Times* has reported (4/15/94):

> The corporate tax returns of Whitewater Development, made public for the first time earlier this week, do not show evidence of payments anywhere near as large as the Clintons have said they made. ... And the corporate returns indicate that Whitewater Development was bringing in as much as $60,000 annually from land sales during years in which the Lyons report said that no land was sold.

Ultimately, however, the mere question of whether the Clintons lost money is quite distinct from the question of whether wrongdoing occurred.

ENDNOTES

1. *New York Times*, 3/8/92.

2. Statement issued by Representative James A. Leach, 3/25/94 (referring to an announcement the same date by David Kendall, the President's personal attorney).

3. Remarks by Democratic Presidential Nominee Bill Clinton, Democratic National Convention, 7/16/92.

4. For purposes of this discussion, we have omitted numerous questions of possible wrongdoing under state law. See RPC *Talking Points*, "Whitewater: A Chronology" and Appendix, "Whitewater-Madison: Ethical, Legal or Criminal Wrongdoing?" (4/12/94).

5. The fundraiser and its surrounding circumstances are described in the *Arkansas Democrat-Gazette*, 1/15/94; *Time*, 1/17/94; *Washington Post*, 12/16/93, 1/21/94, 4/2/94; *Arizona Republic*, 3/27/94.

6. The two quotes appear in American Political Network *Hotline*, 12/16/93.

7. See note 2.

8. *Money*, 4/94; *Washington Times*, 2/25/94.

9. Statement by Representative James A. Leach before the U.S. House of Representatives, 3/24/94. See also *New York Times*, 3/8/92; *Minneapolis Star Tribune*, 3/13/94; *Washington Times*, 3/25/94.

10. Statement by Representative James A. Leach before the U.S. House of Representatives, 3/24/94.

11. *Washington Post*, 3/24/94.

12. Statement by Representative James A. Leach before the U.S. House of Representatives, 3/24/94.

13. Notes by Ms. Lewis of her conversation with FDIC attorney April Breslaw, 2/2/94; reprinted in *Wall Street Journal*, 5/19/94.

14. Statement issued by Representative James A. Leach, 3/25/94.

15. Statement by Representative James A. Leach before the U.S. House of Representatives, 3/24/94.

39. *Ibid.*

40. "Beyond Whitewater," *American Spectator*, 2/94.

41. *Washington Post*, 11/3/93.

42. *Ibid.*

43. *Ibid.*

44. *Washington Times*, 2/18/94; *Wall Street Journal*, 2/18/94.

45. *Washington Times*, 2/18/94.

46. *Washington Times*, 11/4/93, 1/4/94.

47. *Washington Times*, 2/7/94.

48. *Washington Post*, 4/13/94.

49. *Washington Times*, 2/7/94.

50. Press conference, 3/7/94.

51. *Washington Post*, 5/6/94.

52. *Ibid.*

53. From questions following remarks to American Society of Newspaper Editors, 4/13/94.

54. *Washington Post*, 1/21/94.

55. "The Name of Rose," *The New Republic*, 4/4/94.

56. *Ibid.*

57. *Washington Times*, 5/12/94.

58. "The Name of Rose," *The New Republic*, 4/4/94.

59. "The Name of Rose," *The New Republic*, 4/4/94; *Los Angeles Times*, 3/23/92, 6/28/92.

60. "Ghosts of Carelessness Past," *The Economist*, 5/7/94; *Washington Times*, 5/12/94.

61. *London Sunday-Telegraph*, 5/8/94.

62. *Ibid.*; *Washington Times*, 5/12/94.

63. *Ibid.*

81. Letter to L. Jean Lewis. Senior Criminal Investigator. RTC. 10/27/93; reprinted in *Wall Street Journal*. 5/19/94. See also *Washington Post*. 1/5/94. Officially, Casey acted upon the older, long-dormant referral concerning Madison.

82. *Washington Post*. 1/5/94.

83. See *Department of Justice Manual* 1-3.170.

84. These two quotes are from the President's press conference. 3/24/94.

85. Press conference, 3/7/94.

86. *Washington Times*. 11/2/93.

87. *USA Today*, 4/13/94.

88. *Arizona Republic*. 3/27/94; *Los Angeles Times*. 4/15/94.

CURRICULUM VITAE

JAMES B. D. MARK, M.D.

95 JUN 27 P1:26

Date of Birth: (b)(6)
Place of Birth:

Education:

B.A. - Vanderbilt University - 1950
M.D. - Vanderbilt University School of Medicine - 1953

Professional Training:

Yale-New Haven Hospital
- Intern in Surgery - 1953-54
- American Cancer Society Fellow in Surgery - 1954-55
- Assistant Resident in Surgery - 1957-58
- Resident in Thoracic & Cardiovascular Surgery - 1958-59
- Resident in General Surgery - 1959-60

Military Service:

U.S. Public Health Service - 1955-57
Rank: Senior Assistant Surgeon

Faculty and Hospital Appointments:

Yale University School of Medicine
- Instructor in Surgery - 1960-62
- Assistant Professor of Surgery - 1962-65

Stanford University School of Medicine
- Associate Professor of Surgery - 1965-69
- Professor of Cardiothoracic Surgery - 1969-present
- Chairman, Department of Surgery, Santa Clara Valley Medical Center - 1965-70
- Associate Dean for Student Affairs - 1970-72
- Head, Division of Thoracic Surgery - 1972-present
- Senior Fulbright-Hays Fellow and Visiting Professor of Surgery, University of Dar es Salaam, Tanzania - 1972-73
- Associate Dean for Regional Medical Affairs - 1973-74
- Acting Chairman, Department of Surgery - 1974-77
- Johnson and Johnson Professor of Surgery - 1978-present
- Associate Dean for Clinical Affairs - 1988-92
- Chief of Staff, Stanford University Hospital - 1988-92

January 1995

Bob Walsh
Unclear where this came from must be a surgeon general candidate

6.29.95
John Podesta

James B.D. Mark, M.D.
Curriculum Vitae - page 2.

Licensure

Tennessee 1953, Connecticut 1954, California 1958

Society Memberships

American Association for the Advancement of Science
American Association for Thoracic Surgery
American College of Chest Physicians
American College of Surgeons
American Surgical Association
California Academy of Medicine
California Medical Association
Halsted Society
Pacific Coast Surgical Association
San Francisco Surgical Society
Santa Clara County Medical Society
Sigma Xi
Western Surgical Association
Western Thoracic Surgical Association

Honors

Phi Beta Kappa
Alpha Omega Alpha (Alumnus)
Award for Outstanding Contribution in Medical Education
Santa Clara County Medical Society - 1984
Kaiser Award for Contributions to Medical Education, Stanford
University School of Medicine - 1987
l'Ambrogino (Gold Medal) of the City of Milan - 1990

Board Certification

American Board of Surgery - 1961
American Board of Thoracic Surgery - 1961

University and Outside Professional Activities

State of California
Governor's Committee on Traffic Safety - 1967-69
Chairman, Task Group on Emergency Medical Services Health
Review and Program Council - 1970-71
California Hospital Commission - 1972

Santa Clara County Medical Society
Vice President - 1970-72, 1973-75
President-elect - 1975-76
President - 1976-77

Institute for Medical Research of Santa Clara County
Board of Directors - 1970-79
Executive Committee - 1971-72

California Academy of Medicine
Executive Committee - 1975-80
Vice President - 1977
President - 1978

American College of Surgeons
International Relations Committee - 1974-84
Committee on Surgical Education in Medical Schools - 1976-86
Vice President, Northern California Chapter - 1979-80
President, Northern California Chapter - 1980-81
Governor - 1984-90

San Francisco Surgical Society
Executive Council - 1978-83
President - 1984-85

Governing Body, Health Systems Agency of Santa Clara County, 1978-80

Committee on Clinical Research in Developing Countries of the Institute of Medicine - 1979-80

California Medical Association
Committee on Scientific Assemblies - 1978-84
Chairman - 1979-81
Executive Committee of the Scientific Board - 1979-83

Western Thoracic Surgical Association
Membership Committee - 1975-78
Program Committee - 1982-85
Council - 1985-87
Vice-President - 1991-92
President - 1992-93

Halsted Society
Membership Committee - 1975-78
Vice President - 1983
President - 1984

American College of Chest Physicians
President Elect - 1993-94
President - 1994-95

James B.D. Mark, M.D.
Curriculum Vitae - page 4:

American Association for Thoracic Surgery
Program Committee - 1968, 1985
Manpower Committee - 1983-85
Liaison Committee for Thoracic Surgery - 1987-90

Pacific Coast Surgical Association
Vice President - 1990-91

Stanford University
Medical School Admissions Committee - 1969-72, 1973-74, 1977-78, (Chairman), 1982
Medical School Faculty Senate - 1968-71, 1973-74
Committee of Five - 1970-71
Senate of the Academic Council - 1974-77, 1981-83, 1985-87
Commission on Investment Responsibility - 1985-88
Medical School Committee on Ethical Scientific Performance - 1987-present

Trustee of the Associates of the Yale Medical Library - 1979-83

Vanderbilt Medical Alumni Association
Board of Governors - 1982-87
President-elect - 1984
President - 1985-86

Editorial Boards
Journal of Thoracic and Cardiovascular Surgery - 1987-1994
Stanford Medicine - 1988-present

Board of Directors - Stanford University Hospital - 1992-1994

PUBLICATIONS

1. Mark, J.B.D., Tisdale, W.A. and Goldenberg, I.S.: Laparotomy and the diagnosis of jaundice in children. Conn. Med., 24:678-680, 1960.

2. Siegel, B.S., Shedd, D.P., Selzer, R., and Mark, J.B.D.: Adrenal hemorrhage in the newborn. J.A.M.A., 117:263-265, 1961.

3. Mark, J.B.D. and Hayes, M.A.: Studies of calcium and magnesium metabolism during surgical convalescence. Surg. Gynec. & Obst., 113:213-218, 1961.

4. Mark, J.B.D. and Lindskog, G.E.: Spontaneous pneumothorax with special emphasis on treatment. Conn. Med., 25:479-483, 1961.

5. Mark, J.B.D.: Telangiectatic cyst of the thoracic duct. Dis. of the Chest, 40:556, 1961.

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18. Hutchin, P. and Mark, J.B.D.: Intrathoracic meningocele not associated with neurofibromatosis. J T & CV Surg, 48:29-39, 1964.

19. Mark, J.B.D. and Goldenberg, I.S.: Second congenital esophageal web: A sequel. J T & CV Surg, 48:506-510, 1964.

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21. Mark, J.B.D.: Management of perforated ulcer of the stomach and duodenum. Modern Treatment, 1:1519-1521, 1964.

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26. Mark, J.B.D., Hockman, R.P. and Carrington, C.B.: Experimental bronchial arterial infusion of mechlorethamine. J T & CV Surg, 50:9-15, 1965.

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    - Chap. 2. Chatton, M.J. and Mark, J.B.D.: Systemic Manifestations of Disease, 19-22.
    - Chap. 9. Manson, R.M., Rowan, R.M. and Mark, J.B.D.: The Respiratory Tract and Mediastinum, 92-122.
    - Chap. 24. Mark, J.B.D. and Chatton, M.J.: Diseases Caused by Physical Agents, 438-442.
    - Chap. 31. Mark, J.B.D.: General Surgery, 495-504.

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    - Chap. 2. Chatton, M.J. and Mark, J.B.D.: Systemic Manifestations of Disease, 24-27.
    - Chap. 9. Manson, R.M., Rowan, R.D. and Mark, J.B.D.: The Respiratory Tract and Mediastinum, 124-158.
    - Chap. 24. Mark, J.B.D. and Chatton, M.J.: Diseases Caused by Physical Agents, 499-503.
    - Chap. 31. Mark, J.B.D.: General Surgery, 561-571.

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71. Baumgartner, W.A. and Mark, J.B.D.: Bronchoscopic diagnosis and treatment of bronchial stump suture granulomas. J T & CV Surg, 81:553-555, 1981.

72. Cannon, W.B., Mark, J.B.D. and Jamplis, R.W.: Pneumothorax: A therapeutic update. Am J Surg, 142:26-29, 1981.

73. Burton, N.A., Watson, D.C., Brodsky, J.B. and Mark, J.B.D.: Safety features of a new double-lumen endotracheal tube in thoracic surgery. Chest, 80:354, 1981.

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76. Mark, J.B.D.: Acute and chronic pulmonary infection: Lung abscess, bronchiectasis and unresolved pneumonia: Thoracic and Cardiovascular Surgery, 4th Edition, Glenn, William W.L., Editor: Appleton-Century-Crofts/Norwalk, Connecticut, 1983, 248-268.

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80. Brodsky, J.B. and Mark, J.B.D.: A simple technique for accurate placement of double-lumen endobronchial tubes. Anes Review, X:26-30, 1983.

81. Oakes, D.D., Sherck, J.P., Brodsky, J.B. and Mark, J.B.D.: Therapeutic thoracoscopy. J T & CV Surg, 87:269-273, 1984.

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   Baldwin, J.C., Jamieson, S.W., Oyer, P.E., Stinson, E.B., Shumway, N.E. and Mark, J.B.D.: Bronchoscopic findings following heart/lung transplantation.
   Mark, J.B.D.: Radiologic dissection of the mediastinum.

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88. Brodsky, J.B., Shulman, M.S. and Mark, J.B.D.: Malposition of left-sided double-lumen endobronchial tubes, Anesthesiology, 62:667-669, 1985.

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Mark, J.B.D.: Stapling techniques in pulmonary surgery.
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Presidential Address

If I were king

James B. D. Mark, MD,* *Stanford, Calif.*

I first want to thank all of you, members and guests alike, for your warm welcome. I wish particularly to thank the members of The Western Thoracic Surgical Association for the honor of being elected to be your president. It is an important highlight in my career and I am genuinely grateful.

I am a most fortunate man. First of all, I had marvelous parents. They are both gone now but their inspiration lingers on. I have a wonderful wife, children, and grandchildren. Along the way I have been associated with first-class educational institutions—Vanderbilt, Yale, and Stanford. We live in a great place. I enjoy my chosen professional field and I occasionally have a really satisfying round of golf. Who could ask for anything more?

It is not often that one has an opportunity to speak on any chosen subject to an important audience that is more or less obliged to hear the speaker out. The late Andy Warhol said something about everyone having the spotlight for 15 minutes or so during a lifetime. Referring to sermons, my father said, "No souls are saved after 20 minutes." I cannot promise 15 or 20 minutes, but I will try not to wear out either your cerebral or gluteal hemispheres.

I have chosen for the topic of my talk, "If I Were King." What would I do if I were really in charge of important things in the lives of all of us? The first thing I would decree would be, of course, world peace. I would ban all nuclear weapons and, as a matter of fact, I would bar all interpersonal violence. I would see to it that everyone in the world is clothed and housed and fed and healthy and that somehow there won't be too many of us in the future.

Once all of that is done we can move on to the easy ones, the future of health care in the United States and the future of graduate education in thoracic surgery. We'll start with health care.

I believe everyone would agree that we in the United States have the best medical care in the world, if that is defined as the energy, the brain power, the man and woman power, and the technology to provide all the medical care available to any sick person. What we do not have is a system of health care.

You do not need to be retold that medical care in this country is too expensive. Right now it is an $800 billion a year item, more than $3000 in expenditures for medical care for every man, woman, and child in the United States. One has only to check any television news program, newspaper, or magazine to realize that major efforts are underway to curb health care expenditures. It is a certainty that whatever these changes are, they will have a jarring effect on the practice of medicine as we

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know it today and particularly on the practice of thoracic surgery.

If we really have the best medical care in the world, although it is extremely expensive, then we ought to be the healthiest people in the world. The simplest measure of health of a society is length of life of its people, although there are certainly many others. If length of life is a measurement, let's see how we have done for all this money. We are twentieth in the world in infant mortality, ninth in the world in life expectancy at birth, and first in the world in life expectancy once one has reached the age of 80 years.[1]

It is entirely possible that we are not spending our health care dollars wisely. It seems incongruous that we continue to open neonatal intensive care units while denying prenatal care to over ½ millon expectant mothers each year. It seems equally incongruous that on any given day we are willing to spend many thousands of dollars on the care of a patient in an intensive care unit for whom we were unwilling to pay any amount for preventive care in the months or years before that hospitalization.

In the words of Richard D. Lamm,[1] former governor of the state of Colorado and presently director of the Center for Public Policy and Contemporary Issues at the University of Denver, "Our medical genius has outpaced our ability to pay for all we are capable of doing." As a by-product of this plethora of technology and surplus of physicians, the expectation of the public has been raised to the point where everyone seems to expect immortality. Some Californians think that if you drink enough white wine and eat enough salmon you will live forever. In contrast, people in Great Britain are much more likely to accept sickness and even death as a part of life. Here we are willing to spend more for smaller potential rewards. We may not be able to do so much longer.

So what do we do? Let's look at some of the possibilities. We must accept the fact that there are too many hospitals and hospital beds. Perhaps closing one third of hospitals would result in significant savings by consolidation of services, elimination of duplication, and the like. Certainly we do not need 160 hospitals nationwide carrying out heart transplantation when a quarter of that number would do.

Over the years we have talked about factors influencing the rising cost of health care and tried several solutions, all of them unsuccessful. Training more physicians in the 1970s in the hope that market forces and capitalistic competition would bring costs down did not work. Doctors did not respond to market forces. Between 1960 and 1980 the number of medical students doubled. In 1981, the Graduate Medical Education National Advisory Committee report predicted an impending surplus of 50,000 physicians. So much for market forces and planning in medical education. Regulatory forces in the 1980s have been no more successful. Expenditures on medical care as a percentage of gross national product and of federal expenditures continue to rise. Tax funds pay well over 40% of the nation's health bills.

Can we really improve health and save money by paying more attention to pregnant women and to young children and by stressing healthy behavior in the population at large? I suspect that we can, but the savings may not be realized for a generation or more. In the meantime, sin taxes, stiff tariffs on tobacco and alcohol, could be used to pay the increased financial burden. They would provide revenue, target the proper payor, and maybe improve health all at once. It just does not seem right to use tax dollars to supplement the income of tabacco farmers while this product continues to kill many hundreds of thousands of Americans yearly. Similar contradictions abound.

As a nation we seem to be attached to the concept of coverage for catastrophes whether they be health, life, fire, accident, home, or natural disasters. In some of these areas it may be better to spend money up front in preventive care or maintenance and be willing to wait to realize long-term savings. Certainly prevention of some illnesses beats their treatment by a mile. Poliomyelitis, tetanus, and diphtheria are just a few. Why not heart disease and lung cancer, too? The American public cannot eat too much and drink too much and smoke and expect to cure the resultant problems by having catastrophic health insurance. That just will not work.

At the present time we have no system for measuring the effectiveness of medical care or comparing outcomes between different approaches or by different institutions. If we are unable to carry out these relatively simple tasks, how are we to be able to compare various health care strategies? It is mandatory that a system of measuring outcomes of medical care be developed. Only then can we test the effectiveness of different approaches to medical care, thereby seeking improved outcomes and getting the most "bang for the buck." The end result probably will be more regimentation in the way we take care of patients, "practice parameters" they are called, but if such regimentation results in better outcomes it will be difficult to argue with the approach.

It is increasingly obvious that we have reached the point where expenditures for health care are in competition with other worthy expenditures. Expenditures for housing, education, handgun control, prevention of teenage pregnancies, and improvement in the environment are important competitors for money spent on improving health. We need to educate our children and build roads and have good housing and safe streets. These worthy objectives cannot be reached partly because we are spending those dollars on medical care, some of which may be inappropriate. Why should the best building in town be a half empty hospital and the worst building in town be an overcrowded school? We cannot remain a great nation by overtreating our sick and undereducating our children.[1] As physicians, we have thought about the hospitals. As parents and grandparents, we had better start paying more attention to the schools. We may have to stop spending hundreds of thousands of dollars to prolong life a few more days or weeks and start spending more to give our children and grandchildren a proper start in life. Governor Lamm has referred to our present method of spending as "intergenerational larceny."[1]

This brings us to the dreaded "R" word[2]—rationing. In this country we have so readily accepted rationing on the basis of price, and to a lesser extent on geography, that it is difficult to understand how proposing to ration medical care causes such a furor. As in the state of Oregon, the proposal would be to ration procedures and treatment of some diseases rather than ration people out of the system. At the present time we are spending money on medical care at a level that we cannot sustain or afford. We will be forced to provide less stuff for more people or more stuff for fewer people. I am confident that we will do the right thing and cover everyone at public expense for a basic package of medical care at a price that unfortunately will please neither provider nor payor. Anything over that will be bought by after-tax dollars directly or through insurance by those who can afford more. This is a two-tiered system but not unique. No matter what the system is, everyone cannot get "presidential" medical care. Consider carefully that the alternative to sensible rationing will be further ratcheting. The increasing expenditures for medical care are under intense scrutiny and will be controlled somehow. That you can take to the bank.

One of the problem groups in this complex, cost-conscious medical world is, unfortunately, cardiothoracic surgeons. We treat life-threatening and death-dealing diseases, most of which occur late in life. Our interventions, both diagnostic and therapeutic, tend to be expensive. We do save lives, but at fairly significant cost. How much better it would be to prevent lung cancer or coronary artery disease than to spend a great deal of money to treat it. That would, of course, put us right out of business. However, my guess is that everyone of us is safe on that score. It takes a long time to prevent lung cancer or atherosclerosis.

As medical care becomes more and more the business of the public, physicians' incomes have been and will be under close scrutiny. If one does not count professional athletes, physicians are the highest paid professionals in America and cardiothoracic surgeons are at or near the top of the list. However, we do not want to justify the cynical definition of a profession as "a group of individuals largely, if not solely, dedicated to preserving their own status."[3] We have to demonstrate a broader view than that. There is pressure to redistribute doctors' fees so that the primary care and cognitive groups receive more, and the procedure-oriented specialists, such as ourselves, receive relatively less. I can see the day coming when a lump sum will be paid to all providers involved in a patient's illness or care and the providers will be responsible for divvying it up. This, then, leads directly to capitation, which is payment for illness before it occurs. That's swell from the marketing point of view. But even those who promote capitation talk about risk-sharing. This means that no one really knows if it will work. In my opinion, capitation will work only if physicians are receiving a salary and the plan, or middleman, owns the hospitals and can control costs. Kaiser Permanente is a decent example of a capitated system that works. Any other capitated scheme has lots of holes.

Let me digress for just a moment. I am sure you join me in taking issue with the basic concept of cognitive versus noncognitive physicians. I prefer Isador Ravdin's concept that "a surgeon is a medical man and something more," taken further by Julian Johnson to say that "a thoracic surgeon is a surgeon and something more."[4] No matter whether that is right or wrong, physicians get little sympathy with regard to income. And if it is true that we are the highest paid professionals, school teachers are the worst paid.

Now that I have your attention if not your applause, let me question one of the sacred cows of health care insurance and an integral part of Alain Enthoven's managed competition concept, and that is having medical insurance provided through the workplace. I thought I was alone in wondering about that. I was pleased to see in the April 7, 1993, issue of the *Journal of the American Medical Association* that Victor Fuchs,[5] in a commentary piece entitled, "Dear President Clinton," said, "We must disengage health insurance from employment."

Let's go back to managed competition itself for a moment and consider why it has become so popular politically. I think the Democrats like it because it is managed and the Republicans like it because it is competition. Nothing else about it is quite that easy to understand.

Having 1500 or so insurance intermediaries involved in health care is an additional problem of the present system.

Even at best, they consume too much of the health care dollar, over 20% by most estimates, certainly more than in other countries. It would be much more convenient and less costly to have a single intermediary through which the health care dollar flows between patient and doctor. The big problem is that that intermediary would almost certainly be the federal government alone or, even worse, aided by the states. The government is a major player in health care whether we like it or not. Health care expenditures coming from Washington are far greater than money spent for education or defense. The Feds will not go away. Unfortunately, our federal government has never, to my knowledge, shown that it can be more efficient or less costly or more understanding or more compassionate than just about anything. So, payment through a single intermediary remains a problem. Maybe there could be a government-chartered independent company like Amtrak. Maybe lots of things. In any case, that intermediary is either the government for half of health care expenditures and hundreds of insurance companies and separate plans for the rest or else the government alone with a single basic plan of health care coverage. This is not an easy choice. I would be inclined to give the government one more chance.

Early in April of 1993, the government health task force in Washington proposed a health care card that would document the eligibility of every individual in the country for access to a basic health care package. This card was one of many trial balloons floated by Hillary Rodham Clinton and her task force. There were actually so many trial balloons over Washington during the spring of 1993 that one could not see the sun for weeks on end.

All of this may appear to put physicians in a difficult or even untenable position. How are we to provide the best medical care for our patients while still trying to save money for society? Quite certainly we should continue to take care of our patients one by one in the most skillful and attentive way we know how. Nothing should interfere with that relationship. The physician's role should be unambiguous, the best for his or her patient. He or she should use common sense and compassion as well as medical knowledge with neither the clock nor the dollar bill as a guide, only the patient's welfare. Fuchs,[6] the economist, has said, "The commitment of the individual physician to the individual patient is one of the most valuable features of American medical care." This does not necessarily mean that one should order every test and do every procedure available. Remember, judgment is an essential ingredient of medical care. Sometimes the best care is letting a patient die gracefully and naturally and, in popular parlance, with dignity. As a colleague of mine once said, "When the good Lord puts his hand on you patient's shoulder, you take yours off."

How, then, do we as physicians and surgeons play a ro in determining health care policy? Quite obviously we ar not be going to be allowed to do that alone, and if recer history is any indication, we may not be allowed to do at all. We as physicians seem to have few friends i Washington these days. I fear we are looked on as ju another advocacy group looking out for our own interest We must rise above that. We must take the high road. W must be statesmen rather than merely advocates. A physicians caring for patients, the interest of the indivi ual patient is paramount. Again, there should be r ambivalence in that role. However, we must be able change hats and participate with government officials, tl public, and other experts in other health care fields ar medical economists in making important decisions public policy as they relate to health. If all of these thin are successfully carried out and priority decisions a made at a societal level, it may even make our job at tl bedside easier and more effective.

There are a number of other factors that influence tl cost of medical care. We point with some justification malpractice specifically and lawyers in general as a sour of increased cost of medical care. The cost of malpracti insurance is easily identified. The cost of defensive me icine is more elusive. We do know, however, that in t United States with about 5% of the world's population have about 70% of the world's lawyers. There are t times as many law school graduates each year as there medical school graduates.[1] If each new doctor genera hundreds of thousands of dollars in incremental cos how much is generated by each new lawyer? We could talking about real money here. Fuchs[5] points out that cost of drugs is not as influential as it seems to be. If dr company profits were cut in half, savings to patients wo be in the range of 1% of the cost of medical care. If pl sician incomes were cut 20%, and they probably will the overall saving would be in the range of 2%. We m be a part of the problem but not, in fact, such a great c

We have yet to address the question of specialists v sus generalists, the latter being defined as family pra tioners, pediatricians, and general internists. I am convinced that having more generalists would save m ey unless they were acting mainly as gatekeepers or if t did what specialists do, only more cheaply. Seeing a g eralist may be just an additional step on the way to se a specialist. Using patients with lung cancer as an ex ple, I am not sure the generalists are even sending patient to the right specialist. Nonetheless, there wil increasing pressure to curtail the training of special and we are a prime target. Personally, I would first take a crack at the procedure-oriented internists.

In our desire to accomplish some things, we often forget others. In this instance, I am thinking about two of the very special accomplishments of the American medical establishment that we must make every effort to preserve.

The first of these is medical education. Our system of medical education at the undergraduate and graduate levels is the envy of the world. We are the acknowledged leader and pacesetter. It would be more than a shame if, in our anxiety to save money, we should sacrifice the educational system. It would be short-sighted and eventually totally destructive. Unless we plan and educate for the future, we cannot possibly continue to lead the world in medical care.

Second, and closely related, is research. Our scientific research establishment, led by the National Institutes of Health and academic medical centers nationwide, is again the envy of the world. People everywhere look toward the United States to be the leader in biotechnology research and development as well. The world literally depends on the products of our investigative work. To stifle these efforts would have far-reaching negative fallout.

If I were the health care king my plan would include the following.

- Provide a basic health care package to which all Americans are entitled.
- Pay physicians on a fee-for-service basis, which would necessitate fee schedules and appropriate surveillance.
- Ensure meaningful participation by physicians who care for patients in all deliberations leading to determination of health care policy.
- Prioritize health care expenditures, which would necessitate exclusion of payment for some high cost, low yield interventions—that is, rationing.
- Consolidate hospitals and programs to save money and provide better care.
- Develop a way to accurately assess health care outcomes so that we may be able to determine the influence of all preventions and interventions in influencing those outcomes.
- Unlink payment for health care from employment; payment for the basic health care package by taxes, with additional frills and procedures available on a pay-for-play basis.
- Assure the fact that there is money available for undergraduate and graduate medical education, research, and appropriate development of medical technology.
- Increase sin taxes and use them to pay for medical care.

The major fear associated with the institution of such a plan is that, even if this resulted in less payment for medical care in the long run, it would be far more expensive in the short term and would lead to the political death of anyone who supported it. I am not a medical economist, but I believe that if universal access, including coverage of the 37 million persons now without health insurance of any kind, were accompanied by appropriate rationing and sin taxes, the short-term financial pain would be minimized and the politicians who put such a plan in place would at least have a fighting chance for survival.

All of this, naturally, sounds pretty good to me. However, as Uwe Reinhardt, the Princeton economist, has said, "The devil is in the details." He is undoubtedly right. I will leave the details to others.

Let's spend a few minutes thinking about the future of the field of general thoracic surgery, presuming that there is such an entity. I think there is. The entire field of thoracic surgery less than 60 years ago was what we now call general thoracic surgery. Interest in the specialty was spurred by the Empyema Commission under the direction of Evarts Graham during World War I. Surgical treatment of bronchiectasis, tuberculosis, and empyema dominated the field. Improvements in anesthesia and perioperative care, the development of antibiotics and antituberculous medications, and the performance of a pneumonectomy for cancer of the lung by that same Dr. Graham almost brought the field to maturity in the 1930s and 1940s. Then along came Gross and Blalock, Gibbon, Lillehei, Starr, Favaloro, Shumway, and many others who ushered in the exciting and still dazzling field of cardiac surgery and ultimately cardiac transplantation. Thoracic surgery became cardiothoracic surgery and what was previously thoracic surgery became general thoracic surgery, or, God forbid, noncardiac thoracic surgery. With rare exceptions, cardiac surgeons paid little attention to general thoracic surgery, and, with few exceptions they did not advance the field. A handful of surgeons in academic medical centers and cancer centers restricted their work to general thoracic surgery. They taught the residents and pushed back the frontiers while simultaneously fighting encroachment from general surgery, pulmonology, oncology, and otolaryngology. The tide of cardiac surgery was in some ways intimidating, certainly overpowering. Should general thoracic surgery go it alone as a separate training program following general surgery, leading perhaps to the much-maligned certificate of special competence or added qualification in the field? The Liaison Committee for Thoracic Surgery, of

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which I was a member for several years, addressed this problem and reported its findings and recommendations to its parent societies, The American Association for Thoracic Surgery and the Society of Thoracic Surgeons, on more than one occasion.

The committee was composed mostly of "lumpers," those who wished to maintain cardiothoracic surgery as a single specialty. I must confess that at the outset I was a "splitter." I thought that the field of general thoracic surgery, those who practiced the specialty and the patients for whom we cared, would all be better off if general thoracic surgery was made a separate and identifiable field. I have changed my mind, although I am not certain that I was wrong. The gradient against which one would have had to work to accomplish this cleavage and then nurture to maturity the new entity was just too great. Maybe the argument for the split was just not compelling enough. Now the field remains unified, and properly so. The Liaison Committee for Thoracic Surgery has been dissolved and the problem has been turned over to the Thoracic Surgery Directors Association for oversight and safekeeping.

End of story? I think not. Forget outside pressures from the federal government, funding sources, and the public. The whole field of surgery, including but not limited to cardiothoracic surgery, is changing so rapidly that adjustments in training programs in cardiothoracic surgery must occur. Otherwise we will become petrified and lose our position of leadership as "surgeons and something more."

At the moment, the main concerns surrounding thoracic residency seem to be, first, on the link to full training in general surgery, and, second, on time, or how many years an individual should remain in training in cardiothoracic surgery. Five years or more of general surgery followed by 2 years or more of cardiothoracic surgical training adds up to a lot. In our desire to shorten the total length of training, the American Board of Surgery has been asked to shorten its mandatory number of years in grade. The generic reply has been that they wish to train general surgeons, not just prepare residents for training in cardiothoracic surgery. If we in cardiothoracic surgery wish to shorten the total number of years while still adding a year in thoracic surgery, why don't we just quit requiring board certification in general surgery before residency in thoracic surgery?

Again, we deal with lumpers and splitters and focus on numbers of years. Instead, we should consider more carefully the educational content of our residency programs, both in general and in thoracic surgery. There are parts of general surgery that are of more value than others in the education of a thoracic surgeon. In turn, the so-called index cases in the training of general surgeons, the Whipple procedures and abdominoperineal resections, for instance, may not be so important to budding thoracic surgeons.

Instead of remaining so independent and resistant to change, the American Board of Surgery and the American Board of Thoracic Surgery should get together and focus on the educational content of training programs rather than on their length. Surgical skills would be gained in areas of interest and usefulness. The few Whipple procedures that I did during residency added to my surgical skills and certainly added a few notches on my belt, but maybe it would have been better if someone who was more likely to be doing those operations for the rest of his or her working life had done them rather than I. Similarly, it may not be as important for the resident going into the community practice of general surgery to have done pulmonary or even esophageal resections during residency training.

The point to be made is this. Our field is evolving. There is a new interest in general thoracic surgery, spurred in some part by the development of lung transplantation and even thoracoscopy, but also nurtured by the realization that we still have a long way to go in understanding the causes and identifying the best cures for lung cancer. Because so many of us in general thoracic surgery are nearing the ends of our careers, I think there will be many opportunities in academic work and in private practice for physicians devoting their professional lives to the field of general thoracic surgery. It is my belief that, to train these individuals best, there will need to be adjustments in training both by the American Board of Surgery and the American Board of Thoracic Surgery. A similar sentiment has been expressed in the recently published proceedings of the Joint Conference on Graduate Education in Thoracic Surgery.[7] I understand that the American Board of Surgery and the American Board of Thoracic Surgery have been and will be discussing these matters.[8] Having been an examiner for both of these boards, but having been a member of neither, still having been a member of a medical school faculty teaching residents in both fields on a daily basis for 33 years, I believe I can speak with some background of experience if not authority.

My suggestions for training in general thoracic surgery are as follows.

- Develop a 4-year curriculum in general surgery that would lead to certification. Graduates of such a program would be able to embark on the practice of general surgery in the community or seek additional residency training in cardiothoracic surgery. Those who wish to proceed in specialized areas of general surgery, such as advanced

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experiences in gastrointestinal surgery, surgical oncology, vascular surgery, and other specific areas, could do so in a specialized training program of 1 or 2 additional years.

- Develop a 2-year curriculum in cardiothoracic surgery that would include basic exposures to all aspects of the field with enough experience to become qualified to perform cardiac surgery in adults with acquired heart disease and basic general thoracic surgery. This could be followed by an experience of 1 year or more in general thoracic surgery, pediatric cardiac surgery, or cardiac transplantation for those who wish to concentrate in these areas or go on to academic careers.

There you have it. This is a whole new concept, perhaps not unique, outlining education in general surgery and in thoracic surgery. The concept will probably be politely applauded by some, embraced by a few, and instituted by even fewer. In the words of Niccolo Machiavelli, quoted by Claude Organ[9] in his editorial titled "The Future of General Surgery," "There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old condition and lukewarm defenders in those may do well under the new."

I cannot finish without at least giving a nod to something about which I feel strongly, and that is the often-referred-to, somewhat-less-honored, doctor-patient relationship. As physicians specialize further and particularly as paramedical personnel increase in number and their role expands, there is a danger that the doctor will move farther from the patient. His or her former role is filled by someone else or no one. This would be a tragedy of major proportion should it escalate. I can think of no quicker way to turn medicine from a profession into a trade than to depersonalize the doctor-patient relationship. Like pornography, as described by Justice Potter Stewart, the doctor-patient relationship may be difficult to define but easy to identify. It is based on personal contact and interest and on continuity of care. It is destroyed by a shift mentality and by lack of identification of just who is the patient's doctor. One can point to those of us in academic medicine, particularly, because we seem to have many other facets of our work that compete for our time and interest. If these competing obligations, be they research, teaching, administrative work, or other equally worthy endeavors, keep us from caring for our patients in a manner in which we would like to be cared for, then we have lost our favored position as caregiver, mentor, healer of the sick, and role model for young people to which we all aspire.

This has been a special day for me. If something that I have said sticks, grows, and bears fruit, so much the better. To quote Robert Louis Stevenson, "The world is so full of a number of things, I'm sure we should all be as happy as kings."[10] I feel that I have been king for a day, and I thank you all sincerely.

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ChestSoundings

Volume 9
Number 1
Spring 1995

News from the American College of Chest Physicians

Welcoming a New ACCP President
James B. D. Mark, MD, FCCP

James B. D. Mark, MD, FCCP, was welcomed as the new President of the American College of Chest Physicians during the 60th Annual International Scientific Assembly in New Orleans, October 30 to November 3, 1994. Dr. Mark presently serves as Professor of Cardiothoracic Surgery and Head of the Division of Thoracic Surgery at Stanford University School of Medicine in Stanford, California. Dr. Mark has served in a presidential capacity for the Northern California Chapter of the American College of Surgeons, the California Academy of Medicine, the San Francisco Surgical Society, the Western Thoracic Surgical Association, the Halsted Society, and the Vanderbilt Medical Alumni Association.

Dr. Mark received his undergraduate degree from Vanderbilt University in Nashville, Tennessee, and his MD from the School of Medicine at Vanderbilt. He professionally trained at Yale-New Haven Hospital in Connecticut, where he served his internship in surgery, his residencies in general surgery and thoracic and cardiovascular surgery, and was an American Cancer Society Fellow in Surgery. Remaining at Yale University School of Medicine, Dr. Mark was an Assistant Professor of Surgery until 1965. He then assumed the position of Associate Professor of Surgery at Stanford University School of Medicine and has remained at Stanford, serving, in addition to his present positions, as Chairman, Department of Surgery, Santa Clara Valley Medical Center (1965-70); Associate Dean for Student Affairs (1970-72); Senior Fulbright-Hays Fellow and Visiting Professor of Surgery, University of Dar es Salaam, Tanzania (1972-73); Associate Dean for Regional Medical Affairs (1973-74); Acting Chairman, Department of Surgery (1974-77); Associate Dean for Clinical Affairs (1988-92); and Chief of Staff, Stanford University Hospital (1988-92).

ACCP President, James B. D. Mark, MD, FCCP

Dr. Mark is affiliated with numerous national, state, and regional medical societies where he has served on executive boards and special committees. He presently is on the Editorial Boards of the *Journal of Thoracic and Cardiovascular Surgery* and *Stanford Medicine*. Dr. Mark has consistently contributed to the medical literature for 35 years, updating and informing his readers in cardiothoracic surgery and related topics.

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Legislative Issues

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2nd Annual Capitol Hill Caucus Scheduled for June 5-6, 1995

ACCP is again making it possible for members to meet with key congressional leaders, members of the Administration and those involved in state reform, to discuss issues affecting specialty medicine. The emphasis is shifting from massive reform at the federal level to incremental health-care reform. The states are assuming greater activity as the laboratories where new ideas will be implemented. As many as 30 states are involved in their own health-care agendas without waiting to see what the Clinton administration and Congress will do.

As a specialist in cardiopulmonary medicine and surgery, it is important to become an active participant in this new health systems reform debate. Now is the chance to discuss the federal-state partnership necessary for any meaningful reform with those who will be involved in much of the decision making. Now is also the opportunity to express concerns regarding the role of the specialist and to educate the decision makers on how patients quality of care is being affected.

Make plans to join us June 5-6, 1995, in Washington, DC, at the Capital Hilton Hotel. You will soon be receiving an invitation to join with ACCP to become personally involved. For further information on the Caucus or to register, call Product and Registration Services at (800)343-2227 or (708)498-1400.

Capitol Hill Caucus Program Schedule

Monday, June 5, 1995

PM

4:30 Caucus Registration

5:00 – 7:00
Opening Remarks
James B.D. Mark, MD, FCCP
ACCP *President*

Presentation
"The New Health Care Congressional Agenda"

7:00 – 7:45
Cocktail Reception

7:45 Dinner

8:30 Dinner Speaker

Tuesday, June 6, 1995

AM

7:30 Continental Breakfast

8:30 – 9:30
Presentation: "The Role of the Specialist in the Future of American Health Care"

9:30 – 10:45
Panel Discussion: "The States' Health Care Agendas"

10:45 Break

11:00 – 12:00
Workshop: "Making Friends in Congress"

PM

12:00 Lunch on your own, followed by Hill visits as requested (previously arranged by ACCP Staff)

Christopher Buckley to Speak at 2nd Annual ACCP Caucus

ACCP presents Christopher Buckley, best-selling author of *Thank You for Smoking* and *The White House Mess*, as speaker at the ACCP Caucus in Washington, DC.

Considered one of the funniest writers of his generation, Buckley's presentations are marked by a savvy understanding of the ways things really get done in Washington and a perceptive wit that holds no target sacred. As the Caucus dinner speaker, he will share his views on the smoking habits of our patients, friends, and families.

Join us for our 2nd annual Capitol Hill Caucus, June 5-6, 1995. Don't miss this exciting and informative opportunity!

ChestSoundings

ChestSoundings is a publication of the American College of Chest Physicians, 33(Dundee Road, Northbrook, IL 60062; Phor (708) 498-1400, Fax: (708) 498-5460.

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2,000 Members Sign Open Letter to President Clinton

An open letter to President Clinton requesting his support in eliminating the *epidemic of smoking worldwide* was made available to the ACCP membership for their signatures during the 60th Annual Scientific Assembly in New Orleans. Special thanks to the more than 2,000 members who signed this letter to the President (printed below). ACCP is currently working with the White House to schedule a time for us to personally deliver this 12 by 8 foot letter.

Open Letter

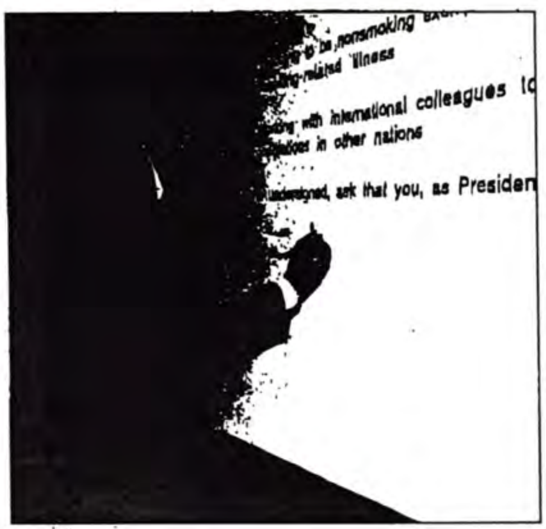
Dear President Clinton:

Smoking-related illness is the greatest epidemic of the 20th Century and one of the greatest epidemics of all time. Cigarette smoking is responsible for more illness and associated billions of dollars in costs, and more millions of deaths, year after year, than any other pathogen in the world today. Unlike any other epidemic in history, however, smoking-related illness is completely preventable.

We cardiopulmonary physicians and surgeons as individuals join the American College of Chest Physicians as an organization in accepting responsibility to work toward bringing this worldwide epidemic to an end:

- by helping patients stop smoking, recover from nicotine addiction, and avoid the physiologic and economic costs of smoking-related illness;
- by pledging that cardiopulmonary physicians and surgeons will be nonsmoking exemplars for patients, and for the public that must bear the economic costs of smoking-related epidemic illness;
- by working with international colleagues to counter the efforts of the tobacco industry to replace declining markets in the United States by targeting susceptible populations in other nations.

The community of cardiopulmonary physicians and surgeons and the American College of Chest Physicians ask the Office of the President of the United States to endorse and support this pledge.



James B.D. Mark, MD, FCCP, ACCP President, signs the open letter to President Clinton.

Mississippi and Minnesota Tobacco Cases

The ACCP has taken an active advisory role in working with the offices of the Attorneys General from Mississippi and Minnesota, their coplaintiffs, and supporting private law firms, in pursuit of reimbursement of state Medicaid funds expended on tobacco-related illnesses. ACCP's current activities in these two cases include providing medical evidence of the addictive nature of tobacco and the adverse health effects of smoking to the courts, and developing an awareness campaign on the importance of these groundbreaking lawsuits aimed at our membership and the public in Mississippi and Minnesota. Future plans include the writing and filing of an amicus curiae brief with the court, in each case, to formally outline the medical evidence. We will also be recommending expert witnesses that may be contacted to participate in these proceedings when needed.

Both John Studdard, MD, FCCP, the ACCP Governor for Mississippi, and Edward Rosenow, MD, FCCP, Past President of ACCP, from Minnesota, are working closely with their Attorneys General in the above-mentioned areas. ACCP President, James B.D. Mark, MD, FCCP, and Dr. John Studdard, recently wrote a letter to the editor (see below), which appeared in three different Mississippi newspapers: *Clarion Ledger*, *Mississippi Press*, and *Sun Herald*.

Letter to the Editor

There is under consideration by Judge William Myers in the Chancery Court of Jackson County in Pascagoula the most important health-related lawsuit in our collec-

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Tobacco Cases, continued

tive memory. Mike Moore, the Attorney General of the State of Mississippi, is bringing action against the tobacco companies to recover damages, these damages being the money paid by the taxpayers of Mississippi for the cost of tobacco-related illness in Medicaid and indigent patients in Mississippi.

THE STATE DOES NOT SMOKE. It is an innocent third party which is obliged by law to pay the bills for these patients. Mr. Moore is attempting, through the judicial system, to recover your money from the tobacco companies. You should expect him to do no less.

Cigarette smoking is a health hazard. It is a major cause of coronary heart disease, stroke, peripheral vascular disease, lung cancer and emphysema. It is estimated by the Centers for Disease Control that over 43% of the $49 billion spent on medical care attributable to smoking was paid through public sources. Simple arithmetic tells us that the State of Mississippi and the Federal government spend about $1.5 billion a year on medical payments alone for the cost of tobacco related illness in Mississippi. If you are a taxpayer in the State of Mississippi, a big piece of that amount comes out of your pocket.

The fact that cigarette smoking causes illness and preventable death is no longer in question. The question at issue in this case is who pays the cost of those tobacco related illnesses, you, the taxpayer, or those who manufacture and sell cigarettes, the tobacco companies?

Mr. Moore, your Attorney General, is taking the first bold step in the proper direction. His path is a difficult one, fraught with many hazards. He needs your help and support. He has ours.

Press Conference Held to Launch Campaign to Reduce Smoking-Related Health-Care Costs

A press conference, titled *Emerging Trend: States Sue Tobacco Companies to Recover Smoking-Related Health-Care Costs*, was held Monday, October 31, 1994, during the 60th Annual Scientific Assembly in New Orleans. ACCP President James B.D. Mark, MD, FCCP, was moderator of a panel of two ACCP physicians, Alex G. Little, MD, FCCP, Chair ACCP Government Liaison Committee, and Stephen I. Rennard, MD, FCCP, as well the Attorney General of Mississippi, Mike Moore, and Tom Gilde, General Counsel for Blue Cross and Blue Shield of Minnesota. The physicians addressed their advisory role in providing the courts with medical evidence of the addictive nature of tobacco and adverse health effects of smoking. They also stated that ACCP is planning to file an *amicus curiae* brief with the courts to formally outline the evidence. Mike Moore and Tom Gilde spoke of their state's intent to recover the tens of millions of dollars in expenditures for medical programs treating sufferers of smoking-relating illnesses. Questions from the press followed the presentation.

Press conference panel (*left to right*): Mike Moore, Attorney General, State of Mississippi; James B.D. Mark, MD, FCCP, ACCP President; Alex G. Little, MD, FCCP, Chair, ACCP Government Liaison Committee; Tom Gilde, Associate General Counsel, Blue Cross and Blue Shield of Minnesota; and Stephen I. Rennard, MD, FCCP, ACCP Governor for Nebraska

Latest Update on the State of Mississippi Tobacco Cases

As of February 21, 1995, the Mississippi action has been cleared to go to trial. The Mississippi tobacco case will be tried by a judge as opposed to being tried by a judge and a jury. This is a major victory for Attorney General, Mike Moore, and the legal team working on this case.

A Message From Alex G. Little, MD, FCCP Chair, Government Liaison Committee

As you are all aware, the 1994 elections brought about a great deal of change on Capitol Hill.

The American College of Chest Physicians must be prepared to work within the dynamics of the new Congress. Due to the shift in majority status from the Democrats to the Republicans, as well as the high number of freshman members, we must work especially fast to establish Key Contacts.

The ACCP Key Contact Program has worked well in the past. Being a Key Contact is mostly an educational role - you must know (or be willing to get to know) your Representative and/or Senator, to meet with them several times each year and to keep them educated on the issues that are of importance to the specialty of chest medicine. As a Key Contact, you must also be willing to write letters to your legislators when pertinent issues are being considered. It is essential that we identify at least one Key Contact for each member of the 104th Congress - each Senator and each of the 435 Representatives.

Please complete the form below, indicating any relationship you may have with your legislators. Please mail or FAX this form to:

American College of Chest Physicians
Attn: Marla Brichta
3300 Dundee Road
Northbrook, IL 60062
Fax: (708)498-5460

I urge that each ACCP member get involved in this important program. Thank you for your cooperation.

Key Contact Program

Congress is receptive to the voice of the medical community—a letter is just one way to influence legislative issues. If you want to be more *proactive*, consider joining ACCP's Key Contact Program and make *your* voice heard. Return this form for more information.

☐ **Yes, I am interested in joining the ACCP Key Contact Program.**

NAME ____________________

ADDRESS ____________________

CITY/STATE/ZIP ____________________

PHONE __________ FAX __________ RESIDENTIAL ZIP CODE __________

CONTACTS WITH CONGRESS: ____________________

Please return to: Marla Brichta • American College of Chest Physicians
3300 Dundee Road • Northbrook, IL 60062 • Fax: (708) 498-5460

Stark II Effective January 1, 1995

All members and Fellows of ACCP should be aware of Stark II, a new federal law that prohibits certain physician self-referrals in the context of Medicare and Medicaid. Thus, as of January 1, 1995, physicians are prohibited from making self-referrals for certain designated health services, including the following:

- Clinical laboratory services
- Physical therapy services
- Radiology services, including MRI, CAT scans, and ultrasound services
- Radiation therapy services and supplies
- Durable medical equipment and supplies
- Parenteral and enteral nutrients, equipment, and supplies
- Prosthetics, orthotics, and prosthetic devices and supplies
- Home health services
- Occupational prescription drugs
- Inpatient and outpatient hospital services

According to HCFA, this new law prohibits a physician who has a financial relationship with an entity from referring Medicare patients to that entity to receive one of the above listed services or products. This legal prohibition applies even if the physician himself does not have a financial relationship with the entity, but a member of his immediate family does. This law is triggered by the mere fact that a financial relationship exists; it does not matter what the physician intends when he makes a referral.

Regarding the entity providing the services or the products, it is prohibited from billing Medicare, Medicaid, the patient or any other payee for one of the above listed services furnished to a Medicare patient under a prohibited referral.

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ACCP Heads Meeting for 5-Year RBRVS Review

ACCP initiated a partnership with three medical specialty societies in response to HCFA's request for comments on the Final Rule regarding the 5-Year Refinement of the RBRVS.

On January 16, 1995, members of ACCP's CPT/RUC committee and representatives from the American Thoracic Society, Society of Critical Care Medicine, and National Association of Medical Directors of Respiratory Care, met to evaluate the CPT codes for pulmonary medicine and critical care and their relative work values. The goal of this meeting was to make recommendations to HCFA, assuring the relative work values assigned to pulmonary medicine and critical care codes are equitable for the next 5-year period.

Following is the letter sent to HCFA from ACCP which outlines the comments made at this meeting.

Letter to HCFA

February 2, 1995

Health Care Financing Administration
Dept of Health and Human Services
Attn: BPD-789-FC—(5-Year Refinement)
P.O. Box 26688
Baltimore, MD 21207

Dear Sir:

The American College of Chest Physicians (ACCP) which represents 12,000 U.S. physicians who provide care for patients with diseases of the chest, is pleased to have an opportunity to respond to the 5-Year Review of the physician work components of the RVS. The services that have been identified by ACCP for rebasing in 1997 are as follows:

I. *CPT code 94060* - Bronchospasm evaluation: Spirometry as in 94010, before and after bronchodilator (aerosol or parenteral) or exercise.

Clinical Vignette:

a) A 60-year-old man with a history of chronic obstructive pulmonary disease (COPD) with chronic cough and shortness of breath is being evaluated as a new patient.

b) A 30-year-old woman with a history of intermittent wheezing is being evaluated because of symptoms of shortness of breath.

Reference Service Code: CPT code 94375-Respiratory flow volume loop.

Today, spirometric studies are most commonly plotted and presented as a flow volume loop. From the flow volume loop, vital capacity and flow rates can then be calculated. Since the bronchospastic examination requires two flow volume loops, plus the administration of a bronchodilator, there is significant increased intraservice time involved. The bronchospastic evaluation (94060) requires more physician time, skill, and judgment in the interpretation of the test results. There is also stress concerning the side effects of the bronchodilator and a post-service component of observation because of the continued effects of the medication that does not exist with the flow volume loop alone. Currently the physician work units for both codes are valued at 0.31. Since the work required for the bronchospastic evaluation is at least twice that required for the flow volume loop, the ACCP recommends that the work unit be increased by at least 50%.

II. *CPT code 36620* - Arterial catheterization or cannulization for sampling, monitoring or transfusion (separate procedure); percutaneous.

Clinical Vignette:

A 65-year-old woman is admitted to the hospital because of pneumonia, fever, septic shock, hypoxemia and agitation. An arterial catheter is inserted, both to monitor blood pressure and to obtain frequent arterial blood samples.

Reference Service Code: CPT code 36140 - Introduction of needle or intracatheter, extremity artery (for an injection procedure).

Both services involve the insertion of a needle or catheter into a peripheral (extremity) artery; and in the case of the reference code, this is done for the purpose of an injection procedure. In placing an arterial catheter into a patient such as that cited in the clinical vignette, greater technical skills is required as well as increased preprocedure preparation of the injection site and increased postprocedure care to secure and continuously maintain the arterial catheter. Intraservice time may also be substantially increased because of the acute illness of the patient with agitation and difficulty in localizing the arterial vessel because of hypotension. In an acutely ill patient, there are also greater risks for bleeding, thrombosis, and infection, all of which increase the stress factor and are associated with an increased risk of iatrogenic complications. When the catheter is inserted for an injection procedure, the image analysis and interpretation are billed separately. Currently, the reference service code has a significantly higher physician work unit, and the

ACCP recommends that the physician work unit of the reference service code (2.01) be the minimum for the insertion of an arterial catheter or cannula into an extremity artery.

III. *CPT code 36489* - Placement of a central venous catheter, percutaneous, over age 2.
Clinical Vignette:
A 60-year-old man is admitted to the hospital following a motor vehicle accident with multiple trauma. He is hypotensive and mechanical ventilation is begun. He has an ileus and is unable to tolerate enteral feedings. A central venous catheter is inserted for nutritional management.
Reference service code: CPT code 36010 - Introduction of a catheter, superior/inferior vena cava (for injection purposes).

Both procedures require the insertion of a central venous catheter into the vena cava. In the patient cited in the clinical vignette, even minor complications can be accompanied by increased overall risk because of the acute illness. For instance, the risk of tension pneumothorax may be markedly increased because of the mechanical ventilation. There is increased pre-procedure preparation of the puncture site to maintain long-term sterility and also increased post-procedure securing of the catheter, as well as maintenance of the sterility of the entrance site. Since the central venous catheter remains in place considerably longer than a catheter that is inserted for a single injection, there is an increased risk of sepsis and venous thrombosis. It should also be noted that in the case of the reference service code, the contrast materials and the interpretation of the contrast studies may be billed separately. The reference service code currently has a significantly greater physician work value (2.49), and it is the recommendation of the American College of Chest Physicians that this be the minimum work value for insertion of a central venous catheter.

IV. *CPT code 99291* - Critical care evaluation and management of the critically ill or critically injured patient; first hour.
CPT code 99292 - each additional 30 minutes.
Clinical vignettes for critical care services have been previously described and are located on page 366 of the American Medical Association CPT manual of 1995.
Reference service codes:
a) *CPT code 99295* - initial neonatal intensive care, per day, with evaluation and management of a critically ill neonate or infant.
b) *CPT code 99296* - subsequent neonatal intensive care, per day, with further evaluation and management of a critically ill and unstable neonate or infant.

It is notable that the description of services for the critically ill adult and the neonate or infant are nearly

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Pediatric Pulmonologists Meet to Discuss CPT Codes and Relative Values

Dr. Ian Nathanson, MD, FCCP, Chair of ACCP CPT Subcommittee for the Section on Pediatric Cardiopulmonary Disease, organized a joint meeting of representatives from the American Thoracic Society (ATS), American Academy of Pediatrics, and Cystic Fibrosis Foundation to review and discuss CPT codes and relative values for pediatric pulmonology. This meeting took place on Monday, January 30, 1995, at ACCP headquarters.

This partnership of physicians worked on creating code descriptions of new technologies for which there are currently no CPT codes. When the descriptions of these codes are reviewed and completed, they will be submitted to the AMA CPT process for consideration. This committee hopes to meet again in May in Seattle at the ATS annual meeting to continue their work on pediatric pulmonary CPT codes.

Tremendous Support for CPT/ICD-9 Manual

Special thanks to everyone who completed the CPT/ICD-9 Survey. Over 250 physicians replied and were unanimously in favor of a CPT/ICD-9 educational manual designed specifically for pulmonary and critical care medicine. As a result, ACCP plans to go forward with this book. The College will be contacting physicians who indicated an interest in participating in this project, in the near future. Thank you again for your interest in this very exciting and much needed project.

13th Asia Pacific Congress on Diseases of the Chest

Hong Kong Hosts the Largest-Ever APCDC

More than 1,200 registrants from 32 nations attended the 13th Asia Pacific Congress on Diseases of the Chest (APCDC) in Hong Kong, December 5-8, 1994. The attendance was the largest for any of the Congresses to date.

W.K. Lam, MD, FCCP, President of the Congress, headed the Organizing Committee jointly established by the Hong Kong and Macau Chapter of the American College of Chest Physicians and the Hong Kong Thoracic Society. The Congress offered a scientific program ranging from patient education in asthma to applications of molecular biology in cardiopulmonary medicine, as well as a widely varied social program and a roaring welcome from acrobats in colorful lion masquerade.

An opening address by Dr. E.K. Yeoh, JP, Chief Executive of the Hong Kong Hospital Authority, called attention to the growing importance of respiratory diseases throughout the world—an especially important point for an international Congress. In Hong Kong, Dr. Yeoh noted, four of the ten leading causes of death are respiratory diseases and their complications: tuberculosis, chronic obstructive pulmonary disease, bronchogenic carcinoma, and pneumonia. Within the past decade, asthma has increased in incidence until it affects about 8% of Hong Kong school children and 5% of adults. After three decades of success in constantly lowering the incidence of tuberculosis, Dr. Yeoh said, Hong Kong now sees a steadily rising tuberculosis incidence, especially in immigrant populations.

Representing the ACCP at the Congress were James B. D. Mark, MD, FCCP, President; Ronald B. George, MD, FCCP, Immediate Past President; Alvin Lever, Executive Director; and, James L. Breeling, Director, Division of Health and Science Policy.

Planning group for the 13th APCDC. Front row (*left to right*): Mr. Alvin Lever (Executive Director, ACCP); Dr. P.L. Nandi (Hong Kong); Dr. Ronald George (Immediate Past President, ACCP); Dr. James Mark (President, ACCP); Dr. W.K. Lam (President, 13th APCDC, Hong Kong); Dr. H. Mangunnegoro (President, 14th APCDC, Indonesia); Prof. Tan Wan-Cheng (Singapore); Prof. Han Yong Choi (Korea). Back row (*left to right*): Dr. S.L. Chan (Hong Kong); Dr. P. Youngchaiyud (Thailand); Prof. Takashi Horie (Japan); Dr. Zhong Nan-Shang (China); Dr. J. Anwar (Secretary, 14th APCDC, Indonesia); Dr. P. Embran (Indonesia); Mr. James Breeling (Director of Health & Science Policy, ACCP); Dr. Jesus de Juses (Philippines).

Japan Chapter Hosts Meeting With ACCP Leadership

Leaders of the ACCP Japan Chapter hosted a meeting with ACCP leadership on December 16 to discuss a variety of issues associated with broader participation by international members of the College. Also under discussion was future relationships between ACCP and the relatively new Asia Pacific Society of Respirology (APSR). APSR was organized by Asia Pacific physicians to represent the educational interests of respiratory (pulmonary) physicians in the Asia Pacific region.

Immediate Past President Ronald B. George, MD, FCCP, and Executive Director Alvin Lever met with Michiyoshi Harasawa, MD, FCCP, Regent for Japan; Shiro Kira, MD, FCCP, Governor for Japan and Secretary-General of APSR; Shigeki Hitomi, MD, FCCP, Governor for Japan; Yoshinosuke Fukuchi, MD, FCCP, Deputy Secretary-General of APSR; Takashi Dambara, MD, FCCP; and, J. Patrick Barron, PhD, Deputy Secretary-General of APSR.

At the center of discussion was the ACCP Strategic Plan and its goal of increasing international member participation. A near-term goal for increased participation by international members was consideration of recommendations from international Chapters for the scientific program of the 1996 XVIII World Congress on Diseases of the Chest in San Francisco.

Agreement was reached at the meeting that the ACCP and APSR would seek to work together to address common interests and to maximize cooperation in the planning of educational programs for Asia Pacific physicians.

South India Chapter News

A national update in pulmonology was presented October 2, 1994, in Coimbatore, India. The South India Chapter of ACCP, in collaboration with the Pulmonology Department of Sri Ramakrishna Hospital, organized the meeting with 278 delegates from India participating. The Chairman was Dr. T. Mohankumar, Head of the Department of Pulmonology, Sri Ramakrishna Hospital; guests included Mr. G. Ganesan, Commissioner of Police, Coimbatore; Dr. M. Ramdoss, Medical Superintendent of Sri Ramakrishna Hospital; Dr. R. Venkatesalu, Managing Trustee of Sri Ramakrishna Hospital; Dr. V.K. Vijayan, ACCP Governor—South India Chapter; Dr. F.E. Udwadia, ACCP Regent for India; and Dr. Bhuvaneswari of Sri Ramakrishna Hospital. Topics presented included: acute respiratory failure and ventilator management; management of pneumonias; sleep-related breathing disorders; surfactant therapy; intensive respiratory care; allergic bronchopulmonary aspergillosis; and many others.

East India Chapter

From November 25-27, 1994, the East India Chapter of ACCP held the "Fourth International Congress on Cardiopulmonary Diseases" at the Park Hotel in Calcutta.

Governor Dr. D.C. Ghosh described the meeting as a "scientific feast" which presented a wide variety of topics concerning cardiopulmonary disorders. Included were presentations on treatment of MI; hypertension; respiratory infections in critically ill patients; angioplasty; atherectomy and stents; and CABG.

Sponsors Needed for East European Colleagues

While the collapse of communism in the former Soviet Union and its satellites opened the door to democracy, it also created economic havoc that is likely to persist for many years. With their economies in ruins, the nations of Eastern Europe are able to provide only the most minimal support to medicine and medical research. Many physicians in Eastern Europe are receiving little more than subsistence incomes.

Among the hardships of these Eastern European colleagues is their inability to pay membership dues in professional societies such as the ACCP, or to subscribe to professional journals such as *Chest*. The problem was demonstrated during the 1994 annual meeting of the European Respiratory Society in Nice, France. Pulmonary physicians from Russia, Ukraine, Poland, Romania, Bulgaria, the Czech Republic, Latvia, Estonia, and Lithuania visited the ACCP Information Booth to ask if there was any possibility of receiving a subsidy that would permit them to renew their memberships in ACCP and once again receive *Chest*. Funds that allowed them to travel to France were usually not available to support professional memberships.

ACCP has a colleague-to-colleague program that allows US ACCP members to pay the membership dues for a non-US colleague on a year-by-year basis. ACCP members who wish to learn more about the program, and the possibility of supporting a membership for an Eastern European colleague, should contact Lynne Marcus, Director of Membership and Government Affairs, at ACCP.

Dr. Ed Rosenow Honored With $1 Million Gift Endowment

A $1 million gift to endow the Edward W. and Betty Knight Scripps Professorship of Medicine at Mayo Medical School has been given in honor of Edward C. Rosenow, III, MD, FCCP. Ed and Betty Scripps have said that Dr. Rosenow is ". . . a fine example of one of the most dedicated physicians in the country," and they have honored him by making this recent contribution to help future generations of medical students. Dr. Rosenow is a Past President of the ACCP and has served as a Program Committee Chair for the annual scientific assembly and in many other capacties for the College.

Pulmonary Board Results

CONGRATULATIONS to all ACCP members who recently passed the Pulmonary Board Exam! Let us know if you passed. We want to advance you to Fellow in time for our Convocation Ceremony in New York during this year's annual meeting in October. Please call the Membership Department as soon as possible at (708) 498-8354.

News From the NHLBI

National Heart Attack Alert Program to Expand

The National Heart Attack Alert Program (NHAAP), sponsored by the National Heart, Lung, and Blood Institute, is moving forward to expand awareness of prompt heart attack care. Initiated 3 years ago, the goal of the NHAAP is to improve the care of patients with acute MI by increasing awareness of the importance of prompt treatment of patients with heart attacks, including acute myocardial infarction (MI) and sudden cardiac death. The first publication focused on the importance of rapid time to treatment in the Emergency Department (*Ann Emerg Med* 1994;23:311-29). Several new publications are currently available, including Patient/Bystander Recognition and Action and the 911 emergency response system. (For copies of these publications, available free of charge, contact the NHLBI Information Center, PO Box 30105, Bethesda, MD 20824-0105, or call 301-251-1222.)

Other papers now in preparation expand the arena of the message to all physicians who care for patients at risk for heart attacks and to the general public. One position paper will outline what physicians can discuss in the office with their patients with stable coronary artery disease, preparing them and family members in what steps to take in case of acute MI. A randomized trial is currently being launched to develop an effective public awareness campaign (*ie*, television, newspaper, and billboard messages), stressing the importance of going immediately to the hospital if symptoms of acute MI appear.

Finally, the International Association of Fire Chiefs announced at the NHAAP meeting that it had set the goal of placing a defibrillator on every fire truck and fire rescue vehicle by the end of 1995. This could potentially increase the number of patients who survive and are able to be brought to the hospital and cared for by critical care physicians.

Thus, on several fronts, the NHAAP is working with both physicians and patients to improve the care of patients with heart attacks.

Task Force Report—Research in Cardiopulmonary Dysfunction in Critical Care Medicine

From the NHLBI comes the Task Force Report on Research in Cardiopulmonary Dysfunction in Critical Care Medicine. This report provides a detailed summary of accomplishments to date in critical care medicine as it relates to cardiopulmonary dysfunction, highlights new scientific opportunities, and identifies specific recommendations for future research. To obtain a copy, you may access NHLBI Gopher server on the Internet at gopher:nhlbi.nih.gov, port 70, or contact National Technical Information Service, 5285 Port Royal Rd, Springfield, VA 22161; phone: (703) 487-4660.

ACCP Editorial Board Meeting

Members of the Chest Editorial Board met with A. Jay Block, MD, FCCP, Editor-in-Chief of *Chest* on Tuesday, November 1, 1994 at the 60th AISA in New Orleans. Several important topics were discussed, and a brief summary of those discussions follows:

Article Backlog

One of Dr. Block's goals as Editor-in-Chief has been to reduce the time it takes for an article to see print once it has been accepted. When Dr. Block started as Editor-in-Chief, the backlog was almost 1 year for clinical investigations, and well over a year for case reports. To combat these delays in publication, Dr. Block is having only papers that have "good science" or scientific merit sent out for peer review. Borderline papers are not accepted, and currently, only about 40% of submissions are being accepted. Case reports are considered only if the topic is new or unique. Because of Dr. Block's efforts, the backlog is down to 6 to 8 months for almost every department (including case reports) as of the scheduling of the January issue.

Chest Page Reduction

Because the backlog had been significantly reduced, *Chest* will be decreasing its page count by one signature of 32 pages as of the January issue. Not only will this decrease make *Chest* easier to read, it will also cut the cost of printing by about $4,000 to $5,000 per month as well as improve the ad-page to editorial-page ratio, which is more enticing to advertisers.

Consideration of Paper Change

Paper prices recently increased by 11.5% and ink increased by 6%. Therefore, ACCP investigated decreasing the cost of printing *Chest* by printing on a lower grade paper. The Editorial Board compared two grades of paper and voted almost unanimously to continue printing on the current paper stock.

International Editors

After discussions with the International Editors, the Board approved a motion to eliminate geographic distinctions between Editorial Board members. As of the March 1995 issue of *Chest*, the Editorial Board page will be redesigned to list all Editorial Board members in an equivalent manner. *Chest* Department Editors will also be listed on the Editorial Board page. The Board also approved a motion to add a checklist to the Preparation of Manuscripts and to print the authors' release form in the journal as well.

Supplements and Conflicts of Interest

Dr. Block distributed new guidelines that he and Managing Editor Stephen Welch had written in order to simplify the procedure of publishing supplements. A Board member raised the concern of supplement quality and the possibility that a supplement may appear to be a paid advertisement for a product. Dr. Block assured the Board that he has been diligent, and will continue to be diligent in the review process. All manuscripts submitted for supplements will be reviewed by an independent reviewer not only for content, but for conflict of interest, as set forth in the guidelines that were distributed.

Dr. Paul Kvale suggested that Consensus Statements should also be reviewed by an independent reviewer, besides the Health and Science Policy Committee and the Board of Regents. The Editorial Board approved the suggestion.

ACCP Consensus Statements Available

Consensus clinical-policy statements are currently available as *Chest* reprints at a cost of $10.00 per copy. They can be ordered by calling ACCP Product and Registration Services at (800)343-2227 or (708)498-1400.

- Mechanical Ventilation Chair: Arthur S. Slutsky, MD, FCCP (104:1833-1859, 1993)
- Primary Pulmonary Hypertension Chair: Lewis J. Rubin, MD, FCCP (104:236-250, 1993)
- Definitions for Sepsis and Organ Failure and Guidelines for the Use of Innovative Therapies in Sepsis Chair: Roger C. Bone, MD, FCCP (101:1644-1655, 1992)
- Ethical and Moral Guidelines for the Initiation, Continuation, and Withdrawal of Intensive Care Chair: Roger C. Bone, MD, FCCP (97:949-958, 1990)

Four consensus clinical policy statements are currently in preparation:

- Assessment of Asthma in the Workplace Chair: Moira Yeung, MD, FCCP
- Institutional Infection Control Measures for Tuberculosis in the Era of Multi-Drug Resistance Chairs: Joseph Bates, MD, FCCP, and Edward Nardell, MD, FCCP
- Nutrition in the ICU Chair: Frank Cerra, MD
- Mechanical Ventilation Beyond the ICU Chair: Barry Make, MD, FCCP

Topics commissioned to date by the Health and Science Policy Committee for 1995-96:

- Clinical Practice Guideline for Diagnosis and Treatment of Chronic Obstructive Pulmonary Disease (Cosponsored by the American Thoracic Society)
- Chronic Cough as a Symptom and Defense Mechanism (Chair: Richard Irwin, MD, FCCP

Florida Chapter News

The ACCP Florida Chapter has been in existence for 18 years and has 500 members who practice in Florida. In recent years, the Chapter has had increasing involvement in both legislative and Medicare issues. The Chapter has had a seat on the Medicare Physician Carrier Advisory Committee and has brought about statewide changes by providing input into medical policy, medical review, and provider education departments. Chapter President, Jeffrey Berman, MD, FCCP, has been the advisory committee representative.

The State Medical Association has asked the Chapter in conjunction with the Florida Thoracic Society, to provide practice guidelines for chest medicine issues. Bruce Kreiger, MD, FCCP, spearheaded this undertaking and developed guidelines on fiberoptic bronchoscopes, percutaneous needle aspirates, community-acquired pneumonia, diagnosis, and treatment of TB, and others.

W. Michael Alberts, MD, FCCP, ACCP Governor for Florida and Chapter Legislative Chairman, attended the 1994 ACCP Capitol Hill Caucus, providing input and representing the Chapter on a national level. The Chapter would like to communicate with other State Chapters and work closely with ACCP to achieve future goals.

The Florida Chapter's current officers are: Jeffrey Berman, MD, FCCP, President; Alejandro Chediak, MD, FCCP, President-Elect; Mark Rumbak, MD, FCCP, Secretary/Treasurer; W. Michael Alberts, MD, FCCP, Governor for Florida; Bruce Krieger, MD, FCCP, Immediate Past President; and Laurence Lurie, Executive Director.

OPPORTUNITIES AVAILABLE

JOIN THOSE WHO ARE SHAPING THE FUTURE OF ACCP AND OUR PROFESSION

A call [illegible]tions—
1996 AC[illegible]nternational Govern[illegible] & Regents

A[illegible] tired of sitting on the sidelines? Are your ready to share y[illegible] experi[illegible]e and expertise? Here's your chance to lead ACCP in furthering [illegible] role to p[illegible]ote the prevention and treatment of diseases of the chest throug[illegible]on, [illegible]arch and communication. ACCP is currently seeking Fellows to serve in [illegible]ternational leadership positions, and *YOU* can make the difference.

The Benefit Package

- An opportunity to be involved and be heard
- A role in advancing your profession
- Exposure to a wealth of personal and professional contacts
- Access to up-to-date information about challenges facing medicine in the future
- The chance to exchange ideas and perspectives with other ACCP leaders

Qualifications

- A commitment to ACCP and the international medical community
- Desire to increase the impact of ACCP as the leading resource in cardiopulmonary medicine and surgery and critical care worldwide
- A belief in the importance of international membership's role in the prevention and treatment of cardiopulmonary diseases worldwide.
- FCCP

W[illegible] want to hear from you

If y[illegible] wish to serve as the Regent or Governor from your country or w[illegible]t to nomin[illegible] someone else for these offices, return the form below to: [illegible]uillermo do Pico, MD, [illegible]CCP; Chair, International Nominating Committee, [illegible]merican College of Chest Phys[illegible]ans; 3300 Dundee Road; Northbrook, Illi[illegible]s 60062. Or…fax the form to Dr. do Pico a[illegible]708)498-5460.

Nominating Ballot—1996 International Governors and Regents

Nominee's Name: ______

Country of Practice: ______

Office Nominated for: ☐ International Regent ☐ International Governor

Recommended by: (print) ______

Signature: ______

Nominations must be received by July 17,1995

New Name for Annual Assembly:

CHEST {1995}

A New Designation for a Tradition Rich in Educational Purpose

The ACCP international scientific assembly will now be called CHEST 1995, CHEST 1996, and so forth, to better reflect the content of the meeting as health care moves toward the 21st century. Scientific issues will continue to be a key part of the program, but essential legislative, economic, practice management, and health-care reform concerns will be addressed as well. CHEST 1995 will reflect new focus, new knowledge, and exciting new appeal to physicians from around the world. Broadening its scope to meet the demands of today's chest and critical care physicians, CHEST 1995 promises to be more than a scientific assembly—it assures comprehensive coverage of important medical issues in this changing health-care environment.

CHEST 1995...a new name for a medical program of ongoing quality.

CHEST 1995

61st Annual International Scientific Assembly

Over 4,000 physicians and allied health professionals are expected to gather for CHEST 1995, the 61st annual international scientific assembly of the ACCP. Scheduled for October 29 — November 2 in New York City, the newly-formatted CHEST 1995 will be the year's single best learning experience for practitioners of chest and critical care medicine.

Focusing on the ***Prevention and Diagnosis of Chest Disease***, CHEST 1995 will serve as an update of skills and knowledge for pulmonologists, cardiologists, critical care intensivists, cardiothoracic surgeons, as well as internists and family practitioners, registered nurses, respiratory therapists, and pharmacists. CHEST 1995 promises to provide everyone in attendance a wealth of ideas and tools that will impact their practices the day they return to their offices.

A new multidimensional format of educational opportunities includes daily grand rounds, general sessions, expert plenary presentations, provocative and controversial panel discussions, and original scientific investigation presentations. Attendees can expect to take advantage of:

- Informative educational sessions grouped into four clinical and scientific tracks: Pulmonary Disease, Cardiovascular Disease, Critical Care Medicine, and Basic Science

- New emphasis on practice management and business issues intended to improve day-to-day practice
- Updates on health-care reform and coding issues that impact chest medicine practitioners
- Chest Theater—daily showings of new scientific, clinical, and educational videos and films
- An innovative exhibit hall featuring displays of pharmaceuticals, medical devices, and educational tools for the practicing chest physicians and health-care professionals
- Opportunities to network with leading chest physicians and surgeons from around the world
- Over 36 hours of Category 1 continuing medical education credit

Limitless opportunities for professional and personal growth, while exploring the excitement and energy of New York City, await all who attend CHEST 1995.

Call for Presentation Topics

CHEST 1996
XVIII World Congress on Diseases of the Chest

The 1996 Program Committee of the American College of Chest Physicians is accepting suggestions for topics to be presented at CHEST 1996, the combined XVIII World Congress on Diseases of the Chest and the 62nd Annual International Scientific Assembly, to be held October 27 - 31, 1996 in San Francisco, California, USA.

The theme for the 1996 meeting is "Partnering to Improve Outcome," with special interest placed on Cardiology, Intensive Care, Cancer, Basic Science and Research, Practice Management, and miscellaneous Patient Care. All proposals will be considered by the Program Committee and chosen based on assessed educational needs. Submit any suggestions by June 15, 1995.

Title of Presentation:

____

____

____

Topics Included:

____

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____

____

Recommended Faculty:

Name______________________

Address______________________

City/State/Zip______________________

Country______________________

Phone:__________ Fax:__________

Title of Presentation:

____

____

____

Topics Included:

____

____

____

____

Recommended Faculty:

Name______________________

Address______________________

City/State/Zip______________________

Country______________________

Phone:__________ Fax:__________

Submitted By

Name______________________

Address______________________

City/State/Zip______________________

Country______________________

Phone:__________ Fax:__________

Return to:
CHEST 1996 Program Committee
Attn: Laura De Vaul
3300 Dundee Road
Northbrook IL 60062
Phone: (708)498-1400; Fax: (708)498-5460

Deadline for Submission of Topics: June 15, 1995

1995 Continuing Medical Education Opportunities

Surgery for Emphysema
May 12
Northbrook, Illinois
Available CME hours: 6

5th National ACCP Critical Care Review Course
June 7 - 11
Beverly Hills, California
Available CME hours: 40

September 13 - 17
Atlanta, Georgia
Available CME hours: 40

CHEST 1995
(formerly 61st Annual International Scientific Assembly)
October 29-November 2
New York, New York
Available CME hours: 36

Cardiothoracic Surgery: Current Issues 1995
November 8 - 11
St Thomas, Virgin Islands
Available CME hours: 14

Accreditation Statement.
The American College of Chest Physicians (ACCP) is accredited by the Accreditation Council for Continuing Medical Education (ACCME) to sponsor continuing medical education for physicians.

CME Credit
ACCP designates these continuing medical education activities for credit hours in Category 1 of the Physician's Recognition Award of the American Medical Association. See individual listings for number of hours available.

For information on these courses, call ACCP Product and Registration Services: 800-343-2227 or 708-498-1400

5-Year RBRVS Review, continued

identical with the exception of surfactant administration and umbilical catheter placement in the neonate. Although we do not seek per diem reimbursement at this time for adult critical care, the discrepancy in the physician work units is striking and is clearly inequitable. The work tasks are similar and the morbidity and mortality are high in both groups of patients. In both groups, the physician is expected to provide constant attention to the patient. Regardless of the difference in age, the degree of instability and the seriousness of the illnesses are similar. The skills and judgment required, as well as physician stress, are equal. Both groups of patients require family support and counseling. The ACCP believes that the total daily reimbursement equivalents for the physician work units are currently so unequal that the work units for adult critical care codes need to be increased to at least approach those of CPT codes 99295 and 99296.

An example of the inequity in daily reimbursement can be cited in the following analogy: An adult critical care physician and a neonatologist each submit charges for the care of critically ill patients on a specific day. During that day, each has three new admissions and three patients who are receiving subsequent care. The total number of patients being managed by each physician is, therefore, six. Medicare instruction to carriers for adult critical care physicians is that it is implausible that the amount of critical care time billed should exceed a total of 12 hours per day. Therefore, with six patients, the adult critical care physician can use the code 99291 six times and the code 99292 a maximum of 12 times (for the remaining six hours) for a total physician work unit value of 43.92. On the other hand, the neonatologist who admits three new patients will use the code 99295 three times for that day and the code 99296 three times for subsequent care for the remaining three patients. The total work units are 60.29. Therefore, if maximum time is spent in the intensive care unit (12 hours for each physician), the neonatologist's work units are approximately 50% greater. In addition, most physicians who provide adult critical care services are unable to be in the intensive care unit for the full day and it is very difficult to utilize critical care codes to the degree cited above.

V. ACCP believes that all of the E&M codes are under valued in comparison to the physician work units for the procedural codes. We support a general increase in E&M codes with proportional reduction in all physician work units for the procedural codes.

Sincerely yours,
Walter J. O'Donohue, Jr., MD, FCCP
Chair, ACCP CPT/RUC Committee

Recollections. . .

The year was 1965. Viet Nam was raging. Lyndon B. Johnson was in the White House. The 31st Annual Meeting of the American College of Chest Physicians had its largest registration ever—2,161 members and guests. WERE YOU THERE? (Turn to page 16 to refresh your memory.)

[redacted]

Stark II, continued

This new law does contain a number of exceptions to the general prohibition. They are technical and you may wish to consult a qualified attorney for advice on this matter.

It is very important to comply with this new law. It contains severe civil money penalties, including exclusion from Medicare, Medicaid and other programs for any violations.

HCFA is planning to publish final regulations covering clinical laboratory services soon. They will then publish proposed regulations covering the rest of the services and products covered later in 1995. However, HCFA will rely on the statue itself until the regulations are published.

ACCP has a six page memo that was issued by HCFA on this important subject. If you would like a copy, call or write Marla Brichta—phone: (708)498-8364, fax: (708)498-5460.

Were You There?

The American College of Chest Physicians held its 31st Annual Meeting at the Waldorf-Astoria Hotel in New York City, June 17 to 21, 1965. Dr. Alfred Goldman, President of the College, welcomed Major General Oliver K. Niess, USAF, MC (Retired), as the new President during the convocation ceremonies.

SPECIAL SCHEDULING REQUESTS
HONORARY CHAIR, HONORARY PATRON, HONORARY MEMBERSHIP

Today's Date: June 19, 1995 95 JUN 20 A 8:56

Date of Request:	6/13/1995
Request for:	POTUS/FLOTUS
Type of Request:	Honorary Chairpersons
Requestor Name:	Mr. Dick Jacobson
Title:	President
Organization:	Shoes on Sale c/o FFANY 768 Fifth Avenue New York, New York 10019
Contact Tel. #:	212/832-1745
Event Date:	10/14/1995
Event Description:	Shoes on Sale
Notes:	The event will benefit The Virginia Kelly Breast Cancer Research Laboratory at The Arkansas Cancer Research Center and the Strang Cornell Breast Center at New York Hospital. The President accepted in '94. Carolyn Huber strongly supports this request.

Recommendations:

MW _______ JP Yes _______ EB _______

6.29.95

SPECIAL SCHEDULING REQUESTS
HONORARY CHAIR, HONORARY PATRON, HONORARY MEMBERSHIP

Today's Date: June 19, 1995

95 JUN 20 A 8:56

Date of Request:	6/08/1995
Request for:	POTUS/FLOTUS
Type of Request:	Honorary Dinner Committee
Requestor Name:	Mr. and Mrs. Ira Yellin
Title:	Chairpersons
Organization:	American Jewish Committee Los Angeles Chapter 6505 Wilshire Boulevard Suite 315 Los Angeles, California
Contact Tel. #:	213/655-7071
Event Date:	9/21/1995
Event Description:	50th Anniversary Gala Ce
Notes:	Vice President Gore, Se Feinstein, Governor Wil have agreed to serve as Committee. The Preside from the Washington Cha regretted a request fro in '9_.

Maggie Williams
said no

Recommendations:

MW ________ JP yes EB ________

6-29-95

6/27/95

John -
This is the one
Gift Unit needs
clearance on -

C.

06/29

Jocelyn, Chris,

Attached is a letter to the Speaker that was penned this evening. The letter was brought to this office by Alice Sheffield/DPC and had Panetta's and Griffin's OK. As you can see by the copy, it was faxed to Chuck Kieffer who was to hand deliver it this evening to the Speaker.

~~fax sheet~~

You have the original now to dispatch.

Sharon/
Podesta's office.

fax sheet
not attached
here

THE WHITE HOUSE

WASHINGTON

Chicago

June 29, 1995

The Honorable Newt Gingrich
Speaker of the
House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

I am pleased to be able to address myself to the question of the Emergency Salvage Timber Sale Program in H.R. 1944. I want to make it clear that my Administration will carry out this program with its full resources and a strong commitment to achieving the goals of the program.

I do appreciate the changes that the Congress has made to provide the Administration with the flexibility and authority to carry this program out in a manner that conforms to our existing environmental laws and standards. These changes are also important to preserve our ability to implement the current forest plans and their standards and to protect other natural resources.

The agencies responsible for this program will, under my direction, carry the program out to achieve the timber sales volume goals in the legislation to the fullest possible extent. The financial resources to do that are already available through the timber salvage sale fund.

I would hope that by working together we could achieve a full array of forest health, timber salvage and environmental objectives appropriate for such a program.

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

June 28, 1995

MEMORANDUM FOR MIKE MCCURRY

THRU: JOHN PODESTA

FROM: JIM DORSKIND

SUBJECT: INDEPENDENCE DAY, 1995

Attached is the President's message for INDEPENDENCE DAY, 1995, which you may want to release to the media.

Thank you.

hand carried
w/disk.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

INDEPENDENCE DAY, 1995

I am delighted to join my fellow Americans in celebrating Independence Day.

Commemorating the birth of the greatest democracy in the world, the Fourth of July is a testament to all that is unique about America. Born of the courage of our founders and sustained by the spirit and sacrifice of every generation since, our nation has built a proud legacy of liberty. On this day, millions of our citizens join friends and loved ones at picnics and parades to rejoice in the blessings of freedom. People of all backgrounds unite in celebrating the energy and optimism that have always defined us as a people.

We are blessed that our country is better able than any other to face the trials and embrace the opportunities of the next century. Holding fast to the noble principles on which America was founded, we must look toward tomorrow with the same love of freedom, faith in justice, and firm commitment to moving forward together. These ideals, which have seen us through more than two centuries of challenge and change, will bring us ever closer to a future of hope, prosperity, and peace.

Best wishes to all for a wonderful celebration.

WILLIAM J. CLINTON

# # #

THE WHITE HOUSE

WASHINGTON

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Best wishes to all for a wonderful celebration.

Bill Clinton

THE WHITE HOUSE

WASHINGTON

June 28, 1995

Dear Mr. Speaker:

We share the goal of balancing the federal budget, and I look forward to working with you on this important matter.

But as we work together to reach our shared goal, we must ensure that we do so the right way -- the way that will raise the standards of living for average Americans.

My plan to balance the budget over 10 years will help raise average living standards by cutting unnecessary spending while investing in education and training, targeting tax relief to middle-income Americans, and taking incremental but serious steps toward health care reform. By contrast, the conference agreement cuts too deeply into Medicare and Medicaid and cuts education and training both to pay for a tax cut that is too large for too many who don't need it, and to meet the 7 year time frame.

Though I am determined to work with you to balance the budget, I cannot accept legislation that will threaten the living standards of American families.

I hope we can work together and avoid a situation in which I would have no choice but to use my veto authority broadly. The American people want us to work together to balance the budget and to do it the right way. I am ready to do that.

Sincerely,

Bill Clinton

The Honorable Newt Gingrich
Speaker of the
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

June 28, 1995

Dear Mr. Leader:

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Sincerely,

Bill Clinton

The Honorable Bob Dole
Majority Leader
United States Senate
Washington, D.C. 20510

THE PRESIDENT HAS SEEN
6-21-95

THE WHITE HOUSE
WASHINGTON

∴ VP ~~can~~ can't play
catch up on Env. issues =

BC

Altman?
follow up on BBA

THE WHITE HOUSE

WASHINGTON
JUNE 14, 1995

FILE
Environment

MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN
6-21-95

FROM: DOUG SOSNIK

SUBJECT: ENVIRONMENT AND OREGON

Erskine asked me to briefly summarize the politics of the timber issue in Oregon.

While I have not been involved with the legislation and do not know the intricacies of the rescissions bill, and can not address the overall legislative strategy, I can address this issue in general political terms.

In very simple terms, it is hard for me to see how we can win re-election without carrying Oregon. Again, I am not an expert on this, but my impressions so far (and this is without any concrete poll numbers) is that we have a policy that so far has more angered our opponents, who are unlikely to ever support us, than we have energized our friends.

As we move to a resolution, if the environmentalists, and I more concerned about mainstream environmentalists since we can never please all environmentalists, feel we have abandoned them, it would be very harmful for us and would jeopardize ability to carry the state. While I am not absolutely sure we can win with them, I am pretty sure that they can kill us if they make it their priority and they draw a line in the sand on this issue (which they have indicated they plan to do.)

There are basically three types of people on this issue: pro-treecutters, pro-environmentalists, and the rest of the people. This third group is not as emotionally involved in this debate as the first two groups, but will come away from the debate with a casual understanding of our position on this issue. Their understanding and their comfort level with our resolution of this contentious issue, will help them decide whose side we are on. As a result (and it's easy for me to say) working out an accommodation, that's moderate enough to show that we are cutting timber, while at the same time making the mainstream environmentalists reasonably happy, should be our goal.

As you can see, from the attached memo, prepared by Mark Gersh of NCEC, this is a very complicated issue and an acceptable compromise must be the end result. If we are not able to work this through, we are in danger of losing our base in the state.

ATTACHMENT

Anchorage Daily News Saturday, June 17, 1995

Northwest gains timber jobs with Clinton in office

By SCOTT SONNER
The Associated Press

WASHINGTON — Oregon and Washington have added about 4,600 jobs in the forest-products industry since President Clinton took office in January 1993, state employment economists said Friday.

There has been a gradual increase in timber- and paper-industry jobs over the past two years in both states, though they remain nearly 20,000 jobs below peak industry employment levels in 1988, the officials said.

Some parts of the states have suffered more than others, they said in telephone interviews from the state capitals. For example, jobless rates in Washington's 20 most timber-dependent counties averaged 9 percent in April, half again as much as the 6 percent statewide.

Sen. Patrick Leahy, D-Vt., raised the issue this week in a letter to Clinton urging him to stand firm against congressional efforts to exempt some national-forest logging from environmental laws.

NORTHWEST

"I applaud your courage to stand up to special interests and your vision for sustainable economic growth," Leahy wrote.

"You have made a successful effort to redirect forest management so families can count on a steady stream of forest benefits and reliable jobs for the next 50 years and beyond," he said.

Leahy, ranking Democrat on the Senate Agriculture Committee, said timber industry leaders were misleading the public by claiming 80,000 Northwest timber jobs could be lost if logging is not accelerated on public lands.

He estimated that 1,800 new timber-related jobs had been added in Washington and Oregon since January 1993.

But state employment officials said the actual gain from January 1993 to January 1995 was about 4,600 in the two states for lumber, wood products and paper and allied products. That includes loggings, sawmill jobs and virtually all facets of the business, with the exception of some transportation jobs.

Compared to the peak levels of 1988, Oregon has lost about 14,000 jobs in those categories and Washington has lost about 5,300, the officials said.

Sen. Slade Gorton, R-Wash., estimates the whole region, including Northern California and Northern Idaho, has lost about 30,000 timber jobs since 1988, his press secretary Heidi Kelly said.

Washington state timber-related employment was 59,400 in 1988, 51,700 in 1993 and 54,100 in January 1995, said Dennis Fusco, chief economist for the Washington State Employment Security Department.

In Oregon, it was 77,400 in 1988, 61,200 in 1993 and 63,400 in January 1995, said Dave Cooke, an economist for the Oregon Employment Department in Salem, Ore.

Big timber companies with the largest holdings have squeezed out small operations, they said.

"We went through a serious retrenchment within that industry and in the past couple of years there has in fact been some stability, largely based upon movements among larger companies in terms of the recovery," Fusco said in a telephone interview from Olympia, Wash.

A lot of smaller operations were "shuffled out" from 1989 to 1991 in Washington and Oregon, he said.

"So yes, the employment reduction that was taking place in the late 1980s and early 1990s was significant," Fusco said.

"It has stabilized and moved gradually higher, but certainly different players are involved."

Lunch w/ The President

'OL HILL

Senate Majority Leader Robert J. Dole (Kan.), left, and Sen. Phil Gramm (Tex.) challenge Cuba policy.

Dole, Gramm Criticize Cuba Policy

■ Two leading contenders for the GOP presidential nomination served notice yesterday that they will make a campaign issue of the president's decision to scrap 35 years of U.S. policy toward Cuba and begin turning away refugees seeking asylum from Fidel Castro's communist regime.

Senate Majority Leader Robert J. Dole (R-Kan.) and Sen. Phil Gramm (R-Tex.) told a Senate Foreign Relations subcommittee hearing they support a measure to tighten the U.S. economic embargo against Cuba and oppose the refugee policy reversal.

Dole said in a letter to Foreign Relations Committee Chairman Jesse Helms (R-N.C.), chief sponsor of the measure, that he supports its objective of "ending the enslavement of the Cuban people." He pledged to bring it to an early vote to counter the Clinton administration's "secret negotiations with Fidel Castro and the about-face on Cuban refugee policy."

Gramm went further. He appeared at the hearing to denounce as "outrageous" a policy by which "the United States Navy is going to help enforce the imprisonment of the Cuban people." He said enactment of the measure, which would restrict U.S. market access to foreign firms doing business with Cuba, would promote a day "before the end of this century" when he, Helms and other supporters of the bill would have lunch together in a Castro-free Cuba.

"Right on," said Helms, pumping his fist into the air.

—Thomas W. Lippman

The Endangered West

A sample of recent bulletins from the Old West: Montana rewrites some of the country's strongest water pollution laws as a favor to the mining industry. Idaho lawmakers award potential polluters a major voice in setting clean water standards. Utah's Governor rebuffs the stated wishes of Utah's citizens to set aside 5.7 million acres of state land as protected wilderness. Washington State's Legislature passes the nation's most far-reaching "takings" law, weakening essential land-use controls. Wyoming's Legislature authorizes a bounty on wolves — recently re-introduced into Yellowstone National Park and protected under the Federal Endangered Species Act.

Clearly, the United States Congress is not the only place where laws protecting the environment are under siege. Throughout the West, particularly in the Rocky Mountains, state legislators and governors, egged on by commercial interests and by small but noisy groups of property-rights advocates, are engaged in full-scale mutiny against Federal and state regulations meant to protect what is left of America's natural resources.

What we are seeing is an updated but more ominous version of the Sagebrush Rebellion of the early Reagan years. That revolt was dominated by ranching interests protesting Federal regulation of public lands. The present explosion embraces not only those familiar despoilers but mining companies, timber barons, developers, big commercial farmers and virtually anyone else who stands to profit from relaxation of environmental controls.

The war in the West and the war in Congress on basic environmental protections have much in common. First, both are being driven and in some cases underwritten by big business. Second, both are being waged to save the "little guy" from Federal tyranny. Third, this alleged little guy is nowhere to be found when the time comes to draft crippling legislation. Indeed, his wishes have been largely ignored. Poll after poll suggests that what ordinary citizens want is more environmental protection if it means a cleaner environment and a healthier society. But that is not what this Congress and its Western allies want to give them.

Montana and Idaho are particularly sad cases. Despite citizen complaints, and nearly unanimous editorial opposition, two bills whistled through the Montana Legislature that would in effect permit higher levels of toxic wastes to reach the state's streams and lakes. They were signed, with some reluctance, by the Governor. Mining lobbyists were conspicuous during the parliamentary maneuvering — including representatives from Crown Butte and its Canadian parent, Noranda Inc. These companies are working relentlessly for permission to build in geologically precarious terrain a gold mine that would leave a permanent reservoir of pollutants in the watershed of one of Montana's most important wilderness streams.

Idaho's people — not to mention its endangered Snake River salmon — face a double threat. Under a new statute, acceptable water quality levels will be set by watershed advisory groups. These groups will be well stocked with large landowners and representatives from timber, mining, and agribusiness companies who are almost certain to write new and more permissive regulations. Meanwhile, back in Washington, an Idaho Republican, Dirk Kempthorne, is leading the Senate charge to cripple the Endangered Species Act, which provides what little protection the salmon have. If Senator Kempthorne succeeds in transferring protection of endangered species from Washington to Boise, it will be goodbye salmon, with grizzlies and wolves to follow.

There are, of course, honorable exceptions. In Colorado, for example, ranchers, environmentalists and state officials were able to agree on less destructive grazing practices — although it took a half-dozen or so exhausting visits from Interior Secretary Bruce Babbitt to get the agreement. But nearly everywhere one turns the anti-Washington ideologues seem to have the upper hand.

The most conspicuous example is Nevada, where officials in Nye County passed a series of ordinances claiming ownership of Federal lands and then set about physically intimidating employees from the Forest Service and the Bureau of Land Management. The Justice Department has now sued to reaffirm Federal jurisdiction, but Nye County's rebels have inspired imitators: More than 70 rural Western counties have passed or proposed laws to "take back" the public lands.

•

Lost in all the rhetoric about individualism and states' rights is one basic legal fact: At no time have the Western public lands belonged to the states. They were acquired by treaty, conquest or purchase by the Federal Government acting on behalf of all the citizens of the United States. Lost, too, is a colossal irony. Western ranchers have traditionally fed well at the trough of Federal beneficence. In their war against Washington, they are biting the hand that has fed them lavish subsidies and protected them against the disasters of nature and the vagaries of the marketplace.

But all of this escapes the Sons-of-Sagebrushers. The fact that there might be an overriding national interest in preserving the public lands and forests from exploitation is not something that quickly pops to their minds. Nor does this fact seem to register with the newer breed of rebels in the statehouses and state legislatures who would nullify more than two decades of struggle to clean America's waterways, preserve its wetlands and otherwise protect its dwindling natural heritage.

There can be no satisfaction in any of this — except perhaps to the enemies of the environment in a Congress that is well on its way to abandoning any pretense to national stewardship.

Northwest

Vermont senator applauds Clinton's timber stand

Leahy says industry's economic doomsday predictions false

By J. Todd Foster
Staff writer

A ranking Democrat urged President Clinton on Wednesday to stand firm against congressional pressure to suspend environmental laws so diseased national forests can be logged without challenge.

U.S. Sen. Patrick Leahy, D-Vt., said doomsday predictions that more than 80,000 Pacific Northwest timber jobs are at stake is a "fallacy."

Environmentalists and some scientists also claim the forest health crisis touted by industry and supporters on Capitol Hill is a hoax.

"I applaud your courage to stand up to special interests and your vision for sustainable economic growth," Leahy wrote Clinton.

Last week, the president used his first and only veto to derail a $16.4 billion spending cuts package.

In addition to saying education programs would be harmed, Clinton rejected a provision that would allow the U.S. Forest Service to bypass environmental regulations and court challenges. The measure would have opened to harvest nearly 7 billion board feet of burned and diseased timber called salvage — enough to build almost a half million typical homes.

Oregon Republican Sens. Mark Hatfield and Bob Packwood said this week they believe Clinton will buckle on the timber provision.

Democratic insiders said Clinton will stand firm.

Telephone calls to the White House press office were not returned.

The spotted owl and other environmental crises have nearly shut down federal forests to logging. The American and Forest Paper Association in Washington, D.C., predicts that a continued plug in the timber pipeline will cost 85,000 jobs in Washington, Oregon and northern California.

But Leahy's letter to Clinton said 1,800 new timber-related jobs have been gained in Washington and Oregon since January 1993.

The state employment offices in Washington and Oregon said Wednesday that Leahy actually understated the jobs gain.

Washington state got nearly 2,500 new jobs in lumber, wood, paper and pulp operations since January 1993, said Dennis Fusco, the state's chief economist.

New forest-related jobs in Oregon are at 1,000, economist David Cooke said.

Timber industry officials said the new jobs probably are in high-tech areas, such as computers, and are not related to manufacturing. And they trot out their own figures.

Since 1989 in the Pacific Northwest, 223 mills and 20,000 jobs have been lost, said Bob Dick of the Northwest Forestry Association in Olympia.

Any salvage timber offered by the Forest Service would be symbolic only and do little to feed starving mills, adds industry consultant Paul Ehinger in Oregon.

"The performance level of the agency has been dismal, at best," he said.

The industry and environmentalists also are debating the health of America's forests.

Logging interests say public timberlands are sicker than ever from insects and disease, and just rotting on the ground — fuel for fires.

University of Idaho professor Arthur Partridge claims tree mortality is within historic levels, however.

The latest Forest Service data agrees. In 1992, trees were dying faster on industry land in the Pacific Northwest and Rocky Mountains than in national forests. Regardless of land ownership, the mortality rate is still less than 10 trees are dying per 1,000, the 1992 study shows.

"Insects and disease are the engines that drive forest succession," Partridge said. "Insects and disease are not at epidemic levels ... The forest health argument is shot to hell."

Industry officials note that Idaho and Washington have several hot spots where trees are dying at alarming rates — up to 40 per 1,000 — and can only be saved by selective logging.

"Deplorable" is how Sherrie Bond of the Washington Lands Coalition describes the condition of federal timberlands. "Soon we will have no Evergreen State, only red, dry, brittle trees that endanger wildlife and humankind ..."

THE WHITE HOUSE
WASHINGTON

06/27/95

MARTHA FOLEY:

FYI

Todd Stern
Phil Caplan

THE WHITE HOUSE

WASHINGTON

June 20, 1995 95 JUN 21 P4:06

MEMORANDUM FOR: TODD STERN

FROM: KITTY HIGGINS Kitty

Danny McDonald, Chairman of the Federal Election Commission sent the President the attached letter asking him to adopt the Senate's position regarding the Commission's funding. I responded to the Chairman that I forwarded his request to the President's office.

Let me know if further follow up is needed.

#11553

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIRMAN

June 9, 1995

The Honorable William J. Clinton
The White House
Washington, D.C. 20500

Dear Mr. President:

We know you are in the midst of negotiating a fiscal year 1995 rescission package with the House and Senate. The Federal Election Commission's (FEC) current budget has been a much-discussed item throughout the rescission process. Although the House bill cut our budget by $2.8 million, the Senate left it untouched. After protracted deliberations, the House and Senate Conferees essentially split the difference between the two bills and cut the budget by $1.4 million. This letter is an appeal to you to adopt the Senate's position regarding FEC funding for the reasons discussed in the remainder of the letter.

The FEC is a small agency. We have no unobligated grants or contracts to absorb a funding cut. Even a $1.4 million reduction in a budget as small and labor-intensive as ours would be an extreme hardship, particularly at this point in the fiscal year. Any rescission occurring at this stage would hit during the fourth quarter of the fiscal year which would magnify the cut's operational impact dramatically. Not only would the current budget suffer greatly, but also a 1995 rescission would reduce the agency's base for the 1996 fiscal year budget. Taken together these actions essentially would cripple our ability to administer the Federal Election Campaign Act for the 1996 Congressional and Presidential elections.

In addition, rescinding FEC funds regrettably sends a negative message to the American voter who views the FEC as the sole monitor of the federal electoral process. During the past few years in particular, with strong bipartisan support, this agency has worked hard to build public confidence by enhancing its disclosure and compliance programs. If it now appears the FEC is being targeted with a severe cut, the public, fairly or not, might suspect the agency is being punished for doing its job. Instead, we all should be working together to promote confidence in the system by furthering effective, efficient disclosure and compliance in every way possible.

Undoubtedly, we know you appreciate the significance of our appeal. Please consider these concerns during your fiscal year 1995 rescission deliberations with Congress.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Office of Presidential Correspondence

REQUEST FOR CLEARANCE - COMMENTS

95 JUN 27 P12:04

To: Todd Stern

Date Due: 6/27

Type of Response: ☒ Language Approval ☐ Draft ☐ Other ______

Subject: INDEPENDENCE DAY MESSAGE

Requested By/Addressed To:

Background:

Todd –
Is this good to go?
Thanks!
Lori

okayed by Todd Stern 6/27/95
cec
called again 6:00 pm

Signature: Lori Abrams

Date: 6-27

Presidential Messages
Old Executive Office Building
Room 91
(202) 456-7487 Fax (202) 456-2806

Your Recommendation/Comments:

Signature:

Date:

March 1994

INDEPENDENCE DAY, 1995

I am delighted to join my fellow Americans in celebrating Independence Day.

Commemorating the birth of the greatest democracy in the world, the Fourth of July is a testament to all that is unique about America. Born of the courage of our founders and sustained by the spirit and sacrifice of every generation since, our nation has built a proud legacy of liberty. On this day, millions of our citizens join friends and loved ones at picnics and parades to rejoice in the blessings of freedom. People of all backgrounds unite in celebrating the energy and optimism that have always defined us as a people.

We are blessed that our country is better able than any other to face the trials and embrace the opportunities of the next century. Holding fast to the noble principles on which America was founded, we must look toward tomorrow with the same love of freedom, faith in justice, and firm commitment to moving forward together. These ideals, which have seen us through more than two centuries of challenge and change, will bring us ever closer to a future of hope, prosperity, and peace.

Best wishes to all for a wonderful celebration.

BC/SEM/DNP/MAH/ckb-efr-emu (Corres. #2271924)
(6.indepen.msg)

(Event: 07/04/95; DUE 06/22/95)

cc: Presidential Messages, 91 OEOB

FOR DISTRIBUTION

THE WHITE HOUSE

WASHINGTON

June 27, 1995

MEMORANDUM FOR LIEUTENANT RON MUSOLINO
Control Center, Rm. 058 EOB

FROM: TODD D. STERN TDS
Deputy Assistant to the President
and Deputy Staff Secretary

SUBJECT: Access to Offices

The following should be given access to the offices of John Podesta and Thomas F. (Mack) McLarty, III. These offices are located on the Ground Floor of the West Wing.

John Podesta	Thomas F. (Mack) McLarty, III
Todd Stern	Patty McHugh
Phillip Caplan	Molly Varney
Sharon Wagner	
Anne Shelare Walker (Shelley)	
Debbie Bird	
Jennifer Dudley	
Carol Cleveland	
Jessica Arons	

cc: Post E1
P. McHugh
C. Cleveland

THE WHITE HOUSE

WASHINGTON

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Carol Cleveland	
Jessica Arons	

cc: Post E1
P. McHugh
C. Cleveland

THE PRESIDENT HAS SEEN
6/26/95

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

TO: **THE PRESIDENT**
THE FIRST LADY

I like it
See a few notes -

FROM: Ann Stock AS

RE: Ideas for highly visible events for 1995-1996

DATE: June 15, 1995

cc: Leon Panetta, Maggie Williams, Melanne Verveer

Over the last few months, I have met with various people to discuss different ideas for potential events for the next 18 months. As the re-election gears up, I know your time will become even more limited for you to host big events. Therefore, it is even more important that now, through the 1996 election, each event be impactful enough to stand out on its own.

After many discussions, I propose that we do the attached events in 1995 and 1996. Please review the following ideas and let me know your thoughts. Also, please note that to produce events of this magnitude we will need substantial lead time to organize the events, raise the needed funds, contact the talent, etc.

September 1995
Classical Music Month

The national kick off of the second Classical Music Month (September 1995), an act signed by the President last year. A simple, one hour concert (in the Rose Garden or East Room) hosted by pianist and National Symphony Orchestra music director, Leonard Siatkin (arguably the most prominent American conductor), and featuring the Emerson String Quartet (the first chamber group to ever win the Best Classical Recording Grammy), cellist Yo-Yo Ma, the Eastern High School Choir (of which Mrs. Clinton is the Honorary Chair) and soprano Denyce Graves (a Washington, D.C. Resident). A special guest will be Todd Duncan, the original Porgy in George Gershwin's Porgy and Bess, still active at age 92 (although blind), and still an important teacher and force in American music. This program will be recorded for broadcast on NPR's "Performance Today," which would interview the participants, including the President and First Lady. Excerpts of the broadcast may me made available to commercial classical radio stations, as well. Ideally, it would be taped the two first weeks in September.

There are many alternatives for talent for this event. Some other suggestions include: Pianists Awadagin Pratt and Leon Bates, and the Ying Quartet - - an Asian-American family who participated in NEA's Rural Chamber Music Initiative with a highly successful residency in Iowa last year.

Ok unless he's going to be working again until '96 —

Fall 1995 (for Arts & Humanities Dinner)
Salute to Ray Charles

"Brother Ray" has been crossing the boundaries between jazz, blues, gospel and country music for almost fifty years. As orchestra leader, vocal stylist and composer/arranger, Ray Charles holds a unique place in the history of American music. His admirers and disciples are many and varied, and a wonderful tribute event can be stages as a homage to him. Possible participant include: Michael Bolton, Betty Carter, Natalie Cole, Sheryl Crow, Arthea Franklin, Roberta Flack, Milt Jackson, Billy Joel, Dr. John, Quincy Jones, B.B. King, Bonnie Raitt, George Shearing, Bruce Springsteen, Stevie Wonder and more. This would be an outside tent event.

Fall 1995 (for Arts and Humanities Award Ceremony & Dinner/another choice)
Salute to the Arts & Humanities Awardee

If the above Salute to Ray Charles is not possible, I have also been in discussions with Wolftrap Television about the possibility of producing an evening around the 1995 Arts and Humanities Awards. Wolftrap has secured one million dollars to do a PBS special on the Arts & Humanities day. They would like to build a show around all aspects of the day - - the afternoon award ceremony, the dinner and the evening performance as well to profile and salute each of award winners. Depending on the awardees, Wolftrap will ask the appropriate entertainers to participate in the show. Also it is important to note that an event of this of this nature would also be a timely vehicle to showcase the Arts & Humanities Awards and your commitment to the arts on national television.

October 1995
State Dinner to honor President Ernesto Zedillo of Mexico

A post-dinner concert in the Rose Garden, featuring singer Linda Ronstadt, and the mariachi ensemble of Natividad Cano (a 1990 National Heritage Award Fellow, with whom Ms. Ronstadt often works). Following the concert, there would be a dance near the South Portico, to the music of Los Lobos, a grammy winning Mexican American roots rock band best known for their version of LaBamba. Other artists to be consider include: Freddy Fender, Trish Hinajosa, Flaco Jimenez, Emilio Navara, Pancho Sanchez and Carlos Santana.

I like this — who knows performers with the folks of the Americas too — at evening ask Hal

1995 State Dinner (possibly for France in November)
<u>Evening with Hal Prince</u>

An evening with Hal Prince. Hal Prince is the only playwright and director that currently has three plays on Broadway at once - "Show Boat", "Kiss of the Spider Woman" and "Phantom of the Opera." He has won an unparalleled 19 Tony Awards as either a director or producer for productions including "The Fiddler on the Roof," "The Pajama Game," "West Side Story," "Cabaret," "A Funny Thing Happened on the Way to the Forum,""She Loves Me," and "Evita." He has already told me that he would love to put together this evening.

Tony Rich

1996 State Dinner
<u>George Burns 100th Birthday</u>

To take place Fall 1995 or Winter, 1996. This will be a "Comedy Summit" celebrating the centennial of the grand old man of American comedy. George Burns had remained contemporary for generations: he was a pioneer of vaudeville, radio and television, and developed new generations of fans as the Almighty in the "Oh, God" films and as a country and western recording star. Comedians of every age and ethnicity revere Burns, and would be honored to appear. Funny people to be considered: Tim Allen, Woody Allen, Milton Berle, Art Buchwald, Red Buttons, Sid Caesar, Johnny Carson, Bill Cosby, Billy Crystal, Ellen DeGeneres, Phyllis Diller, Whoopi Goldberg, Bob Hope, Alan King, Jay Leno, David Letterman, Bette Midler, Eddie Murphy, Conan O'Brien, Carl Reiner and Mel Brooks, Paul Rodriquez, Jerry Seinfeld, Neil Simon, Sinbad, the Smothers Brothers, Lily Tomlin, Robin Williams, Jonathan Winters. We would ask Mr. Burns to close the evening.

1996 Fall (for Arts and Humanities Dinner)
<u>Ira Gershwin's 100th Birthday</u>

To take place Fall, 1996. Brother of George Gershwin and one of the preeminent lyricists of the golden age of American Popular Song. Ira Gershwin's lyrics are indivisible from the American vernacular: "I Got Rhythm," "S Wonderful," "The Man That Got Away," "Our Love Is Here To Stay," "Fascinatin' Rhythm," "My Ship," "Nice Work If You Can Get It," "I Got Plenty of Nuttin," "I Can't Get Started," "They Can't Take That Away From Me," are just a handful of the hundred tunes Ira wrote with his brother and with Kurt Weill, Harold Arlen and other composers. Ira's songs are as contemporary today as they were when they were first penned, so a combination of popular recording artists, Broadway stars, and jazz and cabaret artists should be invited to participate. For example: Anita Baker, David Brubeck, Judy Collins, Barbara Cook, Michael Feinstein, Wynton Marsalis, Johnny Mathis, Willie Nelson, Bernadette Peters, Chita Rivera , Bobby Short, Mel Torme, Joe Williams. Nancy Wilson - - any number of wonderful American musicians can populate an Ira Gershwin tribute.

want views on this one
good idea

1995 State Dinner
Carnegie Hall's "Original Cast"
This is an evening of stars from Broadway, Television and Film reprising songs they made famous as original cast members of Broadway shows. A celebration of great Broadway moments featuring the original performers who made them famous. Angela Lansbury singing "Mame." Carol Channing reprising the title song from "Hello Dolly." Gregory Hines singing Ellington from "Sophisticated Ladies." Betty Buckly performing "Memory" from "Cats." Richard Kiley singing "The Impossible Dream" from "Man of La Mancha." Andrea Kiley singing "Tomorrow" from "Annie." Celeste Holm performing a Sondheim medley. Diahann Carroll singing "No Strings" from the Richard Rogers hit. Carol Burnett performing music from "Once upon a Mattress." Patti Lupone performing "Don't Cry For Me Argentina" from "Evita" Gwen Verdon singing "Whatever Lola Wants" from "Damm Yankees." Elaine Stritch singing "Here's to the Ladies Who Lunch" from "Company." Robert Morse singing "I Believe In You" from "How To Succeed.." John Raitt singing "Hey There" from "Pajama Game." Robert Klein and Lucie Arnaz from "They're Playing Our Song." Donna McKechnie singing "Music in the Mirror" from "A Chorus Line," and more. This event would be an outside tent event.

Please let me know your reactions to these ideas. They all will need underwriting and long term planning. Also, if there are any ideas you want done, please let me know.

Thank you.

THE PRESIDENT HAS SEEN
6/26/95

THE WHITE HOUSE

WASHINGTON

95 JUN 21 P10:17

21 June 1995

MEMORANDUM TO THE PRESIDENT

FROM: Mark Gearan MG

RE: Your Suggestions for the Balanced Budget Roll-Out

Per your suggestions on the attached memo, we have coordinated the following efforts:

1. The office of Media Affairs sent the packet to the top 150 editorial boards, and faxed a shortened version to friendly radio talk show hosts, regional economic reporters on request, more than 100 women's and health reporters and more than 200 business reporters.

2,3. The Political Affairs office has sent copies to all state and county chairs, and has had the DNC send them to all of its members.

4. The White House Conference on Small Business will e-mail the package to as many delegates as possible; Presidential delegates will receive a hard copy in the mail.

5. My office has sent copies to about 40 Democratic opinion leaders, e.g. Ann Lewis, Jim Johnson and Vernon Jordan. In addition, copies were faxed to about 50 consultants, including Frank Greer, Bob Squier and Roy Spence.

6. We will continue to push a wider distribution to the grass roots of each of the groups highlighted in the original memo.

FOB list — 10 pages

— Ed Bds that endorsed us no matter how small

— Ed. different to Ed pages

THE PRESIDENT HAS SEEN
6/15/95

Good (N) — I think we should send packets to all Editors who endorsed me — maybe to all Dailies — and to all major TV stations in all sts

95 JUN 14 P7:16

THE WHITE HOUSE

WASHINGTON

June 14, 1995

MEMORANDUM FOR THE PRESIDENT

(2) also DNC should send to all DNC members

From: Mark Gearan MG

Subject: Amplification of Balanced Budget Announcement

cc: Leon Panetta and Erskine Bowles

(3) State Dems should send summary + call to cong chairs

A comprehensive packet which includes a summary explanation of the budget plan, talking points and back-up tables has been created and used to support Tuesday night's budget announcement. Listed below is a summary of the immediate amplification which used these materials following your address.

(4) all Delegates to WH Sm Bus Conf should get something

Cabinet Affairs

- The packet and transcript of Leon Panetta's briefing were e-mailed to 1,800 political appointees who distributed it to the entire group of over 3,500 appointees as well as the regional administrators.

(5) FOB list

- All Cabinet Secretaries received the packet and briefing.

(6) should do extra outreach to st. officials + all [illegible] groups whom we can legitimately do — BC

- Agency chiefs of staff distributed the packet to their Public Affairs offices who shared it with beat reporters and to their Public Liaison offices who distributed it to constituency groups.

Communications

- The packet and abbreviated talking points were faxed and mailed to the top 100 Washington-based friends of the Administration as well as the expanded consultants group.

- "Pocket cards" are being distributed to senior staff and outside opinion leaders who may use them during interviews.

Intergovernmental Affairs

- The talking points were distributed to the seven major intergovernmental organizations: U.S. Conference of Mayors, National Governors Association, National Conference of State Legislatures, National Association of Counties, National League of Cities, Council of State Governments, ICMA.

Intergovernmental Affairs, con't:

- The talking points were distributed to all Democratic statewide elected officials: 19 Governors, 23 Lieutenant Governors, 25 Attorneys General, 23 State Treasurers, 19 Secretaries of State, 58 State Senate Leaders, 59 State House Leaders as well as 61 Democratic Big City Mayors. The packet is being mailed to this group.

- The packet was distributed at a White House briefing for the seven major intergovernmental organizations, the Democratic Governors' Washington Representatives, the Democratic Mayors' Washington Representatives. These organizations will distribute the materials to their membership.

Internet

- Over 250,000 Internet users have access to the packet.

Legislative

- The Democratic Leadership, all Democratic Members of Congress, and Democratic staff received the packet.

Media Affairs

- Talking points were faxed to over 400 specialty press outlets.

- Senior Administration officials made over 30 editorial board calls and conducted interviews into over 40 targeted radio markets.

- Conference calls and one-on-one interviews with Senior, African-American and Hispanic press are taking place.

- The packet is being mailed to the top 150 editorial boards.

Political Affairs

- All Democratic State Party Chairs and Democratic candidates are receiving the packet through the DNC, DCCC and DSCC.

Press Office (Lower/OMB)

- The packets were distributed to reporters at both Leon Panetta's embargoed briefing and the health care briefing.

- The packets are always available for reporters through the lower press and OMB press offices.

Public Liaison

- The budget talking points were faxed to over 4000 people.
- Over 200 representatives of a cross-section of constituency groups (Education, Health, Veterans, Business, Seniors and Social Welfare) were briefed by senior Administration officials at the White House.
- Conference calls to state "networks" (Women, Ethnics, Hispanics, Education, Non-Profit, Religious, and African-American) are taking place.

Office of the Vice President

- The Vice President appeared on morning shows following your address.