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HEADLINE: FRIENDSHIP COUNTS;
Clinton's Top Fund-Raiser Made Lots for Himself, Too

BYLINE: By JEFF GERTH

DATELINE: WASHINGTON, Dec. 11

BODY:

On a sweltering June evening this year President Clinton headlined yet another Democratic Party fund-raiser, but this time the guest of honor was Terry **McAuliffe**, Mr. Clinton's closest and most loyal Washington friend as well as his tireless money man.

Shedding his prepared remarks, the president said, "I love this guy."

It is easy to understand why. The ebullient Mr. **McAuliffe** says he and his staff have raised about \$275 million, an unprecedented sum, for Mr. Clinton's causes: election campaigns, the 1997 inaugural celebration, a legal defense trust, the **millennium** festivities, the presidential library and Hillary Rodham Clinton's Senate campaign.

"Terry's more wired than your local electric plant," Mrs. Clinton said at the fund-raising dinner.

Many of Mr. **McAuliffe's** connections were at the dinner -- billionaires, labor union bosses, Democratic Party leaders and lobbyists. These contacts are at the center of Mr. Clinton's political organization -- the fund-raising causes Mr. **McAuliffe** loves to talk about.

Mr. **McAuliffe's** political clout and profile have grown significantly during the Clinton presidency. He is a frequent White House guest and often hits the links with the president. Their close relationship was once again highlighted last summer, when Mr. **McAuliffe** temporarily agreed to guarantee the Clintons' mortgage on the New York house they were buying.

His closeness to the first couple and the expanding network of political contacts he has built in the Clinton years have also enhanced an enterprise that Mr. **McAuliffe** has built more quietly: a web of business deals, from telecommunications to real estate, that the fund-raiser keeps far from the public spotlight. His business confederation, a veritable **McAuliffe Inc.**, has generated tens of millions of dollars, but Mr. **McAuliffe** keeps his affairs so private that he does not even have a business listing in the Washington telephone directory.

His quietly acquired private fortune is illustrative of changes in the political culture here. Raising money for politicians was once a ticket to an ambassador's post or other influential job in the government. Other presidential money men have hung shingles as lobbyists, openly trading on their access, or peddled influence as lawyers.

Charting a new course, Mr. **McAuliffe** has transformed the art of raising money for public figures into the art of raising money for himself, leveraging a personal fortune from his political fund-raising contacts. Although he is a lawyer and once headed a lobbying firm, he resigned from the firm in 1994 when he began raising big money for the Democratic Party.

In the past, famous fund-raisers like Lew Wasserman, the MCA founder, and Walter L. Shorenstein, the San Francisco real estate magnate, were successful multimillionaires before they became Democratic kingpins. And former top government officials, like executives with the well-known Carlyle Group, have done well after leaving government, though ethics laws restrict some of their activities.

By contrast, the energetic Mr. **McAuliffe** has never held a full-time government post and is not subject to federal ethics laws.

Mr. **McAuliffe** lives in a Virginia suburb of Washington but calls a Florida house-building company his main business. And though he is chairman of the Florida company, he was unable to provide its address in a deposition this year. The aide who handles his frenetic schedule has been working out of Mr. **McAuliffe's** obscure title insurance company in Florida.

Although the capital is the central nervous system of both his fund-raising and business dealings, Mr. **McAuliffe** does not have his own Washington office, so when he is in town he often conducts business at restaurants like the Palm and the Oval Room. In lengthy interviews at both restaurants he shed some light on his private deal-making and its symbiotic relationship with his political fund-raising.

"I've met all of my business contacts through politics. It's all interrelated," he said. When he meets a new business contact, he went on, "then I raise money from them."

When asked whether people deal with him because of his close association with the president, he said, "No question, that's a piece of it." But he quickly added other reasons, including his ties to Representative Richard A. Gephardt, Democrat of Missouri, the House minority leader, and Tony Coelho, the director of Vice President Al Gore's presidential campaign; his Rolodex of 5,000-plus names; and his ability to personally relate to people. Dozens of associates agreed with Mr. **McAuliffe's** explanation of his success.

For his part, President Clinton offered the following remarks, through an aide, about his friendship with Mr. **McAuliffe**: "Since Hillary and I moved to Washington, the time we have spent with Terry and his family has been wonderful. I wish we all had a fraction of Terry's energy, his enthusiasm and his belief in the fundamental goodness of people. It is safe to say that I do not have a more loyal friend than Terry."

Mr. **McAuliffe** says he uses his influence to get people together with Mr. Clinton or to recommend them for presidential appointments, but he never discusses substantive issues with the president or lobbies him.

"I stay away from issues," he said.

His political contacts are myriad and beneficial.

One, a union executive, helped arrange more than \$50 million in union pension fund loans to Mr. **McAuliffe's** real estate ventures. One loan, for \$6 million in 1992, helped Mr. **McAuliffe** clear up his entanglements with a failed savings and loan, court records show. This year the Labor Department sued the union executive, calling the \$6 million loan imprudent.

Another **McAuliffe** contact, a wealthy Cincinnati businessman and Republican, provided the backing for Mr. **McAuliffe's** 1995 acquisition of the house-building company. The deal also helped rescue the 1992 pension fund loan, which was then in default, according to records and people involved in the deal.

Mr. **McAuliffe's** connections also led to his being retained in 1997 by Gary Winnick, a Los Angeles multibillionaire, who in turn provided the opportunity for Mr. **McAuliffe** to turn a \$100,000 investment into an almost \$20 million windfall, Mr. **McAuliffe** said. This year Mr. **McAuliffe** said he arranged a golf game for Mr. Winnick with Mr. Clinton, during which Mr. Winnick pledged \$1 million for the

Clinton presidential library, which is to be built in Little Rock, Ark.

Not so long ago, Mr. **McAuliffe** was no golfing Friend of Bill, and his finances were less secure. When Mr. Clinton, then the governor of Arkansas, began his quest for the White House, railing against the "Washington insider establishment," Mr. **McAuliffe** headed a Washington lobbying firm, and he was best known for his ties to Mr. Gephardt.

In the early 1990's Mr. **McAuliffe** was caught up in the collapse of his father-in-law's savings and loan, and federal regulators were close to shutting down Mr. **McAuliffe's** politically oriented Washington bank.

Fake Glasses, Real Money

Mr. **McAuliffe**, 42, retains his boyish enthusiasm after 20 years of raising money. Mack, as he is often called, was born and raised in Syracuse, the son of middle-class Democrats. He first raised money for President Jimmy Carter's re-election campaign, masking his youth by wearing fake glasses.

By 1984, Mr. **McAuliffe** was being profiled in the news media as the Wunderkind of fund-raising, but less noticed were his budding business activities. When he was only 30, Mr. **McAuliffe** became chairman of the Federal City National Bank, a small bank near the Capitol.

At the bank, according to public records, Mr. **McAuliffe** arranged business-related loans that helped Mr. Coelho, then the House Democratic whip, and Jim Wright, then the House speaker.

In the mid-1980's, Mr. **McAuliffe** raised record amounts of money for the Democratic Congressional Campaign Committee, headed by Mr. Coelho. The two men broke ground by broadening the ties between the business community, which had tilted Republican in its political giving, and the Democratic Party. Mr. Coelho and Mr. **McAuliffe** continue to do business deals and raise political money together.

Mr. **McAuliffe** was finance director for Mr. Gephardt's 1988 presidential campaign. The committee had millions of dollars in deposits and loans with the Federal City bank.

But by 1991 the bank was in trouble, and was cited by federal regulators for unsafe or unsound practices.

"I knew we were in terrible trouble," Mr. **McAuliffe** said, noting that "the liquidators were ready to roll." But Mr. **McAuliffe** said his "greatest business experience" was to "rally the board members" and save the institution through a merger with a bank headed by a Republican, Richard V. Allen, President Ronald Reagan's former national security adviser.

Mr. **McAuliffe** became vice chairman of the new bank, though some shareholders later questioned whether Mr. **McAuliffe** was afforded special treatment, according to papers filed in a lawsuit against the bank.

Mr. Allen said Mr. **McAuliffe's** treatment was proper, given his ability to bring in business.

Mr. Allen and Mr. **McAuliffe** struck up an alliance as a Democratic president took over in 1993. That year, at Mr. Allen's urging, Mr. **McAuliffe** sought and received the (unpaid) job of United States ambassador to a South Korean trade fair. Mr. **McAuliffe** made Mr. Allen's son his deputy and raised \$500,000 for the exposition from one of Mr. Allen's clients, who faced legal troubles in South Korea. After the fair, Mr. Allen's son went to work for Mr. **McAuliffe's** law and lobbying firm.

Mr. **McAuliffe's** profile in Washington's political and business circles was growing.

A Scattered Empire

Every night Alecia Dyer sends Mr. **McAuliffe** a long list of phone messages. To call Mr. **McAuliffe**, people dial a Washington phone number. Ms. Dyer answers, but for the last two years she has been based in the central Florida office of Jefferson National Title Insurance, which is the Florida branch of **McAuliffe Inc.**

It traces back to Richard R. Swann, an Orlando lawyer who was overseeing fund-raising in Florida for President Carter when he met Mr. **McAuliffe** in 1979.

Much came of that first encounter. Mr. **McAuliffe** married Mr. Swann's daughter. Then he became entangled in the collapse of Mr. Swann's savings and loan. Finally, Mr. **McAuliffe** helped his father-in-law get back on his feet using his political contacts.

The two men have contrasting styles. Mr. Swann said he loves complicated real estate deals, but "Terry doesn't like reading papers" or "to sit still."

Mr. Swann hit bottom in 1990 when federal regulators took over his American Pioneer Savings Bank, based in Orlando. Mr. Swann petitioned for bankruptcy. The court allowed an \$8 million claim against Mr. Swann by the government, but the regulators recovered only \$35,000.

The collapse also hit Mr. **McAuliffe**. He said he lost his \$800,000 investment in American Pioneer. In 1991, court records show, the Resolution Trust Corporation, the federal agency that took over American Pioneer's assets and liabilities, sued Mr. **McAuliffe** and a former unit of the bank to foreclose on a real estate loan. Mr. Swann says Mr. **McAuliffe** was named as a defendant to clear title to the land.

There was also opportunity in the thrift's demise. In 1991, Mr. **McAuliffe**, guided by Mr. Swann, bought some American Pioneer real estate -- once valued by the thrift at \$50 million -- from the Resolution Trust Corporation for \$39 million, records show.

Mr. **McAuliffe's** equal partner in the deal was a pension fund controlled by the International Brotherhood of Electrical Workers and the National Electrical Contractors Association. Mr. **McAuliffe** put up \$100. The pension fund put up \$39 million, but enjoyed a preferred position on any profits.

Mr. **McAuliffe** arranged the financing through Jack F. Moore, a secretary of the union and a trustee of the fund. Mr. Moore and Mr. **McAuliffe** knew each other from the Gephardt presidential campaign in 1988, Mr. Moore said.

Mr. Moore, now retired, praised Mr. **McAuliffe** in an interview and defended the pension fund's fiduciary care. But he declined to discuss the fund's dealings with Mr. **McAuliffe** because he and another former trustee have been sued by the Labor Department.

The civil suit, filed last May, accuses Mr. Moore of acting imprudently when the fund bought back shares of Mr. **McAuliffe's** interest in the partnership. (Mr. **McAuliffe** used some of those proceeds to buy Jefferson National.)

The Labor Department also said that the fund had made an imprudent \$6 million loan in 1992 for a real estate development company controlled by Mr. **McAuliffe**. The \$6 million pension fund loan was used by Mr. **McAuliffe** to clear up the Resolution Trust Corporation lawsuit, but the new pension fund loan was soon in default, court records show. Mr. Swann says the problem was a downturn in the Orlando housing market.

The next step toward recovery -- the acquisition of a distressed house-building company that was buying some of the troubled land from Mr. **McAuliffe's** company -- was arranged in late 1995 with the help of another of Mr. **McAuliffe's** fund-raising contacts.

Today, the house-building company, American Heritage Homes, is one of Florida's largest and most successful builders. Mr. **McAuliffe** is its chairman. Most of the money to finance the purchase came

from American Financial Corporation, a Cincinnati conglomerate that owns 60 percent of American Heritage, Mr. Swann said.

The chairman and chief executive of American Financial is Carl H. Lindner, a wealthy Republican who also gives money to Democrats. Mr. **McAuliffe** became close to Mr. Lindner, who, along with his company, gave \$350,000 to the Democratic National Committee between 1993 and 1995. (They gave \$437,000 to the Republicans).

Mr. **McAuliffe** remains close to Mr. Moore and Mr. Lindner. Mr. **McAuliffe** says the pension fund came out all right, too -- an overall return of at least 6.5 percent. But the Labor Department complaint says the pension fund lost money on the \$6 million loan. The case is expected to go to trial next year.

Questions for a Juggler

The trial will not be the first incidence of Mr. **McAuliffe's** name surfacing in legal matters that mix politics and business.

In 1995 the Justice Department began examining Washington real estate deals involving Mr. **McAuliffe**, court records show. The inquiry ended in 1997 when the Prudential Insurance Company of America paid \$317,500 to settle a civil suit in which it had been accused of failing to disclose a \$375,000 consulting arrangement in 1993 with Mr. **McAuliffe** in connection with Prudential's lease of office space to a federal agency.

This year, Mr. **McAuliffe's** role in a questionable plan to swap contributions in 1996 by the Teamsters union and the Democratic Party surfaced during the federal trial in New York of the former political director of the union, who was convicted of fraud and conspiracy. Mr. **McAuliffe**, in an interview, acknowledged discussing a potential swap.

"You help me, I'll help you. That's politics," he said.

But he denied doing anything wrong, saying he had not known that the plan -- which was never implemented -- was meant to aid the 1996 re-election campaign of Ron Carey, the former Teamsters president.

The inquiry also involved handsome fees Mr. **McAuliffe** earned in 1996 for lobbying union leaders to choose Household Financial Group's credit card for their members.

"We took the Household guys around, I know most of the union presidents," Mr. **McAuliffe** said.

Mr. **McAuliffe** has been a peripheral figure in the inquiries into Democratic Party campaign finance abuses in the 1996 campaign because he was the national finance chairman of the Clinton-Gore re-election committee. But a contentious feature of Democratic Party practices -- the use of the Lincoln Bedroom as a perk for donors -- grew out of a memorandum Mr. **McAuliffe** wrote to Mr. Clinton's secretary in early 1995.

The story behind the memorandum explains the roots of the Clinton-**McAuliffe** friendship. In late 1994, Mr. Clinton was in the doldrums after the Democratic defeat in the November Congressional elections. Harold Ickes, his politically astute deputy chief of staff, was trying to persuade the president to put Mr. **McAuliffe** in charge of his re-election finances.

Mr. Ickes said Mr. Clinton did not know Mr. **McAuliffe** "that well," and there was "high-level resistance" in the White House to Mr. **McAuliffe** because of his ties to Mr. Gephardt.

"I leaned on the president and the president said do what's best, so I went ahead," Mr. Ickes said in an interview.

Mr. Ickes was used to maneuvering around opposition when it came to fund-raising. According to Mr. Ickes, senior White House aides had also opposed Mr. **McAuliffe's** soliciting money from Mr. Lindner while the White House was weighing whether to intervene on Mr. Lindner's behalf in an international trade dispute over banana quotas. Mr. Ickes says he let Mr. **McAuliffe** raise the money. Mr. **McAuliffe** said he was not aware of the opposition.

In late 1994 Mr. **McAuliffe** and Mr. Clinton had breakfast. Mr. **McAuliffe** said the president asked what he could do to help and Mr. **McAuliffe** replied that he should be more accessible to donors. A few days later Mr. **McAuliffe** sent his memorandum asking Mr. Clinton's secretary to arrange breakfast, lunch or coffee for top supporters so they could "discuss issues and exchange ideas with the president."

Mr. Clinton wrote on the back of the memorandum -- words Mr. **McAuliffe** said he never saw -- that he was "ready to start overnight visits right away."

A Deepening Friendship

After President Clinton's re-election, his friendship with Mr. **McAuliffe** continued to deepen.

"I'm like the president," Mr. **McAuliffe** said. "We like everybody to like us and we like to like everybody."

In early 1997, Mr. **McAuliffe** also deepened his private business activities, operating out of an office in downtown Washington that belonged to Mr. Winnick's Pacific Capital Group, a billion-dollar operation based in Beverly Hills. Mr. Winnick retained Mr. **McAuliffe** as a consultant.

Mr. **McAuliffe**, who forged a relationship with Mr. Winnick through a business associate active in Democratic politics, explained the arrangement this way: "Gary likes the action. He wanted a stable of people around him with great contacts" to "help him work on deals."

Mr. **McAuliffe** said the contacts were not political, but he also said that he was hired in part because "Winnick was looking for a little political action."

After one year with Pacific Capital Mr. **McAuliffe** had produced no deals and Mr. Winnick ended his retainer. By early 1998 Mr. **McAuliffe** was consumed with helping Mr. Clinton defend himself in the Monica Lewinsky matter, playing golf most Mondays with Mr. Clinton and talking frequently with reporters to help defend his embattled friend.

But in 1997, before the breakup, Mr. Winnick offered Mr. **McAuliffe** an opportunity to invest in a new Internet-related venture that would own and operate undersea fiber-optic cables. The venture, now known as Global Crossing Holdings, had potential risks and rewards. It also faced myriad regulatory issues in Washington and around the world.

For Mr. **McAuliffe** and all the other early investors, Global Crossing turned out to be a bonanza. Mr. **McAuliffe** says his initial \$100,000 investment grew to be worth about \$18 million, and he made millions more trading Global's stock and options after it went public last year. And recently, Mr. **McAuliffe** said he took a telecommunications deal to Mr. Winnick that Global Crossing will put money into. Mr. **McAuliffe** says he is a dealmaker and a matchmaker.

"I've got to have 25 balls in the air at the same time," he said.

Here are some of them: He sits on 10 corporate boards, none of them public companies. He travels to Africa and Asia, where he meets with heads of state. He's trying to buy six companies, in areas like telecommunications. He is an active stock trader. He speaks and plays golf regularly with his best friend, Mr. Clinton. And Ms. Dyer's nightly schedule includes family time: Mr. **McAuliffe** and his wife, Dorothy, have four children.

Some of his friends say **McAuliffe Inc.** is too invisible.

"I've complained to him about his lack of infrastructure -- how can we get you a fax," said Ed Rogers, a Republican lobbyist who was one of Mr. **McAuliffe's** sources of information during the impeachment of Mr. Clinton.

Mr. **McAuliffe** defers to his lawyers and bankers when it comes to documents.

"I've signed thousands of documents, but never read them," he said.

Mr. Clinton's retirement poses a strategic question for Mr. **McAuliffe**: what happens to his unique mix of politics and business once Mr. Clinton steps down as the titular head of the Democratic Party? Another Washington confidant of the president, the lawyer Vernon E. Jordan Jr., has already made his decision. He is joining a New York investment bank. However, Mr. **McAuliffe** is likely to remain active in politics and fund-raising, and is already busily raising money for Mrs. Clinton's Senate race.

Meanwhile, **McAuliffe Inc.** may be entering a more visible phase. Ms. Dyer is moving back to Washington, where she plans to work with Mr. **McAuliffe** in a downtown office.

Mr. **McAuliffe** is involved in plans to open a high-powered Washington restaurant called the Caucus Room. The other investors include such top Republican and Democratic lobbyists as Mr. Rogers, Thomas Boggs and Haley Barbour, the former Republican national chairman.

"He's a business person," Mr. Rogers said. "His ideology derives from that."

<http://www.nytimes.com>

GRAPHIC: Photos: Terry **McAuliffe** is both a golf partner of President Clinton and his tireless fund-raiser. (White House photo)(pg. 1); "Terry's more wired than your local electric plant," Hillary Rodham Clinton said of Terry **McAuliffe**, center. Mr. **McAuliffe** has tirelessly raised money for both Clintons while managing his personal business interests. (Associated Press)(pg. 52)

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January 2, 2000, Sunday, Late Edition - Final

SECTION: Section 1; Page 16; Column 6; National Desk

LENGTH: 730 words

HEADLINE: Clinton Party: More Business Than Sparkle

BYLINE: By MELINDA HENNEBERGER

DATELINE: WASHINGTON, Jan. 1

BODY:

Despite the beluga and the rack of lamb, Elizabeth Taylor in a pink boa and Lara Flynn Boyle nuzzling Jack Nicholson at a table near the back of the East Room, the White House **Millennium** supper seemed oddly like a business dinner.

As arriving guests -- some 360 artists, scientists and fund-raisers, along with major donors, loyal senators and favorite employees -- filed past reporters in the entryway of the White House, more than a few took the opportunity to plug some project or product.

"I'm celebrating the 21st century in telecommunications infrastructure," said one sentimentalist. Terry **McAuliffe** crowed about raising \$16 million to pay for the millennial extravaganza, and Mary Tyler Moore noted that she was celebrating her ABC movie "Mary and Rhoda," scheduled for 8 p.m. on Feb. 7: "I've just seen the rough cut and I'm very proud." Mary Wilson announced a reunion of the Supremes.

Others said outright that they felt they had gotten their money's worth in return for major donations to pay for the festivities. And inside the dinner, executives seated near Commerce Secretary William M. Daley were openly lobbying him on behalf of their businesses.

There was a conspicuous lack of flashy jewelry on display, and as many women in low-key velvet pants and tunics as in taffeta gowns. Some, presumably, were dressing to accommodate the silk long johns recommended by the White House to keep warm while watching the show on the Mall later in the evening.

Still, a few guests were sparkling, and the hostess, too: Hillary Rodham Clinton's black silk dress was offset by a collar of glittering stones. And when a rather baldly appreciative reporter asked Sophia Loren whether she would be able to keep warm in her low-cut black dress, she said, "I have a little wrap," and seemed to gesture toward the diamonds and rubies around her neck.

The president began the dinner with a toast, and on the last New Year's of the century, Mr. Clinton asked his guests, who were packed Paris-bistro close in both the East Room and the State Dining Room, to make a wish, and said he would do likewise. He kept his own hopes to himself, but spoke of a better future that "I hope every American will take a moment to imagine on this **Millennium** Eve."

Then, joking that he could hardly be expected to recap the last 1,000 years when "in the State of the Union I get a whole hour to talk about a single year and usually I run over," he asked the crowd to join him in a three-part toast to themselves, to Mrs. Clinton, and to the future itself.

Guests included the Nobel prize-winning scientist Murray Gell-Mann, who gamely tried out some jokes on Sid Caesar, and Muhammad Ali, who got a bear hug from the president. Walter Kaye, the political

supporter responsible for first bringing Monica Lewinsky to the White House, was also on the guest list.

Senator Edward M. Kennedy, accompanied by his wife, Victoria Reggie Kennedy, and his sister, Jean Kennedy Smith, a former ambassador to Ireland, came in shouting, "See my pretty sister the ambassador?" Lynda Johnson Robb said her red brocade jacket had begun life as a smoking jacket worn by her father, President Lyndon B. Johnson.

The contingent of actors included in the crowd, including Ossie Davis, Julie Harris and Robert DeNiro, who raced past reporters while they were arguing over whether Mr. Nicholson had just said he was glad to be there because "this is America here," or "this is America, dear."

Ms. Taylor arrived about an hour late after being "either caught in traffic or lost," a White House spokeswoman said. Wearing a deep red velvet gown, she laughed with gusto as she was led with halting steps toward the East Room, while an assistant pushing a wheelchair followed her. Chelsea Clinton, who was dressed in midnight blue, joined her parents in the receiving line, the first time she had taken on such official host duties.

After dinner -- tastes of caviar, foie gras and oyster veloute and a main course of rack of lamb served with roasted artichoke and pepper ragout, followed by a green salad and chocolate and champagne dessert -- guests were bused to the Mall.

The show at the foot of the Lincoln Memorial was nothing if not eclectic, with Tom Jones singing, "It's Not Unusual," to Bobby McFerrin, Jessye Norman and Kathleen Battle performing, "He's Got the Whole World in His Hands."

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January 1, 2000, Saturday, Final Edition

SECTION: STYLE; Pg. C01

LENGTH: 2662 words

HEADLINE: The Clintons Host A Historic Fete; A Repast forThe Future atThe White House

BYLINE: Roxanne Roberts, Washington Post Staff Writer

BODY:

It was a once-in-a-lifetime invitation--greeting the new century at 1600 Pennsylvania Ave.

Muhammad Ali, Elizabeth Taylor, Sophia Loren, Robert De Niro, Martin Scorsese, Jack Nicholson, Will Smith, Sid Caesar, Neil Simon all chose to be in Washington for this unique moment in history. So did Arthur Schlesinger Jr., Julie Harris, Bono, Itzhak Perlman, Maya Lin, Arthur Mitchell, Robert Rauschenberg, Kathleen Battle, Edward Villella, Jessye Norman, Carl Lewis, Bill Russell and Sen. John Glenn.

"I think it's a wonderful evening," said Loren, who was clearly moved to be invited to what President Clinton called an "unforgettable celebration." Americans liberated her village during World War II, she recalled, and it meant so much to be here on this night. "I come here this evening--which is a very important evening--with great, great emotion."

"This is America here!" said Nicholson with his wicked grin. "Yeeahh!"

This was a dusk-to-dawn affair: The guests began arriving just after 5:30 p.m. and were scheduled to dance and eat breakfast until sunrise. The festivities began with a black-tie dinner for 360 guests in the White House, who were then bused to the Lincoln Memorial for the nationally televised New Year's Eve extravaganza produced by Quincy Jones and George Stevens Jr. After the midnight fireworks display, approximately 600 more people were invited back to the executive mansion for breakfast and dancing until dawn.

The much-hyped "American Creators" celebration was a private, exclusive evening, however. Reporters were allowed to speak briefly to dinner guests as they arrived, but barred from covering the rest of the events at the White House. No explanation was given, although the decision was made in the first lady's office.

"We're not opening the after-party," said Marsha Berry, press secretary for Hillary Clinton. "It's closed because it's closed."

Perhaps it had something to do with money. What started as a **millennium** celebration headed by Hillary Rodham Clinton evolved into an off-the-record fund-raiser, with corporate sponsors shelling out millions to mingle with the Clintons' celebrity guests.

"We raised over \$ 16 million," said Democratic fund-raiser Terry **McAuliffe**, who lead the private sector drive to pay for the **millennium** production on the Mall and two days of public family activities at the Smithsonian Institution.

But the primary perk was dinner and dancing with the president and first lady in what could arguably be considered the most historic venue in the country. Will Smith strode in looking dapper and adorable, all at the same time. Elizabeth Taylor arrived last--almost two hours after the other guests--wearing velvet and (what else?) diamonds. Loren was her usual spectacular vision. Mary Tyler Moore flacked her new TV movie. John Williams gave Jessye Norman an enormous bear hug. Ossie Davis and Ruby Dee made the cutest couple. Even World Bank President James Wolfensohn, who originally planned to spend the night at his home in Jackson Hole, Wyo., couldn't stay away. "There was this feeling you were going to miss something," said his wife, Elaine.

Everybody got into the act, with many guests bringing their children. In order to keep families together on this night, the White House invited 100 children of dinner guests to dine in a tent in the Rose Garden before joining their parents for the show at the Lincoln Memorial.

But the real show was the East Room and State Dining Room, which were transformed into a fantasy of white and silver, with white orchids and roses set atop silver velvet tablecloths. The president went into each room to toast his guests: "I cannot help but think how different America is, how different history is, and how much better because of those of you in this room and those you represent were able to imagine, to invent, to aspire."

Then an extravagant New Year's Eve dinner was served: Beluga caviar, lobster, foie gras, rack of lamb and polenta, and a special dessert of chocolate and champagne.

After dinner, it was time to bundle up and head outside for the Lincoln Memorial show. Guests were advised to bring their warmest coats, hats, sweaters and other cold-weather outerwear, and the White House designated the party black tie instead of white tie, which allowed female guests to wear evening pants with long underwear.

But girls will be girls: The women were adorned in the most elaborate gowns, many strapless and bare. There were many minks flung over jewel-clad wrists, although the unseasonably warm temperatures averted what could have been **millennium** freezing toes.

The guests were transported by bus and trolley to the Mall, where they were seated in open-air chairs in front of the memorial. Every guest received a goody bag with mufflers, hand-warmers and seat cushions bearing the official **Millennium** logo.

The real party--the dance fest after the gala--featured former Supreme Court Justice Mary Wilson, who was expected to sing all the old songs to ring in the new century. "I'm very excited," she said, giggling. Given Clinton's love of music, it was undoubtedly a grand night of boogieing in presidential history.

Speaking of history . . . who better to sum up the **Millennium** than historian Arthur Schlesinger?

"I'm glad it's over," he said, stepping once again on the marble floors of the White House. No word on how he greeted the new year, but one suspects he was not dancing on the East Room tables.

But then, we may never know.

The guest list for last night's dinner:

President Clinton, Hillary Rodham Clinton and Chelsea Clinton

Daniel Abraham, SlimFast Foods Co., and Ewa Abraham

David Al-Ameel, Atlan Group, and Martha Al-Ameel, Jefferson Dental Clinic

Edward Albee, playwright, and Jonathan Thomas, sculptor

Madeleine Albright, secretary of state, and Ricardo Dell'Orto, Barter Technologies Corp.

Muhammad Ali, boxer, and Yolanda Ali

Robert Altman, Zenimax Media Inc., and Lynda Carter, actress

Bruce Babbitt, secretary of the interior, and Harriet Babbitt, United States Agency for International Development

Elizabeth Frawley Bagley, senior adviser to the secretary of state, and Smith Bagley, Arca Foundation

Robert Barnett, Williams and Connolly, and Rita Braver, CBS News

Leonard and Lynne Barrack

Kathleen Battle, opera singer, and Dean Mitchell

Samuel Berger, assistant to the president for national security affairs, and Susan Berger

Sen. John Breaux (D-La.) and Lois Breaux

John Brophy, Lockheed Martin IMS, and Louise Brophy

Dave Brubeck, musician and composer, and Lola Brubeck

Sid Caesar, entertainer, and Florence Caesar

Benny Carter, composer and musician, and Hilma Carter, retired language educator

Vinton Cerf, MCI WorldCom, and Sigrid Cerf

Rashid Chaudary, Raani Corp., and Samia Chaudary

Vance Coffman, Lockheed Martin, and Arlene Coffman

Lodwick Cook, Global Crossing, and Carole Cook

Andrew Cuomo, secretary of housing and urban development, and Kerry Kennedy Cuomo

William Daley, secretary of commerce

Sen. Tom Daschle (D-S.D.) and Linda Daschle, Baker, Donelson, Bearman and Caldwell

Robert De Niro, actor

Ruby Dee, actor and author, and Ossie Davis, actor and author

Thomas Demetrio, Corboy & Demetrio, and Eve Marie Reilly, Cook County state's attorney

Murli S. Deora, president, Bombay Congress, and Hema Deora, artist

Rep. John Dingell (D-Mich.) and Deborah Dingell, General Motors Foundation

E. J. Dionne, The Washington Post, and Mary Boyle

Sen. Christopher Dodd (D-Conn.) and Jackie Clegg, Export-Import Bank

Rita Dove, University of Virginia, and Fred Viebahn

Ronald Dozoretz, ValueOptions, and Beth Dozoretz

Todd Eberle, Todd Eberle Photography, and Richard Pandiscio

Maria Echaveste, assistant to the president and deputy chief of staff, and Christopher Edley, Harvard Law School

Mark Ein, Venturehouse Group, and Marion Ein-Lewin, Institute of Medicine, National Academies of Science

Sahir Erozan, Overseas Partners

A. Huda Farouki, Financial Instrument and Investment Corp., and Samia Farouki

Renee Fleming, opera singer, and Rachelle Fleming

John Fogerty, musician, and Julie Fogerty

John Hope Franklin, Duke University

Mary Mel French, chief of protocol

Rep. Martin Frost (D-Tex.) and Kathryn Frost

John Gardner, AT&T, and Nancy J. Rawlings, International Monetary Fund

Murray Gell-Mann, physicist, and Talia Shire

Neil Gershenfeld, MIT Media Lab, and Laura Brewer

John Glenn, former senator (D-Ohio), and Annie Glenn

Daniel Glickman, secretary of agriculture, and Rhoda Glickman, deputy chief of staff of housing and urban development

Michael Graves, architect, and Lynn Min, Shibao International

Alan Greenspan, chairman, Federal Reserve Board, and Andrea Mitchell, NBC

Brian Greenspun, theGreenspun Co., and Myra Greenspun, travel consultant

Janice Griffin, Griffin and Associates .

Vinod Gupta, infoUSA Inc., and Laurel Gottesman, infoUSA Inc.

Carl T.C. Gutierrez, governor of Guam, and Geraldine Gutierrez

Julie Harris, actress, and Jennifer Crier Johnston, actress

Laurence Harris, Teligent Inc., and Susan B. Harris

John S. Hendricks, Discovery Communications, and Maureen Hendricks

Alexis Herman, secretary of labor, and Charles Franklin

Bono, singer, and Ali Hewson

Robert Isabell, Robert Isabell Inc., and James Reginato, W magazine

Jesse Jackson Sr., Rainbow PUSH Coalition, and Jacqueline Lavinia

Quincy Jones, Quincy Jones Media Group, and Lisette Derouaux

Vernon Jordan, Lazard Freres, and Ann Jordan

Robert Kahn, Corporation for National Research Initiatives, and Patrice Lyons

Said Karmi, George Washington University, and Mary Jane Karmi, actress

Walter Kaye, former civilian aide to the secretary of the army, and Selma Kaye

Ellsworth Kelly, artist, and Jack Shear, artist

Sen. Edward Kennedy (D-Mass.) and Victoria Reggie Kennedy

Kamran Khan, Raani Corp., and Hamida Khan, physician

Peter Kovler, Marjorie Kovler Fund, and Judy Kovler, psychotherapist

Raymond Kurzweil, Kurzweil Technologies, and Sonya Kurzweil, Playspace for Young Children and Parents

Robert Langlois, Motorola, and Julia Langlois, librarian

Patricia Lazak, financial assistant to Agnes Gund, and James Lazak, Pilgrim Psychiatric Center

Patrick Leahy (D-Vt.) and Alicia Leahy

Jonathan Ledecky, Washington Capitals, and Marina McClelland, Marriott International

James Levin, JHL Enterprises, and Kristy Swanson

Carl Lewis, Olympian and actor, and Carol Lewis, television broadcaster

Ann Lewis, counselor to the president

Mike Sponder, special assistant to the director, Office of Naval Research

Maya Lin, artist and architect, and Daniel Wolf, Warm Spirit Inc.

Mark Lindsay, director of WhiteHouse Management and Administration, and Carla Lindsay

Bruce Lindsey, deputy counsel to the president, and Cheryl Mills

Joseph Lockhart, White House press secretary, and Mary Lockhart

Sophia Loren, actress, and Carlo Ponti, film producer

William Maloni, Fannie Mae, and Heidi Maloni

Robert and Barbara Maurer

Terence **McAuliffe**, American Heritage Homes, and Dorothy **McAuliffe**

Paul McCarthy, "America's **Millennium**," and Marsha Berry, deputy assistant to the president and director of communications for the first lady

Ellen McCulloch-Lovell, deputy assistant to the president and adviser to the first lady, and Christopher Lovell

Bobby and Debra McFerrin

Judith **A. McHale**, Discovery Communications, and Michael P. O'Halloran

Don and Patricia McLean

Arthur Mitchell, Dance Theatre of Harlem, and Virginia Johnson, Dance Theatre of Harlem

Leslie Moonves, CBS Television, and Nancy Moonves

Mary Tyler Moore, international chairman, Juvenile Diabetes Foundation, and S. Robert Levine, Progressive Policy Institute

Jack **Nicholson**, actor, and Lara Flynn Boyle, actress

Beth **Nolan**, counselor to the president, and Dimitri Nionakis

Jessye **Norman**, soprano, and George **Norman**, Bell South

Dennis O'Connor, Smithsonian Institution, and Anne O'Connor

Edward James Olmos, actor, and Bodie James Olmos, filmmaker

Michael Oreskes, **New York Times**, and Jill Abramson, **New York Times**

Dean Ornish, Preventive Medicine Research Institute, and Molly Ornish

Rep. Donald Payne (D-N.J.), and Denise Banks, deputy director for civil rights, Department of Agriculture

Itzhak Perlman, violinist, Toby Perlman, Perlman Music Program, and Ariella Perlman

Robert Pinsky, United States poet laureate, and Ellen Pinsky

John Podesta, chief of staff to the president, and Mary Podesta

Sunil Puri, First Rockford Group, and Jenine Cannell-Puri

Robert M. Rauschenberg, artist, Darryl Pottorf, artist

Bruce Reed, assistant to the president for domestic policy, and Bonnie Lepard

Janet Reno, attorney general of the United States

Steven Ricchetti, assistant to the president and deputy chief of staff, and Amy Blanchard

William Richardson, secretary of energy, and Barbara Richardson

Richard Riley, secretary of education, and Anne Riley

Dennis Rivera, 1199/SEIU Health and Human Service Employees Union, and Maria Alvarez, consultant

Maxwell Roach, percussionist and composer, and Connie Crothers, pianist

Sen. Charles Robb (D-Va.), and Lynda Robb, Reading Is Fundamental

Liz Robbins, Liz Robbins Associates

Wayne Rogers, Synergics Energy Development, and Valerie Rogers

Allen and Nicole Salmasi, NextWave Telecom Michael Saylor, MicroStrategy, and Phyllis Saylor

Arthur Schlesinger, historian, and Alexandra Schlesinger

Bernard Schwartz, Loral Space and Communications, and Irene Schwartz

Martin Scorsese, film director, and Helen Scorsese

Niranjan and Pratima Shah, Globetrotters Engineering

Walter Shorenstein, Shorenstein Cos., and Clotilde Alvarez

Robert Shrum, Shrum, Devine, Donilon, and Marylouise Oates, writer

Arnold Simon, Aris Industries, and Debra Simon

Neil Simon, playwright, and Elaine Simon

Rodney Slater, secretary of transportation, and Cassandra Slater

Will Smith, actor, and Jada Smith, actress

Sen. Gordon Smith (R-Ore.) and Sharon Smith

Jean Kennedy Smith, former ambassador to Ireland

Harold Snyder and Tamar Hirschl

Gene Sperling, assistant to the president for economic policy, and Susanne Weinrauch

Robert Stanton, National Park Service director, and Janet Stanton

David Steiner, Steiner Equities Group, and Sylvia Steiner

George Stevens Jr., "America's **Millennium**" producer, and Elizabeth Stevens

Michael Stevens, "America's **Millennium**" producer

Maria Tallchief, dancer

Elizabeth Taylor, actress, and Firooz Zahedi, photographer

Julie Taymor, theater and film director, and Elliot Goldenthal, composer

Howard Tullman, Tunes.com, and Judith Tullman

Melanne Verveer, assistant to the president and chief of staff to the first lady, and Philip Verveer, Willkie Farr & Gallagher

Edward and Linda Villella, Miami City Ballet

James Watson, Cold Spring Harbor Laboratory, and Elizabeth Watson

Mark Weiner, Financial Innovations, and Susan Weiner

Togo D. West Jr., secretary of veterans affairs, and Gail West, Armstrong Worldwide

John Williams, composer and conductor, and Michael Gorfaine

Mayor Anthony Williams and Diane Simmons Williams

August Wilson, playwright, and Constanza Romero

Mary Wilson, author and singer, and Linda Green, event planner

Joseph T. Wilson, National Council for the Traditional Arts, and Kathryn James, Oasis Program

James Wolfensohn, World Bank, and Elaine Wolfensohn

Avis Young, Tommy Hilfiger USA, and Leroy Young Jr., Garden State Lumber Products

Pinchas Zukerman, violinist and conductor, and Amanda Forsyth, cellist

George Stevens Jr. and Quincy Jones, producers of the "America's **Millennium**" extravaganza. Sophia Loren at the White House. "This is America here!" dinner guest Jack Nicholson said with a wicked grin. "Yeeahh!" Muhammad Ali, above, still jabbing and gabbing; and Elizabeth Taylor bedecked in velvet and diamonds at the **Millennium** Dinner.

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HEADLINE: New Year's Financing A 'Success'; Nearly \$15 Million Raised In 3-Month Money Sprint

BYLINE: Susan Levine, Washington Post Staff Writer

BODY:

The New Year's Eve extravaganza that will rock the Lincoln Memorial is being financed with nearly \$ 15 million from about 40 companies, foundations and individuals, the event's main money man said yesterday.

The total includes more than \$ 3.2 million that CBS television paid to broadcast the Friday night show live, which means the network will not be cutting away to the traditional ball-drop at Times Square in New York.

"It's been a huge success," fund-raiser Terence R. **McAuliffe** declared gleefully, having helped to raise what White House organizers expect they will need to host the weekend of celebration. "There's been a huge outpouring of people . . . on very short notice."

The nail-biting, three-month time line to pull in the money was "very late," **McAuliffe** said, especially because many corporate and philanthropic budgets had been committed for the year. It also complicated planning for the show, which is costing nearly \$ 13 million, and for the Smithsonian Institution's three days of programs, demonstrations and exhibits.

But by mid-December, he and finance co-chairman David Jones knew they would meet their goal and surpass it by a healthy million. It didn't hurt that they pitched the fund-raising as a way to help the entire nation celebrate the **millennium**--or that other major events elsewhere folded for lack of interest and support.

Three companies contributed at least \$ 1 million, and the names of Slim-Fast Foods Co., of West Palm Beach, Fla., Cisco Systems Inc., of San Jose, and InfoUSA.com, of Omaha, probably will be displayed prominently at the memorial Friday night.

Three other companies gave \$ 500,000 to \$ 1 million, according to sources involved in the planning. On that short list are Discovery Communications Inc., of Bethesda, Lockheed Martin Corp., of Bethesda, and Tommy Hilfiger Corp., of New York.

Programs to be distributed Friday, starting at an 11 a.m. opening ceremony with President Clinton and Hillary Rodham Clinton, will list the dozens of others who donated at least \$ 100,000--including Synergics Energy Development, of Annapolis; the Kovler Foundation of Washington; James Kimsey, chairman emeritus of America Online Inc.; America Online, of Dulles; Fannie Mae and Freddie Mac; Jonathan Ledecky, co-owner of the Washington Capitals; and Larry Harris, general counsel for Teligent Inc. of Vienna.

By then, the memorial's transformation into giant outdoor stage will be complete. And before the final bows at 1 a.m. New Year's Day, some 50 stars will have paraded before the audience, joined by almost

450 singers, dancers and musicians in the three-hour production.

The show will be topped by two separate bursts of fireworks that one organizer estimates are costing \$ 500,000 to \$ 1 million.

The front steps of the memorial were a hectic, scaffolded scene yesterday as hundreds of workers in hard hats continued construction of the wide stage floor and elevated VIP seating. To the right and left stand the massive light towers that will spotlight performers, and two huge cranes hold a metal-framed sun that will provide one of the program's most illuminating surprises.

Tourists and gawkers stopped and pointed, and those who followed Lincoln's gaze toward the Washington Monument could see the line of fireworks stanchions down the middle of the Reflecting Pool.

Just seconds before midnight Friday, President Clinton will light the fuse that will race down the pool and ignite a pyrotechnic razzmatazz at the monument.

Road Closings

A number of street closings will be in effect for this weekend, but some streets are closing sections as early as today. Below are the street closings for the District up to Friday. A more complete guide to street closings, including Friday and Saturday closings, will appear later in the week.

1. Today (starting at 7 p.m.)

Constitution Avenue between 9th and 14th until 11 p.m. Jan. 2.

2. Tomorrow (starting at 1 p.m.)

12th Street Tunnel northbound

3. 12th Street between Independence and Pennsylvania at 1 p.m.

Both reopen at 11 p.m. on Jan. 2.

4. Thursday:

Tenth and 11th streets, NW, between Constitution and Pennsylvania avenues, closed from 12:01 a.m. until 7a.m. on Jan. 2nd

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