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Divider Title: Feb. 21, 1997

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**BAKER K @ A1**  
02/21/97 03:18:00 PM

Record Type: Record

To: Jessica R. Arons

cc:

Subject: WHITE HOUSE PUSHES FOR CONFIRMATION OF HERMAN AS LABOR ...

Date: 02/21/97 Time: 14:40

HWhite House pushes for confirmation of Herman as labor secretary

WASHINGTON (AP) The White House stepped up efforts Friday for the stalled nomination of Alexis Herman to head the Labor Department, orchestrating a show of support by officials of labor, women's and civil rights groups.

"No one can understand why this process has been delayed so long and why it can't move forward," said Peggy Taylor of the AFL-CIO. "Unions understand the kind of subtle undercutting of a person so they can't do their job. And they're becoming outraged by the process as well as wanting the Labor Department to function."

Herman and President Clinton's chief of staff, Erskine Bowles, met at the White House with her supporters, who then went outside before television cameras to demand a confirmation hearing on her nomination.

Herman's nomination has been on hold while Senate Republicans investigate whether she improperly mixed politics with her duties as director of the White House Office of Public Liaison. The Senate Labor and Human Resources Committee has yet to schedule a hearing.

Sen. James Jeffords, R-Vt., the committee chairman has not set a date, although he was quoted by a White House official as telling Bowles that he had a few more questions about the nomination and would set a date soon.

A spokesman for the senator, Joe Karpinski, said, "The staff work (on the nomination) is continuing and I do not expect us to set a date until the staff work is completed." He said he did not know when that would be.

Clinton, during an appearance in the Oval Office on Thursday, called on the Senate to schedule a confirmation hearing. "She's clearly well qualified," the president said. "She deserves a hearing and if she gets a hearing, she's going to be confirmed."

In reply, Jeffords issued a statement late Thursday saying that the White House "knows there has been no desire on the part of the committee to unnecessarily delay a hearing. Unfortunately, the timing has been affected by continuing revelations of activities of the White House itself that may have a bearing on the nomination."

C. Delores Tucker, head of the National Political Congress of Black Women, said, "All of these questions that have been raised about Alexis Herman that is what the hearing is for."

"We're calling on now Mr. Jeffords to let the hearing process proceed. We don't want another Lani Guinier. We want the

hearing date to proceed and let the nomination rise or fail on its own. We know it's going to rise, it's going to be successful."

Both Herman and Guinier are black. Clinton withdrew Guinier's nomination in the face of mounting conservative opposition. He said he could not defend some of Guinier's writings about enforcing the Voting Rights Act, including giving minorities a weighted vote in areas with a history of discrimination.

APNP-02-21-97 1448EST

## LEVEL 1 - 1 OF 37 STORIES

Copyright 1997 Earl G. Graves Publishing Company, Inc.  
Black Enterprise

March, 1997

SECTION: NEWSPOINTS; Washington Report; Pg. 22

LENGTH: 539 words

HEADLINE: Joining the inner circle

BYLINE: Joyce Jones, EDITED BY Eric L. Smith

HIGHLIGHT:

Clinton's nominations of Herman and Slater maintains diversity and rewards loyalty

BODY:

Four years ago, the process President Clinton used to produce a cabinet that "looks like America" was marred by disarray, which turned out to be a preview of the turbulence and headlines to come.

This time around, the nominations of Alexis Herman and Rodney Slater, secretaries-designate of the Departments of Labor and Transportation, respectively, reflect a new cautiousness that maintains diversity while rewarding loyalty. They lack the high visibility of late Commerce Secretary Ron Brown and former Congressman and Secretary of Agriculture Mike Espy, but both are longtime "friends of Bill."

Since 1993, Herman, 49, had been the director of the White House Office of Public Liaison, where she was responsible for building coalitions over controversial issues like Clinton's revised policy on affirmative action. Prior to that appointment, she served as chief of staff and vice chair of the Democratic National Committee in 1988, and was the chief executive of the 1991-92 Democratic National Convention Committee.

Once director of the Labor Department's Women's Bureau during the Carter administration, Herman was not organized labor's first choice for the position. Unlike other departments, Labor has "an operating constituency where its policies and programs directly affect organized labor and workers in general," says Bill Lucy, secretary-treasurer of the American Federation of State, County and Municipal Employees. Union leaders initially threw support behind former Senator Harris Wofford of Pennsylvania, whom they considered a more aggressive advocate. "Although they supported another candidate, I think they'll make a maximum effort to support her confirmation and work with her," says Lucy.

Slater, currently head of the Federal Highway Administration, has ties to Clinton extending back to Arkansas, where he served in a variety of public offices: as assistant attorney general, an assistant to then-governor Clinton and as a member and chairman of the Arkansas State Highway Commission.

"He understands transportation, has the backing of the entire Congress and is

Black Enterprise, March, 1997

someone the President trusts," notes CBC member Elijah E. Cummings (D-Maryland), who also sits on the House transportation and infrastructure committees.

Both Herman and Slater will face enormous challenges in the next four years if confirmed. Alvin Thornton, a political analyst, professor and chairman of the department of political science at Howard University, says affirmative action battles will be fought on both fronts. "Labor is where a lot of affirmative action is carried out and enforced," says Thornton, "and billions of contracting dollars are filtered through transportation which will have to get over Adarand hurdles and work around those types of court decisions." Despite the influence and power that cabinet secretaries have, Thornton wonders whether Herman and Slater will be limited by Clinton's tendency to micromanage domestic policies.

"Ron Brown, who dealt with high finance on the international stage, is the standard in terms of the desirable level of power," adds Thornton. Although Herman and Slater are both part of Clinton's inner circle, "that is the level to which blacks must aspire."

GRAPHIC: Picture 1, Alexis Herman; Picture 2, Rodney Slater; Pictures 1 and 2 by AP/WIDE WORLD

LANGUAGE: ENGLISH

LOAD-DATE: February 21, 1997

LEVEL 1 - 2 OF 37 STORIES

Copyright 1997 The Detroit News, Inc.  
The Detroit News

February 25, 1997, Tuesday

SECTION: Editorial; Pg. Pg. A6

LENGTH: 453 words

HEADLINE: Secretary of Set Asides?

BODY:

The nomination of Alexis Herman, President Bill Clinton's choice for labor secretary, has hit a snag. The Senate Labor and Human Resources Committee wants to know how she acquired a 3.3 percent ownership interest in the Market Square project on Pennsylvania Avenue with no investment of her own money.

Part of the controversy surrounds Ms. Herman's work as a consultant who created and monitored affirmative action plans for developers during the 1980s. She was brought in on a Washington real estate development deal as one of 12 limited partners. Although she put up none of her own money, Ms. Herman received \$ 50,000 in 1987 when one partner sold 70 percent of the project. She still owns about 1 percent of the project, which is now worth as much as \$ 500,000.

Ashcroft's bill goes a step further by allowing employers and employees to negotiate a schedule of 80 hours of work over a two-week period. For example, an employee could ask to work 50 hours one week and 30 hours the next week for the same pay as two 40-hour weeks.

Lobbyist Susan Eckerly, testifying before the Senate Labor and Human Resources Employment and Training Subcommittee, implied the bill would allow company managers -- not employees -- to set an employee's 80-hour schedule over two weeks, and would help small businesses that cannot afford to pay overtime. Ashcroft quoted Eckerly's testimony from a Wednesday report in CongressDaily: "Our members [small businesses] can't afford to pay their employees overtime. This is something they can offer in exchange that gives them a benefit ... Say you're a building contractor. Because of the seasonal nature of building contractors, you want to have your employees work 30 hours one week and 50 hours the next. You don't want to have to pay in that second week 10 hours of additional overtime to your employees."

In response to the story, Ashcroft wrote to Faris, "A clear reading of the bill quickly demonstrates that any employer who tried to do what your representative suggested would find themselves liable for severe penalties under the bill, including criminal penalties if their actions are particularly egregious ... It would be a tragedy if [employees] were deprived of the benefits of this legislation due to the unfortunately misleading and inaccurate characterization of the bill that was provided [by Eckerly] to senators and the public." In response to Ashcroft's letter, NFIB spokeswoman Kristin Hogarth said, "We agree with Sen. Ashcroft's description of his legislation [and] regret any misunderstanding our testimony may have caused."

Ashcroft emphasized the 80-hour schedule could only be implemented at the voluntary request of an employee and that the bill "provides severe penalties for employers who 'directly or indirectly intimidate, threaten, or coerce' hourly employees to work more than a 40-hour week without time-and-a-half overtime pay. Democrats and the administration argue Ashcroft's bill does not give employees enough protection. The Labor and Human Resources Committee is scheduled to mark up the bill Wednesday.

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LABOR

Congressional Daily 2/21/97

White House: Jeffords Pledges Hearing On Herman Soon

White House officials today said Senate Labor and Human Resources Chairman Jeffords told them Thursday he would set a date "soon" for a confirmation hearing for Labor Secretary-designate Alexis Herman. Jeffords told White House Chief of Staff Erskine Bowles he had a few questions he needed answered about Herman, however, before he could set a hearing date, White House aide Joe Lockhart told reporters. Lockhart said he did not know the specifics of Jeffords' outstanding concerns, and Jeffords' aides would not comment on the chairman's investigation. Despite published reports earlier this week that some White House officials are privately skeptical about Herman's nomination in light of recent allegations about her former business activities

and links to questionable Democratic National Committee fundraising tactics, Lockhart insisted White House staff are "all in agreement" Herman is the best nominee and should be confirmed immediately.

Herman met briefly at the White House today with top aides, including Bowles, and a number of civil rights leaders and labor officials who expressed dissatisfaction with the delay in Herman's confirmation. Dorothy Height of the Leadership Conference on Civil Rights said Bowles made "very clear" in the meeting that if there are Clinton aides spreading doubt about Herman's competence, "they would no longer be part of the White House team, if they exist." The civil rights leaders and labor officials squarely blamed Jeffords -- not the GOP leadership -- for delaying Herman's confirmation. Judith Lichtman of the Women's Legal Defense Fund noted Senate Majority Leader Lott has "indicated a great deal of support" for Herman, adding, "This isn't a leadership issue." White House aides concurred, and Lockhart said he had "no indication" that Lott has acted inconsistently with his statement of support for Herman.

A Senate GOP leadership aide said "no one" is controlling Jeffords or putting pressure on him to delay the confirmation. Lott met with Herman earlier this month and said afterward he felt satisfied with her responses to his questions about her involvement in a DNC fundraiser at the White House last year. In a statement Thursday, Jeffords said his panel was working with the White House to answer questions about the nomination. "It is better to try to resolve many of these issues before a hearing is scheduled," he said. "The timing has been affected by continuing revelations of activities of the White House itself that may have a bearing on the nomination."

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#### TELECOMMUNICATIONS

USTR Official: Telco Accord Success Could Be Repeated

Deputy U.S. Trade Representative Jeff Lang said he is hesitant to "draw large conclusions" from the success of the recent World Trade Organization accord opening the global telecommunications market, but added the USTR is planning on contacting other sectors and will be briefing Congress on how such deals are in the best interest of the United States. "[The success of the WTO accord] provides a menu of options for other sectors ... this [deal] amounted to an extraordinarily large tariff cut while expanding the market ... I can't think of anything more in the national interest," Lang said at a luncheon briefing sponsored by the Center for Strategic and International Studies. Lang attributed the ultimate success of the agreement to the "courageous" decision of the administration in April 1996 -- when negotiations were scheduled to conclude -- to extend the talks because there were not enough "adequate offers on the table." Throughout the process, Lang said, U.S. negotiators were backed by "a high level of commitment in both Congress and the administration" to reaching an agreement.

FCC Chairman Reed Hundt, who made a surprise appearance at today's session, said the WTO agreement provides an opportunity

# Up Front

EDITED BY LARRY LIGHT



**NEWMAN:** panel, made \$2,000 to five phone calls to see José Comptroller, the Treasury's key regulator, between May and August, 1996. On May 13, they had breakfast before attending a controversial White House coffee with 16 other bankers and top Democratic fund-raisers—an event Newman helped organize. And he took the Ludwigs to Carnegie Hall for a José Carreras concert May 16.

## BACK-SCRATCHING

### A DANGEROUS LIAISON IN BANKING

BANKERS TRUST CEO FRANK Newman was Deputy Treasury Secretary until September, 1995. So when he contacted Comptroller of the Currency Eugene Ludwig numerous times last year, he may have violated the government ethics law—which forbids ex-officials from contacting their former agencies on any official matter. The House banking subcommittee on oversight is investigating. Newman, according to the

## BILL'S BUNCH

### DID HERMAN WRITE HER OWN TICKET?

LABOR SECRETARY-DESIGNATE Alexis Herman, already flak-bait for her role in Democratic fund-raising, may have more explaining to do in her Senate confirmation hearings. New questions center on how she benefited from rules she helped write as a Labor Dept. official in the Carter years. The rules require federal construction projects to include minority owners.

In 1984, Herman received



a 3.3% interest for free in Washington's Market Square project, now worth between \$500,000 and \$1 million. Her defenders say there's no evidence of illegality since she was a private consultant at the time. The White House says she helped to write rules to promote

**NOMINATED** but under fire

women apprenticeships and that she can't recall working on minority-owner rules. Conservative activist Terry Eastland calls Herman "a symbol of what's wrong with affirmative action." *Paula Dwyer*

**TALK SHOW** "It would be wrong, erroneous, and a very dangerous thought. It would be very wrong...for anyone to make any judgment about the future of this investigation."

—Special Prosecutor Kenneth Starr, discounting suggestions that his upcoming departure could end the Whitewater probe

## WHEELER-DEALERS

### HIGH NOON IN BIG D

TWO HIGH-OCTANE TEXAS billionaires are fussing over how to build Dallas' new sports arena, stymieing the project. The squabble over replacing cramped Reunion Arena pits real estate developer Ross Perot Jr., majority owner of the Dallas Mavericks basketball team and son of You Know Who, against



**ARENA FOES:** Hicks, Perot

financier Tom Hicks, proprietor of hockey's Dallas Stars.

Although both agree that building a basketball-hockey palace makes the most sense, each sometimes hints he will go it alone. (City-owned Reunion now hosts both teams.) The city government, which plans to share the costs of building the arena with the

teams, wants a compromise.

Right now, though, they are far apart. Hicks has a more modest plan: build a \$180 million arena with pricey luxury boxes in just two years. The trouble is, since the National Hockey League doesn't have a national tv contract to subsidize the Stars, box-less Reunion is no bonanza for Hicks. And Perot, aided by the NBA's juicy television contract, is in no hurry. Perot wants a \$1 billion megacomplex, also featuring hotels, offices, condominiums, and shopping. And while Hicks seeks a 50-50 arena ownership split, Perot is pushing for 51% for himself.

*Stephanie Anderson Forest*

## FAT WALLETS

### AN INSURER'S 3% SOLUTION

CONSECO CHAIRMAN STEPHEN Hilbert is getting a \$12 million cash bonus for 1996, up from '95's \$7.4 million. And the 1997 take will be even fatter: \$24 million, according to a Salomon Brothers estimate that factors in expected profits from the expansion-minded insurer's recent acquisitions. Since 1983, when the board set the bonus formula, Hilbert has sliced off 3% of pretax net profits.

But these lush bonuses (atop a flat \$250,000 yearly salary), which would make him among the best-compensated U.S. executives, draw fire from corporate-governance watchdogs. They believe Hilbert, who founded the company in 1979, owes his good fortune in part to a

mom-and-pop board structure. Company officers have held five of its nine seats.

The board, if not his pay package, is changing. On Feb. 19, the company replaced an insider with an outsider, giving nonmanagement directors a 5-4 majority. Hilbert is unapologetic about his pay, noting that Consec stock has soared 148% over the past year. He says: "It's the American way." *Greg Burns*



**HILBERT:** A friendly board

(CLOCKWISE FROM TOP LEFT) PHOTOGRAPHS BY KATHERINE LAMBERT; MARK PERLSTEIN/BLACK STAR; RON HEFLIN/WIDE WORLD; TONY VALAINIS; JAMES M. KELLY/GLOBE PHOTOS

## Labor nominee Herman, caught in Senate cross fire, deserves a hearing

I could not agree more with DeWayne Wickham's columns about secretary of Labor nominee Alexis Herman ("GOP tactic: 'Death by a thousand cuts,'" Tuesday; "Quit holding Herman hostage for Labor job," The Forum, Feb. 11).

Wickham hits the nail on the head in highlighting the bootstrap appeal of Herman's many accomplishments in bringing self-help solutions to the disadvantaged. It is all the more incomprehensible why Herman is not being given her date before the Senate confirmation committee.



By Gary Hershorn, Reuters  
Herman: Nomination on hold.

A close examination of Herman's lifetime of work underscores that she is someone who can and has received broad bipartisan support. She already brings with her the diverse support of key leadership of organizations from the grass roots to the boardroom.

Herman has been caught in the cross fire, and the media have been all too quick to pronounce her nomination dead on arrival, compounding the unfairness to her.

I have known Herman for most of her adult life and can truly say she is a woman

of sterling character and exceptional ability. Whether in the public or private sector, her work is a unique record of achievement, exemplifying discipline, competency, creativity and dedication.

Let us urge the Senate Labor and Human Resources Committee to move forward and give Herman the opportunity to be heard and answer any remaining questions.

I am convinced that the confirmation of Herman will light the way for many young women to seek a life of quality and integrity through public service.

Dorothy I. Height, president, CEO  
National Council of Negro Women  
Washington, D.C.

**Voices: Should consumers have the option of disconnecting safety air bags?**

USA TODAY  
FRIDAY, FEBRUARY 21, 1997

# Clinton, allies press labor panel on Herman

By Brian Blomquist  
THE WASHINGTON TIMES

President Clinton and labor leaders are urging the Senate to quickly hold a confirmation hearing for Alexis Herman, the president's nominee for secretary of labor, who ran into a fresh problem on the blurred line between official White House activities and Democratic fund raising.

The Senate Labor and Human Resources Committee already is holding up Miss Herman's nomination while it looks into her connection to the fund-raising scandal of the Democratic National Committee and possibly improper business practices by Miss Herman during her tenure as DNC chief of staff.

Mr. Clinton said yesterday that to stall or kill her nomination would be "a big mistake."

"She's clearly well qualified. She deserves a hearing, and if she

gets a hearing, she's going to be confirmed," he said.

Committee spokesman Joe Karpinski replied, "It's hard to know [when to schedule a hearing] when you see a story like the one on NBC last night." The network said political staffers paid by the DNC are working as full-time "volunteers" in the White House, where some of them have had access to the White House database.

One of the DNC-paid workers is Barbara Woolley, who acted as liaison between the White House and special-interest groups. Her boss in the White House Office of Public Liaison is Miss Herman.

Miss Woolley, who was paid by the DNC while she worked under Miss Herman for the past three years, also "had minimal use" of the White House computer database but "did not share the information outside the White House," White House Press Secretary Michael McCurry said yesterday.

The labor committee plans to gather information on Miss Woolley relating to the Herman nomination. "The fact that one of these volunteer employees worked in the Office of Public Liaison, there are a number of questions that pop into your mind," Mr. Karpinski said.

Mr. Karpinski said he could not tell how close the committee staff is to completing its inquiry into Miss Herman. "The staff work is not completed. It's still going on. We won't schedule anything until that's completed," he said.

The AFL-CIO, which had preferred former Sen. Harris Wofford, Pennsylvania Democrat, for labor secretary, gave its unequivocal support for Miss Herman at its annual meeting in Los Angeles on Wednesday. Labor leaders met earlier this week with White House officials to plan a strategy for saving her nomination.

Massachusetts Sen. Edward M. Kennedy, the ranking Democrat on

the labor committee, who was among the early Wofford supporters, denied through a spokesman that he has refused to help Miss Herman's nomination. The spokesman said there is "nothing unusual" about the pace of the committee's inquiry so far.

Leaders of black women's groups also have started lobbying more aggressively for Miss Herman. They are pressuring the chairman of the committee, Sen. James M. Jeffords, Vermont Republican, to quickly schedule a hearing so that Miss Herman can answer questions raised in news accounts.

Yvonne Scruggs of the Black Leadership Forum urged the committee to "put a stop to the extraneous and rampant speculations which continue to undermine the official confirmation process for this eminently qualified African-American woman."

**The Washington Times**

FRIDAY, FEBRUARY 21, 1997

# Bowles: Bipartisanship key

## USA TODAY NEWSMAKER Q&A

Interviews with key players handling issues in the news

A month after moving into the West Wing corner office of the White House chief of staff, Erskine Bowles talks about President Clinton's agenda and his working style with USA TODAY's Susan Page, Bill Nichols and Mimi Hall.

**Q: Will the current spirit of bipartisanship continue?**

**A:** We are determined to keep this bipartisan spirit up. We think that's what the American people want. ... I think we can make it. It's going to take a lot of good will on both sides.

**Q: Conventional wisdom is that campaign finance reform won't happen this year.**

**A:** I sure hope that's wrong. I think we have a bipartisan problem which needs a bipartisan solution. ... There's way too much money in campaigns. Candidates have to spend far

too much time raising money. Special interests have too much influence on candidates.

And I think the American people want real campaign finance reform.

**Q: Republicans want to investigate the sins of the past before they deal with the future.**

**A:** It's fine to investigate the sins of the past, but we don't have to wait for that to know there's a need for campaign finance reform. ... If we could get a groundswell of support ... that could help tremendously.

**Q: With the president continuing to go to these fundraisers, do you think that hurts support for reform?**

**A:** We've taken steps at the Democratic National Committee (to limit contributions) and we've gotten nothing from the other side. ...

We're going to have to continue to raise money, short of a full public financing of campaigns. And if we have to raise money, we've got to stay in some way competitive.



USA TODAY  
Bowles: Americans want 'real reform'

**Q: What effect do the fund-raising controversies have inside the White House?**

**A:** Less than you think. I am really working hard to keep all of this stuff segregated to the counsel's office.

The rest of the White House is spending all of its time doing the people's business. If you

came to our 7:45 meeting (of senior White House aides), you would see that 99% of the time is spent talking about economic issues, domestic issues, foreign-policy issues.

**Q: Is the attention to the campaign-finance controversies frustrating to you?**

**A:** To me it's just part of the business. You take the good with the bad. ... We're staying with tunnel vision, determined to get the job done. We're not going to let the rest of this poison deter us from trying to have this bipartisan effort to do the people's business. ...

We have to really keep these blinders on and, like an old horse heading for the barn, try as we might to get the job done.

**Q: How is your style different from Leon Panetta's?**

**A:** Leon's was very central-

ized. He brought everything into the chief of staff's office and controlled it very tightly. Because of his sheer strength, he was able to do that and do it exceedingly well. ...

I believe in delegating authority and responsibility and holding people accountable. I believe in goals, objectives and time lines, and holding people accountable. If they do a great job, that's terrific. If they don't and need some guidance, that's my job to provide it. If they don't perform, too bad, then they don't have any business being here.

**Q: What's hardest?**

**A:** That's easy. My family is my life. I don't get home (to North Carolina). I don't see my wife. ... I don't see my children. ... I miss my family enormously, and I don't like being separated from them.

# Herman hearing near, Bowles says

By Bill Nichols  
USA TODAY

White House chief of staff Erskine Bowles said Thursday that Senate Republicans have promised a hearing "in the very near future" for Alexis Herman, President Clinton's nominee to head the Department of Labor.

Bowles, in an interview with USA TODAY, said he spoke earlier in the day with Sen. James Jeffords, R-Vt., about scheduling a hearing for Herman, whose nomination has become entangled with questions about her role in controversial fund-raising coffees.

Bowles said he is confident that Jeffords, who heads the Senate Labor Committee, is "going to schedule a hearing.

And if Alexis gets a hearing, she's going to be just fine."

Also Thursday, Clinton went out of his way to defend Herman, who headed the White House Office of Public Liaison during his first term, saying it is a "big mistake" that Herman has not received a hearing.

Jeffords, however, issued a statement indicating a hearing won't be scheduled until questions are resolved.

"Unfortunately, the timing has been affected by continuing revelations of activities of the White House itself that may have a bearing," it said.

Asked whether Clinton would do whatever necessary to win confirmation for Herman and Tony Lake, his nominee to be CIA director, Bowles said: "One-word answer: Yes."

USA TODAY  
FRIDAY, FEBRUARY 21, 1997



# Washington Wire

A Special Weekly Report From  
The Wall Street Journal's  
**A1** Capital Bureau

**POLICY INPUT:** Clinton's big Indonesian donor advised on Asian trade.

At a meeting last year in Jakarta, James Riady was one of several people who met with Clinton aide Ira Magaziner, who is doing reports on trade, including relations with China. Beforehand, the White House forwarded Magaziner a memo from a Little Rock, Ark., lawyer noting Riady was "very supportive" of Clinton in 1992. Riady and associates in his Lippo Group gave a total of about \$1 million to Clinton and the Democrats in 1992 and 1996.

According to notes taken at the meeting, Riady argued that the U.S. should promote interests of U.S. businesses and their partners in Asia. Lippo is involved in Asian ventures with U.S. concerns and has close business ties to China. Riady suggested scorecards grading ambassadors on their success in promoting overseas business.

*Magaziner, whose paper on China is due next month, says Riady had no influence on his recommendations on trade policies.*

**DOLLAR DIPLOMACY** by Rubin produces mixed results.

Since the Treasury secretary signaled the U.S. no longer seeks to push up the dollar, the currency has stabilized vs. Japan's yen but set records against the German mark. Rubin also indicates the U.S. won't try to block the dollar's rise if intra-European turmoil and economic woes in Japan prompt markets to bid it up.

Unlike his predecessors, Rubin emphasizes a limit to governments' capacity to steer currency markets. The U.S. hasn't bought or sold dollars on world markets since August 1995; that is the longest stretch without intervention since the advent of floating rates in 1973. German and Japanese officials, meantime, bluntly try to stop their currencies from falling.

**CLINTON STEPS UP** efforts to back his labor nominee and initiatives.

He makes more phone calls to Capitol Hill to press for Alexis Herman's confirmation as labor secretary. Chief of Staff Bowles vows to fire the anonymous staffer who spoke dimly of her prospects to reporters. Bowles will meet with women's groups, civil rights groups and others today to show the White House's strong backing of Herman.

Clinton and Gore will host a big White House event next week, celebrating FDA rules that take effect next Friday to curtail youth smoking. Clinton will bring in presidents of African-American colleges to discuss his education proposals. Aide Wendy Smith will continue working with the communications staff, focusing mainly on campaign-finance reform.

*White House considers having government agencies hire welfare recipients.*

**LEARNING CURVE:** Former education secretaries William Bennett and Lamar Alexander seek to map a stronger GOP response to Clinton's education proposals. One idea: Expand tax breaks for college students to help public-school students get a private education.

**COLIN POWELL** tops Jack Kemp and Elizabeth Dole for the next GOP presidential nomination in a new survey of Republicans by former Bob Dole pollster Tony Fabrizio. Powell leads among GOP conservatives, as well as women and moderates. Only 9% pick Dan Quayle and a quarter say they definitely wouldn't back him.

**REAL DEEP SECRETS:** Pressed by House Appropriations Chairman Livingston, White House budget chief Raines now says he will release a secret list of 254 projects that Clinton's budget would kill. But it will take a while: Some of the projects are so obscure, budget officials have to ask agencies what they are.

**REALITY CHECK:** Republican FCC Commissioner Rachele Chong is "testing the waters" with companies the agency regulates to gauge her chances for reappointment this June, an aide says. GOP Sen. McCain wants her out, but broadcast and cell-phone lobbies back her.

**PRESSURE GROWS** for radical change at the Internal Revenue Service.

"Taxpayers need the IRS to find a new style of entrepreneurial thinking," GOP Sen. Grassley, a member of the IRS restructuring commission, says in a letter to Clinton. He urges a chief from "outside the industry of professional tax practitioners." Among those interviewed to succeed Margaret Milner Richardson, none is known mainly as a tax attorney.

Several state tax commissioners are contenders for the post. Massachusetts Revenue Commissioner Mitchell Adams openly campaigns for the IRS job. Other candidates include private-sector executives with experience turning around troubled businesses. But former Nixon IRS chief Donald Alexander blasts the search for private-sector leaders to head the tax agency.

*He says that dealing with a public-sector union and congressional oversight means "running the tax system is quite different from running a troubled company."*

**MINOR MEMOS:** First term? Gore jokes that he was president for six minutes after Clinton wasn't sworn in until 12:05 on Inauguration Day. . . . Total pieces of pro-spending testimony before Congress last year outweighed cut-spending testimony by 191.5 pounds to 38 pounds, a National Taxpayers Union Foundation study will report today. . . . Pinstripes and PCs: The U.S. Institute of Peace this April will sponsor a conference on "Virtual Diplomacy."

—RONALD G. SHAFER

THE WALL STREET JOURNAL  
FRIDAY, FEBRUARY 21, 1997

## IN BRIEF

### Prompt Hearing Urged By Clinton for Herman

President Clinton said yesterday the Senate Labor Committee should schedule hearings for Alexis M. Herman, his nominee for labor secretary. Unprompted, Clinton told reporters that Herman, a former White House director of the Office of Public Liaison, deserved a prompt hearing.

"There has still not been a hearing," Clinton said. "I think that's a big mistake. She has wide support among labor—labor unions endorsed her yesterday—and she has wide support among business. She is clearly well qualified . . . and if she gets a hearing, she will be confirmed," Clinton said.

Senate Republicans have raised questions about whether Herman violated the law when her office invited a federal banking regulator to a political coffee at the White House with Clinton and bankers.

Sen. James M. Jeffords (R-Vt.), chairman of the Senate Labor and Human Resources Committee, said in a statement he was not trying to delay Herman's hearing unnecessarily but did not want to schedule it until questions were resolved. "In fairness to the nominee, and the committee, it is better to try to resolve many of these issues before a hearing is scheduled," Jeffords said.

"Unfortunately, the timing has been affected by continuing revelations of activities of the White House itself that may have a bearing on the nomination. I have said I want to conduct a fair and thorough review of this nominee. I intend to do that," he said.

—Reuter

### New \$50 Bills Held Up

■ Don't look for those redesigned \$50 bills until later this year.

The new bills were supposed to be hitting the streets this spring, following by about a year the introduction of redesigned \$100 bills.

Larry Felix, a spokesman for the Bureau of Printing and Engraving, said this week that Treasury Secretary Robert E. Rubin probably will not be making a decision on how the new bills look until "early spring." As a result, the new bills will not go into production and introduction until months later than planned, Felix said.

The delays are the result of efforts to add some features that would "assist the visually impaired," Felix said. Previous tests have indicated that ideas such as added raised characters and placing special perforations along the edges of the currency to help individuals with vision problems to identify the bills will

not work well on currency in wide circulation, Felix said.

Treasury officials have said the new \$50s will look much like the old \$50s. They should have an enlarged, off-center portrait of President Ulysses S. Grant and much less intricate engraved scrollwork that marks the current bill. The bills will resemble the cleaner, less cluttered appearance of the new \$100 bills that carry Benjamin Franklin's portrait and were introduced last March. The new \$50s also will have many of the same new security features as the \$100s.

—Bill McAllister

### Livingston Wants The List

■ House Appropriations Committee Chairman Bob Livingston (R-La.) asked the Office of Management and Budget this week for its master list of 254 programs and projects proposed for elimination.

The administration had wanted to keep the list secret, apparently to avoid lobbying by special-interest groups. A partial list provided by OMB last week showed 145 projects, programs and grants have been scheduled for termination in the president's new budget. The proposed savings would run about \$2 billion.

In his letter to OMB Director Franklin D. Raines, Livingston said the Appropriations Committee axed 297 programs over the last two years, "and we are looking to further this effort in the upcoming budget process. Your list would prove invaluable."

—Stephen Barr

### Flight Pay for Not Flying

■ The armed services paid more than \$200 million in flight pay the last three years to those in jobs that do not require them to fly, a General Accounting Office study shows. The GAO recommends a review of some 10,000 nonflying positions to determine if they can be handled by someone other than a pilot.

The GAO found the services paid \$739.7 million in aviation career incentive pay and \$169.4 million in aviation continuation pay Oct. 1, 1994, through April 30, 1996. Better known as flight pay, the payments are intended to keep skilled pilots in the service and range from \$125 to \$650 a month.

But the study found \$179.5 million in incentive pay and \$31.9 million in continuation pay went to pilots who had been assigned to nonflying positions. The GAO urged the Pentagon to review each nonflying job to see if it could be handled by someone other than a pilot. The services responded that this already is being done.

—Associated Press

The Washington Post

FRIDAY, FEBRUARY 21, 1997

# Clinton Halts DNC Pay for Staff 'Volunteers'

By Charles R. Babcock  
Washington Post Staff Writer

The White House is ending the practice of allowing the Democratic National Committee to pay the salaries of some of its "volunteer" workers, administration officials said last night, and will hire four individuals now being paid by the DNC.

The announcement came after President Clinton asked his chief of staff and legal counsel "to review the appropriateness of the practice," presidential spokesman Michael McCurry said. The change in procedure followed reports about the arrangement by NBC-TV and The Washington Post.

McCurry told reporters last night, "Frankly it's not worth the hassle."

The disclosures about DNC-paid "volunteers" at the White House added to the controversy about the ties between the party and the White House, which have focused most notably on the president's use of White House coffees and Lincoln bedroom sleep-overs as thank you's for large contributions to the party.

About 20 DNC-paid volunteers have worked at the Clinton White House, McCurry said earlier yesterday, as many as a dozen at any one time.

Barbara Woolley, one of the four DNC-paid "volunteers" on the DNC payroll worked in the office of Alexis M. Herman, Clinton's choice to head the Labor Department. Rep. David M. McIntosh (R-Ind.), whose subcommittee is investigating the use of a White House database that includes the names of DNC donors, seized on the news reports to demand more information about Woolley who had access to the data base.

"Apart from the obvious legal concerns about the use of political funds to augment official government activity, it clearly suggests that the DNC had inappropriate and perhaps illegal access" to the database, McIntosh wrote to White House counsel Charles Ruff.

White House officials said Woolley made minimal use of the database and did not share the information with anyone outside the White House.

When asked about why the DNC paid White House workers, McCurry said the decision was made "in the context of trying to meet" a 25 percent staff cut ordered by the president to fulfill a 1992 campaign promise. "It sounds like there was more work to do than the downsizing would have allowed," he added.

Clinton wanted to know "whether it's a smart practice," McCurry said, and whether his top aides were satisfied with Justice Department legal opinions from the Reagan administration that permitted a political organization to pay a White House worker's salary.

McCurry added that he was not sure if the Republican Party had paid White House workers in GOP administrations. Mary Crawford, a spokeswoman for the Republican National Committee, said yesterday that her party did not pay for White House workers in the Reagan and Bush years.

McCurry noted that other outside organizations, such as think tanks, occasionally pay the salaries of employees who work at the White House on some volunteer assignment. Many unpaid volunteers work at the White House, he said.

The Washington Post

FRIDAY, FEBRUARY 21, 1997

# President Speaks Out On Nominee For Labor

By MICHAEL WINES

WASHINGTON, Feb. 21 — The White House intensified efforts today to push its troubled nomination of Alexis M. Herman as Labor Secretary to a vote in the Senate, summoning Ms. Herman's supporters to talk strategy and bringing out President Clinton to underscore his support for the nomination personally.

Mr. Clinton volunteered his backing at the end of a meeting on Medicaid issues this morning, complaining that the Senate Labor Committee had dallied too long with Ms. Herman's nomination and that "I think it's time to get on with this."

"I don't know that there has ever been a person nominated for Secretary of Labor that had as much broad support in the business and the labor communities," Mr. Clinton said. "If anybody wants to vote against her for whatever reason, they're plainly free to do that. But she deserves a hearing. And if she gets a hearing, she's going to be confirmed."

On Friday, representatives of civil rights groups and women's organizations and other supporters of the nomination will meet at the White House to devise a strategy to force the nomination to a Senate vote.

Ms. Herman's nomination is the only one of Mr. Clinton's choices for the Cabinet that has not been confirmed or placed on the Senate's calendar for a hearing. The chairman of the Labor Committee, Senator James M. Jeffords, Republican of Vermont, said today that continuing disclosures about Ms. Herman's past actions had prolonged the committee's scrutiny of the nomination.

"In fairness to the nominee and the committee, it is better to try to resolve many of these issues before a hearing is scheduled," Mr. Jeffords said.

Ms. Herman's nomination has been dogged almost from its inception two months ago by accusations that the White House office she managed during Mr. Clinton's first term was improperly involved in Democratic fund raising. Among other activities, the office invited a senior Federal bank regulator to attend a White House meeting between Mr. Clinton and major Democratic contributors in the banking industry.

More recently, Republicans in the Senate have examined Ms. Herman's role as a Labor Department official during the Carter Administration in handing out nearly 300 Federal grants in the final days of Mr. Carter's term.

Ms. Herman and another former Labor Department official, Ernest G. Green, formed a consulting firm a month later that won business from some of the same firms that had received grants. In Senate hearings in 1981, Ms. Herman was not accused of breaking the law or violating any Federal rules.

A White House spokesman, Joe Lockhart, played down the notion that Ms. Herman's nomination was in trouble. Instead, Mr. Lockhart said, Mr. Clinton is concerned that the nomination process is being unnecessarily prolonged.

"I don't think there's a war room being set up here," Mr. Lockhart said, "but there's a feeling that we should get this moving again."

## The New York Times

FRIDAY, FEBRUARY 21, 1997

## White House to Stop Putting Its Employees on Party's Payroll

By DAVID STOUT

WASHINGTON, Feb. 20 — Faced with a barrage of questions and embarrassing revelations about political fund-raising, the White House said tonight it was ending the practice under which some of its employees have been paid by the Democratic National Committee.

"Frankly, it's not worth the hassle," the White House spokesman, Michael D. McCurry, said, explaining that the White House chief of staff, Erskine B. Bowles, had decided to shift the aides to the White House payroll after President Clinton, responding to news accounts, ordered a review of the practice.

Mr. McCurry said that four White House aides were currently on the Democrats' payroll and that about 20 altogether had fallen into that category since Mr. Clinton took office in 1993.

Mr. McCurry produced legal memorandums sent to the White House by the Justice Department in 1982 and again in 1987, when Ronald Reagan was President. In 1982 the department's Office of Legal Counsel advised the White House not to use staff members whose salaries were paid by the Republican National Committee since "they are engaged in the 'business' of politics." Five years later, the Justice Department said the White House could legally employ such aides, but that the decisions should be made "on a case-by-case basis."

Particularly troublesome for the Clinton White House was that one of the four aides in question had access to a computer database that was not supposed to be used for political purposes. The potential conflict was first reported by NBC News on Wednesday night and seized upon today by

Representative David M. McIntosh, Republican of Indiana.

"It shows the blurring of the lines between the official functions of the Presidency and the partisan politics which should be over at the Democratic committee or the re-election committee," Mr. McIntosh said.

Mr. McCurry said tonight that the employee in question had "minimal use" of the database and, in fact, had obeyed the restrictions on its use.

The presence of the White House aides who have been on the Democratic National Committee payroll was reported today by The Washing-

ton Post, and there was a certain irony in the President's ordering a review of the practice. Mr. McCurry said the practice of White House aides being paid out of committee funds stemmed from Mr. Clinton's 1992 campaign promise to trim the White House staff by 25 percent.

Mr. McCurry said he thought two of the four employees worked for Vice President Al Gore, one other was in the White House public liaison office and the fourth in the scheduling and advance office. The public liaison office was headed by Alexis M. Herman, the President's nominee for Labor Secretary.

The disclosure of the committee-paid workers added to the controversy surrounding the White House and the Democratic Party over questionable fund-raising practices during the Presidential campaign. The head of a House investigating committee called on the White House for a complete list of everyone who has received any compensation from the Democratic National Committee or any other political entity.

In another development, Mr. McCurry said the President was troubled by an allegation, also reported in The Washington Post today, that John Huang, a former Commerce Department official and top Democratic Party fund-raiser, proposed an illegal scheme to funnel more than \$250,000 to the Democratic National Committee through the Asian American Business Roundtable, an association of some 700 businesses that is based in Fairfax, Va.

The group's vice president, Rawlein Soberano, told The Post he turned down the offer, which would have been illegal in that it would have masked the true source of the contribution. (The Post reported that a lawyer for Mr. Huang said his client denied Mr. Soberano's account.)

Coincidentally, Mr. Huang and Webster Hubbell, a former high official of the Justice Department just released from prison in connection with the Whitewater affair, told the House Government Reform and Oversight Committee by letter today that they would invoke their Fifth Amendment right against self-incrimination and refuse to turn over subpoenaed documents in connection with the inquiry into fund-raising.

# The New York Times

FRIDAY, FEBRUARY 21, 1997

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## Clinton Presidential Records Digital Records Marker

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This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

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Divider Title: Feb. 20, 1997

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 20, 1997

REMARKS BY THE PRESIDENT  
ON MEDICAID GAG RULE

The Oval Office

11:05 A.M. EST

THE PRESIDENT: Thank you. I was just sitting here thinking that in the spirit of full disclosure the Vice President and Secretary Shalala may have a particular vested interest in health care issues -- that they both just got back from South Africa and when they got back he got on a plane and went to Los Angeles to speak to the AFL-CIO convention; he got back at 4:00 a.m. this morning. And she got on a plane and went to New York with me to a welfare reform event. And I don't see how either one of them are still standing up. (Laughter.) But they probably have a strong interest in what happened here today...

...Let me just make one other comment here, because this came up at the last press briefing I had, about the status of our

nominations for the Cabinet and the Senate. I have been gratified by the treatment that the Cabinet members who have been confirmed have received by both parties, and the prompt dealing with their nominations. I said something about Mr. Lake when I last was with the press.

The only other comment I want to make today is there has still not been a hearing scheduled for Alexis Herman. I think that is a big mistake. She enjoys wide support among labor -- the labor unions endorsed her yesterday strongly -- and she has wide support among business. I don't know that there's ever been a person nominated for Secretary of Labor that had as much broad support in the business and the labor communities. She's clearly well-qualified. If anybody wants to vote against her for whatever reason, they're plainly free to do that, but she deserves a hearing and if she gets a hearing, she's going to be confirmed. And I think Senator Jeffords is a good man and a fair man, and I believe he will give her a hearing. But it's imperative that it be done. It's now midway through February and I think it's time to get on with this.

Thank you.

END

11:15 A.M. EST

			
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**Up Front**

## DID ALEXIS HERMAN WRITE HER OWN TICKET?

LABOR SECRETARY-DESIGNATE Alexis Herman, already flak-bait for her role in Democratic fund-raising, may have more explaining to do in her Senate confirmation hearings. New questions center on how she benefited from rules she helped write as a Labor Dept. official in the Carter years. The rules require federal construction projects to include minority owners.

In 1984, Herman received a 3.3% interest for free in Washington's Market Square project, now worth between \$500,000 and \$1 million. Her defenders say there's no evidence of illegality since she was a private consultant at the time. The White House says she helped to write rules to promote women apprenticeships and that she can't recall working on minority-owner rules. Conservative activist Terry Eastland calls Herman "a symbol of what's wrong with affirmative action."

*By Paula Dwyer*  
*EDITED BY LARRY LIGHT*

**BusinessWeek**

Updated Feb. 20, 1997 by bwwebmaster  
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# White House 'Volunteers' Were Paid by DNC

By Charles R. Babcock  
Washington Post Staff Writer

For the past three years, the Clinton White House has had a little extra help: "volunteers" who worked at 1600 Pennsylvania Ave. but were on the payroll of the Democratic National Committee.

White House spokesman Barry Toiv said last night that he doesn't know yet why the arrangement, reported by NBC, was started. It began at a time the president was trying to cut 25 percent of the White House staff to meet a campaign promise.

Toiv said four White House workers—two in Vice President Gore's office, one in the Office of Public Liaison, and one in scheduling and advance—are currently being paid by the DNC, though more individuals were on the DNC payroll in the past.

A Justice Department legal opinion written in the Reagan administration permits a political organization to pay White House volunteers, Toiv said.

The NBC report quoted Rep. Da-

vid M. McIntosh (R-Ind.), chairman of a House subcommittee, as saying one of the DNC-paid volunteers was a political operative because she had access to a computer database whose use he is investigating. That worker, Barbara Woolley, is part of the Office of Public Liaison headed by Alexis M. Herman, the nominee for secretary of labor.

The database became controversial recently after news reports that some of its 350,000 names are identified as DNC donors; a top DNC fund-raiser said he had access to the information. He later retracted the statement, but congressional Republicans demanded an investigation.

Toiv said that Woolley's use of the database "was minimal and she never was asked for any information by any-

one outside the White House." She had access to it to ensure that information about Office of Public Liaison activities was correct, he said.

He added that he didn't know the names of the other paid "volunteers."

Toiv said the administration provided McIntosh's subcommittee with the names of the 130 White House workers who have had access to the database.

Woolley worked on the White House health care task force early in 1993 as a contract worker for the Department of Health and Human Services, according to Toiv. She then worked in the Office of Public Liaison as a "volunteer volunteer" before moving to the DNC payroll about three years ago, he said.

THURSDAY, FEBRUARY 20, 1997

The Washington Post

FINAL

# WASHINGTON

## Concern mounts over Herman's nomination

Alexis Herman's nomination to be Labor secretary appears to be in deep trouble amid questions about her role in political fund-raising while working in the White House and whether she profited financially from political connections before joining the Clinton administration.

The White House disputed reports Wednesday that senior aides are gloomy about Herman's prospects, and spokesman Mike McCurry said President Clinton will fight to get her confirmed. Clinton may appear with Herman in the next few days to emphasize his support.



Herman: Fund-raising role in question

McCurry said Clinton is "confident that any concerns that have been raised have been adequately addressed by Alexis Herman. He has also indicated his willingness, if there is a need for it, to work on individual votes."

But the Senate Labor Committee will not schedule a hearing on her nomination this month, and the delay is causing serious concern among women's and labor groups.

Before setting a hearing date, committee Chairman James Jeffords, R-Vt., wants time to review documents relating to Herman's financial and political activities. Sen. Edward Kennedy, the ranking Democrat, supports that decision.

"We've had no pressure from the White House to set a date for the hearing and no pressure from Sen. Kennedy," said committee spokesman Joe Karpinski.

The AFL-CIO called Wednesday for prompt hearings. President John Sweeney said the delay means "the principal federal department responsible for worker protections (is being) held hostage."

Judith Lichtman of the Women's Legal Defense Fund insists all questions about Herman's qualifications can be answered in a hearing.

Dorothy Height of the National Council of Negro Women called Herman's treatment "unfair" and said "very little has been stressed about her qualifications."

— Jessica Lee and Bill Nichols

**DRUG CORRUPTION:** The firing of Mexico's top drug fighter amid charges he took bribes from the country's most powerful narcotics trafficker has embarrassed both Mexico and the United States. When army Gen. Jesus Gutierrez Rebollo was appointed to the post in December, U.S. drug policy director Barry McCaffrey praised Gutierrez for a "reputation of impeccable integrity." The arrest, McCaffrey says, shows "Mexico is seriously threatened by corruption and violence but will take strong steps to root them out."

**THINK BEAUTIFUL THOUGHTS:** Master spy Aldrich Ames has some advice for passing a lie-detector test, which he did twice while he was a Russian mole inside the CIA. Ames says his KGB handlers told him to relax, stay calm and try to be friends with the polygraph examiner. Ames, serving a life sentence for espionage, was interviewed on ABC's *Nightline*. Jeanne Vertefeuille, one of the CIA agents who caught Ames, says he told her the Russians advised him to "get a good night's sleep and to think beautiful thoughts." He thought of sailing.

fought in Hungary's anti-Nazi underground during World War II. He was awarded a German history museum in Bonn after touring members of the House International Relations Committee.

Lantos, D-Calif., said Bonn's House of History lacks a substantial exhibit on the Holocaust or Jewish culture. He likened the museum's glossing over the killing of 6 million Jews to O.J. Simpson discussing "his golf game, rather than the seminal event in his life."

The museum, opened in 1993 and intended to document the strides Germany has made since the war, is popular among German schoolchildren. But left-leaning historians and politicians have criticized it as shallow in its treatment of the Nazi era.

Lantos said the museum "portrays Jews as subhuman, in a Holocaust context, rather than showing Jews having been major contributors to German culture, history, civilization, literature, music and art."

**FAMINE AID:** The United States, responding to an appeal from the United Nations, agreed to provide an additional \$10 million to famine-stricken North Korea. The aid will be funneled through the U.N.'s World Food Program because of "its proven ability to ensure that aid reaches those in need," department spokesman Nick Burns. U.S. food aid to the country totaled \$6.1 million last year. South Korea also

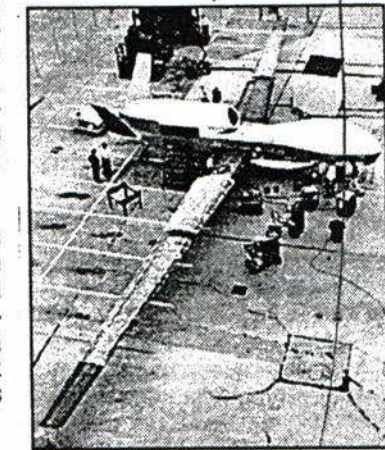
### ALSO . . .

► **FLIGHT BONUS:** The Pentagon paid more than \$1 billion in flight bonuses the past three years to service members who require them to be pilots, the General Accounting Office says. Bonuses, from \$125 to \$650 a month, are intended to keep pilots in the military. The congressional investigators found more than 100,000 pilots were getting bonuses had been reassigned to non-flying jobs.

► **ROAD CHIEF:** Jane Garvey was named acting federal highway administrator, replacing Rodney Slater, who has joined Clinton's Cabinet as secretary of Transportation. Garvey has been highway administrator since 1993. She is also former director of airport and Massachusetts commissioner of public works.

### Remote-control spy plane unveiled

The Pentagon today unveils a remote-control spy plane that gives commanders a vantage point more than 12 miles above the ground.



Global Hawk: This pilotless plane can stay aloft for 40-plus hours.

The first prototype Global Hawk jet is being built in California by Teledyne Ryan Aeronautical of St. Louis. It is designed to have a range of 12,000 miles and to stay aloft for up to 65,000 feet for 40 hours. The pilotless plane carries such equipment as a camera, scope, radar and sensors.

Teledyne Ryan has a \$1 billion contract to build two more Global Hawks along with the ground support stations and airbase facilities. The Pentagon estimates the cost at \$10 million each.

The Global Hawk is a replacement for manned planes such as the U-2 and SR-71.

It carries the risk of a pilot being killed or captured. — S

# Union Leaders Oppose Expanding Free-Trade Treaty Without Modifications

By STEVEN GREENHOUSE

LOS ANGELES, Feb. 19 — Putting the labor movement on a potential collision course with President Clinton, A.F.L.-C.I.O. leaders voted today to oppose extending the North American Free Trade Agreement to other countries unless it includes protections on labor and the environment that the Administration has previously rejected.

The labor leaders approved a resolution saying that Nafta has hurt American, Mexican and Canadian workers and that other countries should not be added to the accord unless strong labor and environmen-

tal guarantees are included in the main agreement, rather than in a side agreement that Congress could dilute.

"The labor movement's strongest disagreement with the Clinton Administration in the first term was over Nafta," John J. Sweeney, the president of the American Federation of Labor and Congress of Industrial Organizations, said. "Our position has not changed in terms of what we are fighting for in the Nafta agreement. We will continue to fight over labor standards, human rights and environmental protection."

The combative stand by the 54-member executive council, at the federation's winter meeting here, recalled the battles when Mr. Clinton

pushed the accord with Canada and Mexico through Congress despite labor's fervent lobbying.

"American, Mexican and Canadian workers have all suffered because of Nafta," said Jay Mazur, chairman of the A.F.L.-C.I.O.'s trade subcommittee and president of the Union of Needletrade, Industrial and Textile Employees. "We should rethink Nafta and adjust it so that at the very least no future trade agreement should be signed without incorporating strong worker rights and strong enforcement mechanisms for such rights."

One of labor's complaints is that stronger enforcement mechanisms come into play under Nafta when Mexico violates commercial laws, on

trademarks, for instance, than when it violates labor laws.

The resolution was approved a day after two possible Presidential candidates in 2000 — Vice President Al Gore and Richard Gephardt, the House Democratic leader — staked out contrary positions on trade while appearing before the labor leaders.

Striving to show that there was no ideological daylight between him and labor, Mr. Gephardt, the House Democratic leader, said he would oppose extending Nafta to other nations unless there were stronger worker and environmental protections.

"We should not simply extend a treaty that in my view is not working properly," Mr. Gephardt said. "In a way, Nafta has validated a governmental and business system that does not allow workers to have the ability to get paid and compensated for their hard work."

Praising Nafta, Mr. Gore voiced confidence that the Administration and the labor movement could work out their differences.

Mr. Gore said that wages in Mexi-

co were hurt not by Nafta, but by the economic downturn caused by the peso's devaluation.

He said that "the impact of Nafta has been quite positive" in all three countries if the effects of the devaluation are separated out.

He said any accord adding other countries to the agreement should include labor and environmental protections, but added, "The precise form that it takes will have to be worked out over time." In the past, the Administration has rejected labor's demand that labor and environmental guarantees be included in the main agreement.

The Administration's trade policy came under heavy criticism while Mr. Gore appeared here. According to labor leaders, Stephen P. Yokich, president of the United Automobile Workers, put Mr. Gore on the defensive at Tuesday's meeting by asserting that last year's \$165 billion merchandise trade deficit showed that Mr. Clinton's trade policy was a failure. Not only that, he asserted that the President's trade policies were

wiping out American jobs and bleeding some unions to death.

The debate over Nafta comes shortly before Congress is expected to take up legislation that would give Mr. Clinton fast-track authority to negotiate with other countries to join the trade agreement. With such authority, he can negotiate an agreement, and Congress then has to vote it up or down, without being able to pick it apart with amendments.

In approving a series of resolutions, A.F.L.-C.I.O. leaders reiterated their endorsement of Mr. Clinton's embattled nominee for Secretary of Labor, Alexis Herman. The federation called for immediate hearings on her nomination, praising her "commitment to a working families agenda and her superb ability to advance such an agenda."

Their resolution said, "It is unfair to working families to have the principal Federal department responsible for worker protections to be singled out and held hostage."

The New York Times

THURSDAY, FEBRUARY 20, 1997

# Post Office Probe

## Use Scandal Rewarded in Court

Last year, he pleaded guilty and was sentenced to 17 months in prison.

Defiant until the end, Rostenkowski insisted that he was not involved in the stamps-for-cash scheme, and questioned whether it existed anywhere but in Rota's mind. But in his guilty plea, Kolter acknowledged that such a scheme existed and that he participated in it.

The House Post Office probe was one of a series of scandals that rocked Congress in the early 1990s, when lawmakers were accused of misusing the post office, the House Bank and the House stationery store to exchange stamps for cash, to bounce checks without fear of penalty and to give gifts to supporters.

Prosecutors confronted O'Rourke after realizing that she was using the post office to "float" her personal checks for several days, asking personnel to hold them until she had the money in her account to cover them. In all, investigators found that she had done this with about \$20,000 worth of checks. They also discovered that she had used the post office to send personal items via express mail.

In September 1992, she pleaded guilty to two misdemeanors: misuse of public funds by a public official and embezzlement of government property.

The judge was understanding. Johnson said she doubted that most people knew that asking for a check to be held for a few days was a crime. "I can understand that . . . you thought you were simply asking for a favor, not recognizing that the favor would indeed require someone to ignore the law," the judge said.

"Your honor, I want to apologize to you and the United States for my misdeeds," O'Rourke said. "I am very, very sorry."

## Union Presses Senate To Confirm Herman

LOS ANGELES, Feb. 19—The AFL-CIO today called on the Senate Republican leadership to hold immediate confirmation hearings for Labor Secretary designate Alexis M. Herman, questioning why they were holding up the nomination of the only African American woman in the Clinton Cabinet.

AFL-CIO President John Sweeney called the delay "outrageous" and announced the federation's executive council had approved a resolution reiterating labor's support for Herman.

Herman's confirmation hearing has been held up by Republican leaders who have raised questions about her role in Democratic fund-raising last year while she was director of the White House Office of Public Liaison. Questions are also being raised in Congress about some of Herman's business dealings before joining the Clinton administration while she was executive director of the Democratic National Committee.

The show of AFL-CIO support today was designed to counter news reports that the White House may be wavering in its support for Herman.

"The AFL-CIO calls for immediate hearings on the nomination of this African American woman," the executive council said in its resolution. "It is time for Alexis Herman to be able to stand in an open forum and have her nomination considered by the United States Senate."

—Frank Swoboda

## IN BRIEF



ALEXIS M. HERMAN

... GOP leaders raise questions

### IRS Layoff Negotiations

■ The Internal Revenue Service and the National Treasury Employees Union have been instructed to resume negotiations and try to resolve their dispute over impending layoffs, according to a letter from the Federal Service Impasses Panel.

The letter, dated Feb. 14, sets a March 21 deadline for resolution of the dispute.

The Federal Mediation and Conciliation Service will oversee the negotiations, wrote H. Joseph Schimansky, the impasses panel executive director.

The IRS "is encouraged to provide all reasonably available and necessary information for full and proper discussion, understanding, and negotiation of subjects within the scope of bargaining," Schimansky said.

If the agency and union fail to reach a voluntary settlement, the impasses panel will impose one, Schimansky informed the parties.

The dispute began late last year, when the IRS announced it would reorganize field offices.

The reorganization decision came shortly after Congress cut IRS spending accounts by \$342 million for the current fiscal year.

IRS had planned to notify more than 1,600 employees that they were at risk for a "reduction in force," scheduled to begin in March.

The union filed suit in November to try to stop IRS from sending required layoff notices to employees, but a federal judge dismissed the suit. A month later, IRS asked federal arbitrators to intervene.

There is "no clear answer" to when layoffs might begin, an IRS spokeswoman said yesterday.

The agency is offering cash "buyouts" of up to \$25,000 to employees who volunteer to quit or retire, she said, and an assessment of the buyout results and staffing trends will not be made until the end of March or early April, the spokeswoman said.

—Stephen Barr

# The Washington Post

THURSDAY, FEBRUARY 20, 1997

## Clinton to Prohibit Use of 'Gag Clause' By HMOs Treating Medicaid Patients

By LAURIE MCGINLEY

Staff Reporter of THE WALL STREET JOURNAL  
WASHINGTON — President Clinton is expected today to prohibit health-maintenance organizations from limiting what physicians tell Medicaid patients about potential treatments.

The president is scheduled to announce the policy at a White House gathering. In December, the Clinton administration banned the use of the so-called "gag clauses" by HMOs and other health plans that treat Medicare patients. President Clinton, who has criticized the clauses as an unwarranted interference in the doctor-patient relationship, also will reiterate his support for legislation that would outlaw the use of the clauses by private health plans that treat non-Medicare and non-Medicaid patients.

The Health Care Financing Administration, which runs Medicare, the federal health program for the elderly, and Medicaid, the federal-state program for the poor, declined to comment on the president's announcement. Nearly five million Medicare beneficiaries, or 12% of the total, are enrolled in HMOs and other managed-care plans. About 13 million Medicaid recipients, or more than one-third of the Medicaid population, are enrolled in HMOs and health plans.

States have been increasingly aggres-

sive in trying to move Medicaid recipients into managed-care plans, both to save money and to extend coverage to the uninsured.

It isn't clear how widespread gag clauses are. The American Medical Association has complained that doctors have been disciplined or threatened with discipline by health plans for discussing treatment options that aren't routinely covered. But HMO officials vehemently deny the practice; they insist that the only limits on doctor-patient communications are those that bar physicians from disparaging the plans they're associated with.

The American Association of Health Plans, which represents the HMO industry, has issued strong statements opposing gag clauses, saying that it supports full and open communication between doctors and patients.

The president's move will be the latest by the administration to bolster consumer protection under the Medicare and Medicaid programs. Just last week, the administration barred Medicare HMOs from requiring women to undergo mastectomies on an outpatient basis. And late last year, the administration limited the types of financial incentives that may be paid doctors as a reward for controlling the costs of treating Medicare and Medicaid patients.

## AFL-CIO Leaders Pledge Fight to Win Herman's Confirmation for Labor Post

By GLENN BURKINS

Staff Reporter of THE WALL STREET JOURNAL

LOS ANGELES — In the face of GOP opposition, leaders of the AFL-CIO now say they plan to fight to win Alexis Herman's nomination as labor secretary.

Ms. Herman wasn't organized labor's first choice for the job. Labor leaders preferred former Pennsylvania Sen. Harris Wofford, who could still get the nod if the Senate rejects Ms. Herman. But the attack on Ms. Herman by Republicans has apparently convinced labor leaders to change course and demand her confirmation.

In part, the union leaders seem to be taking their cues from the White House. They met in a closed-door session Tuesday with White House Deputy Chief of Staff John Podesta, and were assured of President Clinton's commitment to Ms. Herman. And later that day, Vice President Al Gore reiterated the president's support for his embattled nominee.

But they were surprised and angered by a report in yesterday's New York Times that quoted unnamed White House officials saying they were pessimistic about Ms. Herman's chances. For nearly two months, she has been under the scrutiny of Republican members of the Senate Labor and Human Resources Committee. They are delaying confirmation hearings as they look into her role in controversial White House coffees with Democratic donors as well as her dealings after she left the Carter administration, where she

headed the women's bureau in the Labor Department.

Gerry Shea, AFL-CIO President John Sweeney's assistant for government affairs, said labor so far has kept quiet about the delay in confirming Ms. Herman, now director of the White House Office of Public Liaison. But as committee Republicans continue their investigations and no confirmation date is set, he said, union leaders will be consulting with Ms. Herman and the White House on ways to step up public pressure.

Yesterday, the AFL-CIO executive council passed a resolution calling for swift confirmation hearings. It was the federation's first public demand for the confirmation process to begin.

"I think it's incredibly unfair that Alexis Herman cannot defend herself publicly," said Andy Stern, president of the Service Employees International Union. "She is totally qualified; she is totally competent. And we have not heard anything in her background that would make her unqualified."

Mr. Shea said he believes too much has been made of labor's initial reluctance to back Ms. Herman. Mr. Shea said labor had long wanted to be more vocal in its support for Ms. Herman but she had asked union leaders to keep a low profile.

Joseph Karpinski, the Labor Committee's spokesman, declined to speculate yesterday on when Republicans might schedule a hearing to confirm Ms. Herman.

THE WALL STREET JOURNAL  
THURSDAY, FEBRUARY 20, 1997

## After cocktails

Some top Democratic officials worried about the legality of John Huang's fund raising last summer but were afraid to fire him because of his White House patrons, USA Today reported.

Reporter Tom Squitieri, citing "extensive interviews with officials and staff members of the Democratic National Committee," said they contradict statements by White House and DNC spokesmen, who claimed little knowledge of Mr. Huang when his suspect fund-raising activities came to public notice last fall.

The sources added that, in July, DNC Finance Chairman Marvin Rosen and Finance Director Richard Sullivan decided to "freeze out" Mr. Huang from hands-on fund raising when it was discovered that only one of 16 guests at an intimate presidential dinner at the Jefferson Hotel was even eligible to make contributions.

The others were all foreigners. "Rosen and Sullivan had expected a much larger dinner with a wider representation of potential donors. Despite their anger, both men made no move to stop Clinton from attending. The two men stopped by the dinner, but left after cocktails," Mr. Squitieri reported.

## Soft interpretation

Those political contributions from foreigners to the Democratic Party might not have been illegal after all, a senior Justice Department lawyer theorizes.

Common Cause, citing a story in the Legal Times, sent a letter Tuesday to Attorney General Janet Reno, urging her to disavow the interpretation by Craig Donsanto.

Mr. Donsanto has raised doubts about whether the ban on political contributions from foreign nationals applies to "soft money" contributions used for "party building" rather than particular campaigns.

"Common Cause strongly believes that Mr. Donsanto's statement that soft money is 'outside' the FECA [Federal Election Campaign Act] wrongly interprets the federal election law as it applies to the soft-money activities that took place during the 1996 presidential elections," Common Cause President Ann McBride said in the letter to Miss Reno.

## Worst nightmare

The man most likely to succeed

# Inside Politics



Compiled by Greg Pierce

Kenneth W. Starr — deputy independent counsel Hickman Ewing — "could turn into the White House's worst nightmare."

So wrote New York Post columnist John Crudele, who described Mr. Ewing as "a tough-as-nails prosecutor who won't be nearly as politically sensitive as Starr has been."

"If Ewing had been in charge of the Whitewater probe from the start, Bill Clinton probably wouldn't be in the White House right now, because an array of charges — including possible allegations of cocaine use and racketeering — would have surfaced long before last November's election."

Mr. Ewing "flat-out thinks Bill and Hillary Clinton are corrupt," the columnist said. "I know, because I've discussed the matter with him. And the minute he can prove it, Ewing will be bold enough to bring the First Couple to trial."

## Herman's fate

Some White House aides are increasingly doubtful that Alexis Herman will be confirmed as the next labor secretary.

"A senior White House aide, speaking on the condition of anonymity, predicted Labor Committee Republicans would delay public testimony on Ms. Herman's nomination until a separate congressional inquiry into campaign donations had reviewed her White House political activities," the New York Times reported.

"That'll be sometime in 1999," the aide said sardonically.

## Starr's options

Independent counsel Kenneth W. Starr has more to consider than an indictment of the president, Terry Eastland writes in the Wall Street Journal.

The question of whether to indict President Clinton "is not simply whether he committed prosecutable crimes," Mr. Eastland said. "For even if that is the determination, the difficult question remains whether the Constitution permits the prosecution of a sitting president. On the other hand, there is no question that Mr. Starr has the authority to report what he learns about Mr. Clinton and Whitewater to Congress and the public. Thus, Mr. Starr could decide to leave the judgment on Mr. Clinton to the political process."

"Though the news of Mr. Starr's departure has allowed Bill Clinton to catch his breath, Whitewater is not over, not yet. Mr. Starr will have a successor who can take over the team Mr. Starr put in place. And the odds daily increase that a prosecutor will be assigned to the Asian money case. For a good while longer, if not for the balance of his term, Mr. Clinton will have to employ defense lawyers and hope that his scandal-ridden presidency can avoid, remote as these dangers may seem to some, the Scylla of indictment and the Charybdis of impeachment."

## Remarkable inability

James Wood, the Arkansas lawyer who until recently was the nation's top envoy to Taiwan, "had a remarkable inability to understand the complex issues that characterized the sensitive relationships between the United States, Taiwan and China," the Boston Globe reports.

"He spoke in a slow drawl and with a gruff manner, and almost from the day he arrived complained loudly to fellow diplomats and Taiwan businessmen that the Taiwanese spent too much money supporting Republicans in the United States and contributed not

nearly enough to Democrats, according to officials there, who spoke on the condition of anonymity."

Mr. Wood, under investigation in the foreign-contributions scandal, once confused his hosts when he started talking about Taiwan's security. No, no, Mr. Wood said, he was asking about securities — stocks and bonds.

## Poker game

Congressional Republicans are playing a high-stakes poker game with President Clinton, says Rep. Robert L. Livingston, Louisiana Republican and chairman of the Appropriations Committee.

"Interpreting for the leadership, I would have to tell you it is their view that [Mr. Clinton] is on a roll. He's preferred right now by some 62 to 64 percent of the American people. He's singing all of the songs that we as conservatives have always sung. And we just have to play it out. It's a poker game," Mr. Livingston said on the NET cable network.

"The first gambit is that he says he's for a balanced budget. What he's proposed is not. It's clearly not even close. He said last year that the era of big government is now over. I don't know whether he meant 'era' or 'error,' but at any rate, he said it. And we now know that the era of big spending is back with us, that Bill Clinton is still fundamentally the same wolf, whether he's in sheep's clothing or not. He's still the same wolf he was three years ago."

Mr. Livingston said Republicans will not cave in on the budget but will continue to restrict discretionary spending while waiting to see if Mr. Clinton will cooperate on entitlement reform.

## Mad as heck

The New York Times is plenty mad at independent counsel Kenneth W. Starr.

Mr. Starr's decision to leave his post in August "reflects a selfish indifference to his important civic obligations," the newspaper said in an editorial.

"Mr. Starr is not investigating some obscure town commissioner. The matters he has been asked to look into involve a sitting president of the United States, the first lady and a score of senior officials."

The newspaper, which earlier called on the independent counsel to step down, concluded: "Mr. Starr should reconsider his departure."

The Washington Times

THURSDAY, FEBRUARY 20, 1997

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Divider Title: Feb. 19, 1997

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## Pessimism Is Increasing Over Labor Nominee's Prospects for Confirmation

By JOHN M. BRODER

WASHINGTON, Feb. 18 — Some White House officials are increasingly pessimistic that Alexis Herman can be confirmed as Secretary of Labor, fearing that her nomination will be a victim of the swelling Democratic fund-raising controversy, Administration officials said today.

Although the White House chief of staff, Erskine B. Bowles, insisted that President Clinton remained committed to Ms. Herman and expected her to be confirmed, some aides privately conceded that the nomination faced many further weeks of delay and may fall.

Ms. Herman, director of the White House Office of Public Liaison, is under scrutiny by the Senate Labor and Human Resources Committee, which is investigating her political

and business background. The panel's chairman, Senator James M. Jeffords, Republican of Vermont, has not scheduled a hearing on the nomination or issued any estimate of when the inquiry would be completed.

A senior White House aide, speaking on the condition of anonymity, predicted that Labor Committee Republicans would delay public testimony on Ms. Herman's nomination until a separate Congressional inquiry into campaign donations had reviewed her White House political activities.

"That'll be sometime in 1999," the official said sardonically.

Another White House aide involved in trying to win Ms. Herman's confirmation said that he believed the committee's strategy was to subject the nominee to "death by a thousand cuts" and that there was little the Administration could do.

Joseph Karpinski, the Labor Committee spokesman, denied that the panel would await the verdict of the fund-raising inquiry by the Senate Governmental Affairs Committee.

But Mr. Karpinski said that staff work on Ms. Herman was in a relatively early stage and that the committee would not schedule hearings until it is completed.

"I won't speculate about when that will be," Mr. Karpinski said.

Labor Committee Republicans could be putting themselves in a difficult political position by rejecting a black woman for a Cabinet post. There is a risk for Mr. Clinton, as well, if the nomination fails, which women's and civil rights groups

would interpret as a White House betrayal of their causes.

Mr. Bowles vehemently rejected other aides' private gloom about Ms. Herman's prospects and demanded that Senator Jeffords schedule confirmation hearings quickly.

"There has been no wavering, no backsliding," Mr. Bowles said. "The President stands behind her. We are for her in every way, shape and form, and we are confident she will be confirmed. What she should be given is a hearing date now. If the committee has questions it wants asked, the hearing is the proper forum for asking them."

The most serious charge against Ms. Herman is that she used her office — whose mission is "out-reach" to constituent groups — to help big Democratic donors gain access to President Clinton to plead for special-interest favors.

The charge, which the White House vigorously denies, is based on the role of Ms. Herman's aides in inviting a top Federal bank regulator to meet with Mr. Clinton and influential bankers at a coffee sponsored by the Democratic Party in May.

White House officials say Ms. Herman's deputy set up that session without Ms. Herman's knowledge.

Her office, however, was assigned to mobilize African-Americans and Asian-Americans to support the President's re-election, and it helped identify business and political leaders to be invited to intimate meetings with Mr. Clinton.

Some of those guests later made donations to the re-election campaign or to the Democratic National

Committee.

Ms. Herman's background as a Labor Department official in the Carter Administration and her private dealings as an affirmative-action consultant are also under study by the Senate.

A former White House aide who worked closely with Ms. Herman said that the trouble she faced was foreseeable when her nomination was announced in December.

"It seemed inevitable given what the Office of Public Liaison did that she would get caught up with the fund-raising problem," said the former official, who said he supported Ms. Herman but expected the nomination to fail.

"It is not unusual for a nominee and her Administration sponsors to swing from optimism to despondency between the announcement of a nomination and the beginning of confirmation hearings.

The trickle of allegations and questions can prove fatal without strong Presidential support, grass-roots lobbying and pressure from interest groups.

Organized labor originally backed former Senator Harris Wofford of Pennsylvania for the Labor Department post but now professes to support Ms. Herman.

Denise Mitchell, the A.F.L.-C.I.O.'s communications director, said that the union was "totally committed" to Ms. Herman's confirmation and that union activists have contacted lawmakers on her behalf.

The union has not, however, mobilized an all-out offensive to push for her confirmation.

But some women's groups are planning "a full-court press" for Ms. Herman beginning later this week, said Rosemary Dempsey, national vice president of the National Organization for Women.

Significantly, the groups are planning to direct their pressure not at the Senate, but at the White House, fearful that Mr. Clinton will forsake Ms. Herman when the going gets rough.

"We have a little history here," Ms. Dempsey said, referring to Mr. Clinton's abandonment of the black civil rights specialist Lani Guinier, whom the President nominated for a senior Justice Department post in 1993, and his signing of the Republican-sponsored welfare bill last year, which N.O.W. considers punitive to minorities, women and the poor.

"They should not let her fall by the wayside," Ms. Dempsey said. "If that happens, it's not a good message to the civil rights and women's rights communities."

The New York Times

WEDNESDAY, FEBRUARY 19, 1997

## Glenn to retire?

Sen. John Glenn, Ohio Democrat, reportedly has decided not to seek a fifth term in 1998.

The Cleveland Plain Dealer, quoting an anonymous Democratic source, said Mr. Glenn will announce his decision this week.

Glenn spokesman Bryan McCleary said the senator would have an announcement tomorrow afternoon about his plans for 1998. He would not elaborate, the Associated Press reports.

Mr. Glenn is to make the announcement at his alma mater, Muskingum College in New Concord, Ohio.

Tomorrow is the 35th anniversary of Mr. Glenn's historic space flight as the first American to orbit Earth.

Ohio's Democratic Party has urged him to run again, but Mr. Glenn, 75, has declined to comment on his plans for 1998 and beyond, saying he had made no decision.

## Moseley-Braun watch

There likely will be no shortage of Illinois Republicans hoping to challenge Democratic Sen. Carol Moseley-Braun next year.

"U.S. Rep. John Porter and state Comptroller Loleta Didrickson would like to run," writes Chicago Tribune columnist R. Bruce Dold. "Either one would probably crush Moseley-Braun by at least a half a million votes."

And then there's former state Sen. Peter Fitzgerald, a staunch conservative who in 1992 gave GOP Rep. Philip M. Crane "the scare of his life" in the Republican primary. Mr. Fitzgerald, the scion of a banking family, "has money to burn and doesn't wait around for his political elders to tell him it's his turn," the columnist said.

"All this puts Republican leaders in a quandary. Fitzgerald worries them, because they fear Moseley-Braun could make him out to be extremist and a dilettante. They want a moderate at the top of the ticket."

"But all of the moderates — being, after all, moderates — are moving very cautiously. They're carefully deliberating whether the risk of losing what they've got is worth the possible reward of a U.S. Senate seat."

## No sick allowed

Last month, first lady Hillary Rodham Clinton gained much

# Inside Politics



publicity by reading to children on the pediatrics ward of the Georgetown University Medical Center. Now, the American Spectator reports that sick youngsters were barred from the event — that the children shown in newspaper photos actually were the offspring of hospital staff.

Mrs. Clinton's advance team "became squeamish about their boss appearing with kids who weren't looking 100 percent in the pink; in fact, hospital officials were told not to allow any children into the photo-op who were 'drowsy,' bald, bearing tubes in their bodies, or 'sick-looking,'" the magazine said.

A hospital source told the magazine that some of the sick children, who had been thrilled by the pending visit, were "very upset" to be excluded.

## Concord's conclusion

The deficit-fighting Concord Coalition pooh-poohs Sen. Byron L. Dorgan's claim that a balanced-budget amendment would endanger Social Security.

At a news conference last week, the North Dakota Democrat and several of his colleagues warned that Social Security must be exempt from such a constitutional amendment, lest future recipients be denied their benefits.

"All of this is nonsense," the nonpartisan Concord Coalition says in a "Fax Alert."

"What the BBA would do is to raise national savings and thus make Social Security — along with myriad other claims on tomorrow's economy — more affordable. It would be ironic indeed if concern about funding Social Security, whether real or pretended, turns out to be the issue that sinks the BBA."

## D'Amato's deposits

Sen. Alfonse M. D'Amato rerouted some contributions meant for the campaign arm of Senate Republicans, instead sending the cash to GOP groups in his home state of New York, where it ended up in the war chest of Gov. George E. Pataki.

Mr. D'Amato, who headed the National Republican Senatorial Committee (NRSC), defended the action, saying it was not illegal and he was not required to tell contributors where the money was going.

"There is nothing wrong with what I did. There was no intent to deceive," Mr. D'Amato told the New York Times, which broke the story. "We don't have an obligation to tell people."

Some of the donors' checks were given to a "New York State Victory Committee" that made a \$1.9 million campaign donation to Mr. Pataki and donated more than \$300,000 to help finance the election of three Republicans to the New York Supreme Court, the newspaper said.

Another \$360,000 was sent to the state GOP "housekeeping" account, which is meant to finance New York's Republican Party.

However, the newspaper included a chart indicating that some NRSC funds went to state and local candidates in states other than New York.

## Fitting irony

The Council of 100, an organization of black Republicans, notes that Labor Secretary nominee Alexis Herman sought to demonize Republicans last year as "enemies of civil rights."

"It would be a fitting irony if Herman's hearing were held in the Dirksen office building, named in honor of the late Illinois

senator, Everett Dirksen, who as Senate Republican Leader broke the Democratic filibuster of the 1964 Civil Rights Act," the group said in its monthly report.

"It is not hyperbole to posit that without Dirksen's tireless leadership, and the support of House and Senate Republicans, the civil rights bill would not have passed."

## Pressler finds work

Former Sen. Larry Pressler has parlayed his experience as chairman of the Senate Commerce Committee into a business advising foreign companies on the future of international telecommunications and aviation.

The South Dakota Republican, who recently opened an office in Washington, said he has about a dozen clients, including several in Europe and India. He declined to identify the clients but said they include one labor union.

Mr. Pressler was defeated for re-election last year after serving as chairman of the Senate Commerce Committee for two years. He helped write the 1996 law that deregulated the telecommunications industry.

"I am pleased and amazed that people have confidence that I know or have judgment in terms of what is going to happen ... in the future," Mr. Pressler told the Associated Press yesterday.

## Susan's story

Susan McDougal says her former husband, James McDougal, fabricated the story about her having had an affair with President Clinton. The reason: To pressure her into giving evidence to independent counsel Kenneth W. Starr to use against Mr. Clinton.

"They had to do something to draw me out ... I know this was timed to get me to break, but it isn't happening," Mrs. McDougal told the New York Post from a Los Angeles County jail, where she is imprisoned for refusing to answer questions about the Whitewater scandal.

Mr. McDougal recently told the New Yorker that she's holding out to keep her 1980s affair with Mr. Clinton a secret.

"This was timed to hurt me and make it look like the reason I went to jail was for other purposes," she said.

"Jim's now simply touting the OIC [Office of Independent Counsel] line," she added. "That's what they wanted him to say."

The Washington Times  
WEDNESDAY, FEBRUARY 19, 1997

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Divider Title: Feb. 18, 1997

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# Herman firm tied to grants she OK'd Labor nominee questioned in '81

By Brian Blomquist  
THE WASHINGTON TIMES

A Senate committee is scrutinizing a dissolved consulting group owned by Alexis Herman, nominee for labor secretary, and Ernest G. Green, a link to a Chinese arms dealer in the Democratic fund-raising scandal.

In their final days working together in President Carter's Labor Department, Miss Herman and Mr. Green, a longtime Little Rock supporter of President Clinton, pushed through \$115 million in grants and contracts designed to help the poor.

Mr. Green and Miss Herman then formed a consulting firm — incorporated as Green-Herman & Associates in Delaware on Jan. 20, 1981, the day President Reagan was sworn in. According to transcripts from a 1981 Senate hearing, they tried to cash in on some of the grants they had awarded in their government posts.

Miss Herman's nomination for labor secretary has been delayed by Sen. James M. Jeffords, Vermont Republican and chairman of the Senate Labor and Human Resources Committee.

The committee is looking into some of Miss Herman's business dealings and their connections to the 287 contracts and grants she and Mr. Green pushed through in their final four months in office.

Mr. Green, one of the "Little Rock Nine" who integrated Central High School after the 1954 Supreme Court decision in Brown vs. Board of Education, has become ensnared in foreign fund-raising improprieties involving the Democratic National Committee and

see HERMAN, page A8

## HERMAN

From page A1

the Clinton campaign.

Mr. Green helped a Chinese arms dealer get a U.S. visa, then gave \$50,000 to the DNC a day after the arms dealer met with the president last February.

Sen. Orrin G. Hatch, Utah Republican, had questions about Mr. Green and Miss Herman in 1981, when he was chairman of the labor committee. He asked their firm in a letter if it was profiting from the last-minute flood of Labor Department grants, sent out by telegram in more than 70 cases.

The firm's attorney, James M. Christian, replied that Mr. Green and Miss Herman were not profiting from their public service. But Green-Herman & Associates had already agreed to accept a \$75,000 consulting fee from Mel Harris Associates of Minnesota, which won a subcontract from the Mobile County Consortium of Mobile, Ala., under a grant from the Labor Department.

The Labor Department, in which Mr. Green served as assistant secretary for employment and training and Miss Herman served as director of the women's bureau, also awarded a \$2 million grant to Jesse Jackson's PUSH for Excellence program in Chicago.

One department official youth programs chief Frank Slobig, testified at the 1981 Senate hearing that Miss Herman was actively involved in sending out improper grants in the final days of the Carter administration.

Miss Herman pushed and defended a \$175,000 grant to Dr. Benson E. Penick, a Washington researcher, for a "solo parents demonstration project," even though a memo from the department's contracting officer said, "It is far from clear what the contractor really proposes to do."

Steve Puterbaugh, deputy to the administrator of Labor's national programs office, testified at the 1981 hearing that Mr. Green sent out grants in his final days even though he was warned the department didn't have any money.

The Reagan administration terminated the grant to PUSH, but Miss Herman worked closely for years with Mr. Jackson and his group. In their collaboration, Mr. Jackson would threaten to boycott large corporations if they didn't start hiring more blacks and would tell them that if they wanted to comply they should hire Miss Herman as a consultant on setting up an affirmative-action program.

"We have appointed ourselves the E.E.O.C. [Equal Employment Opportunity Commission]. We will be the watchdogs and the enforcers," the New York Times quoted Mr. Jackson as saying in August 1981.

As a result of Mr. Jackson's threats, Miss Herman's firm, which became A.M. Herman and Associates after Mr. Green left in

the late 1980s, won the rights to monitor affirmative-action "covenants" between PUSH and such companies as Coca-Cola, Burger King and Southland Corp., the parent of the 7-Eleven chain.

She consulted for other companies on minority hiring.

In May 1989, when Miss Herman was chief of staff to Democratic National Committee Chairman Ronald H. Brown, she filed an application with the Federal Communications Commission to buy a Washington radio station, WYCB-AM (1340), for \$3.45 million.

Because she didn't have any broadcast experience and Mr. Jackson was testing the waters of D.C. politics, industry observers speculated she was a front for Mr. Jackson.

A rival, Broadcast Holdings Inc., ended up buying the station in March 1990, but Miss Herman still had a good year financially.

She was paid \$600,000 in consulting fees for work on the Federal Triangle project that has produced the Ronald Reagan Building, the nearly complete government office building that is second in size only to the Pentagon in the Washington area and will end up costing more than \$725 million.

The company that developed the project, Delta Partnership, paid A.M. Herman and Associates, for advice on the hiring of minority and disadvantaged companies.

Critics said there was a conflict because Miss Herman's DNC position gave her an unfair advantage with the Democratic congressional chairman who ordered a probe of the project's contract.

The Senate committee also is interested in Miss Herman's stake in the Market Square project at Pennsylvania Avenue and D Street NW. Herbert S. Miller, a developer with connections to Mayor Marion Barry, brought in Miss Herman as a minority partner and consultant.

In 1987, when Mr. Miller sold off part of the complex, Miss Herman received \$50,000. Although she never invested any of her own money, Miss Herman's 1 percent holding in the business is now worth as much as \$500,000.

Mr. Green, now working for Lehman Brothers in Washington, did not return a telephone call. Miss Herman is not talking to reporters.

Senate Majority Leader Trent Lott of Mississippi has said he is satisfied that Miss Herman, formerly Mr. Clinton's director of public liaison, did not attend and did not intentionally arrange a May 13 fund-raising meeting attended by Mr. Clinton, top DNC officials, 17 bankers and Comptroller of the Currency Eugene Ludwig. The White House said one of Miss Herman's aides invited Mr. Ludwig.

The White House also said it was one of Miss Herman's aides, Doris O. Matsui, who shared an official government list of more than 350 Asian-American leaders with Democratic officials who wanted to raise money.

The Washington Times  
TUESDAY, FEBRUARY 18, 1997

# GOP tactic: 'Death by a thousand cuts'

Accusations about real estate project the latest cheap shot at Labor nominee Herman.

By DeWayne Wickham

Last week I challenged Senate Republicans to hold a hearing on the nomination of Alexis Herman to be secretary of Labor or come up with a plausible reason why they shouldn't.

The next day, Republican Sen. Arlen Specter of Pennsylvania took to the Senate floor to urge the Labor and Human Resources Committee to give Herman a hearing.

She's "entitled to be heard on the subject and to have a decision made one way or the other about whether she is qualified or disqualified," he said.

But instead of getting a hearing date, Herman got slammed.

On Saturday *The New York Times* ran a front-page story in which unnamed Republicans raised new questions about her fitness to head the Department of Labor. They questioned how Herman got a 3.3% interest in a Washington real estate project without putting up any money. They worried aloud that Herman may have traded on her access to high officials in the local or federal government to pay for her share of the deal.



By Paul T. Whyte, USA TODAY

"It is very important when someone is nominated for a position and there is public

I worry that there may be no end to the cheap shots Herman's critics will lob at her.

The deal Republicans are talking about was done during the mid-1980s. Back then Herman was a private citizen, and the GOP controlled both the White House and the federal corporation that oversaw the selection of the developer who made her a limited partner in his construction project.

If there was any illegal influence peddling done, it's unlikely that Herman, a lifelong Democrat, did it. More likely, she was brought into the Market Square deal — as a limited partner — to help the builder meet his minority participation goal.

So what's going on here?

controversy and public comment that that individual have his or her day in court."

— Sen. Arlen Specter, R-Pa.

It's the political equivalent of "death by a thousand cuts." Herman is being sliced and diced by a Republican campaign of specious charges and nagging innuendoes.

Two weeks ago the issue was her role in a White House coffee klatch that inappropriately brought together prominent bankers and the top federal banking regulator. As it turns out, she

neither attended nor had a significant role in organizing that gathering.

So far, none of what her critics have thrown at her has stuck. But in today's political climate, that's not necessary. All that's required is for the attack to last long enough for people to begin to mumble "where there's smoke there's fire," and Herman can kiss her chances of joining Bill Clinton's Cabinet goodbye. Time is running out.

The conventional wisdom is that if a hearing date is not set soon, pressure will mount on Clinton to pull the plug on his nominee or for Herman to bow out.

Some say Herman's been targeted because she's one of the few remaining liberals in Clinton's inner circle.

Some claim she is being made to pay for her involvement in the successful effort to rally ethnic voters in support of the president's re-election campaign.

And others argue Herman suffers most from a lack of support from Sen. Edward Kennedy, the ranking Democrat on the Labor and Human Resources Committee, who is said to have favored someone else for the job.

For whatever reason, Vermont Sen. James Jeffords, the chairman of the committee, refuses to put Herman on his committee's docket. His failure to do so aids and abets the mean-spirited attacks her enemies are waging on Herman's integrity.

Jeffords has a reputation for fairness. But like Herman's good name, it is being sullied by the bad treatment she is getting.

Unlike Herman, he controls his fate in this matter. He alone can right the wrong that is being done. He can schedule a hearing on her nomination and allow the confirmation process to run its course.

Or, Jeffords can stonewall Alexis Herman long enough for her enemies' strategy to work.

USA TODAY  
TUESDAY, FEBRUARY 18, 1997

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Divider Title: Feb. 17, 1997

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By STEVEN GREENHOUSE

LOS ANGELES, Feb. 16 — Having roused the torpid A.F.L.-C.I.O. in his first year as president, John J. Sweeney will announce on Monday the federation's ambitious all-out gamble to save the labor movement from further decline by shifting its focus to recruiting new members.

In moving the federation's emphasis toward organizing and away from politics, its thrust of last year, Mr. Sweeney hopes to reverse a 20-year slide in union membership, a trend that labor leaders see as a cancer that has sapped their strength both in politics and at the bargaining table.

With the goal of attracting new members, Mr. Sweeney will propose at the A.F.L.-C.I.O.'s winter meeting here this week a \$80 million advertising effort to burnish labor's image and a campaign to reach out to working women. He will also pledge to spend more than \$2 million on labor's two biggest recruiting drives: organizing 20,000 strawberry workers in California and tens of thousands of construction, hotel and health care workers in Las Vegas, Nev.

Outlining goals that some labor experts call overly optimistic, Mr. Sweeney said in an interview: "We're not going to double our membership in the short term. But if we turn around the decline in members and create a focus on organizing and set modest goals of some growth every year, whether it's 3 or 4 percent, over the long term we will build a stronger labor movement."

In the four-day meeting, the labor leaders, meeting in an urban center instead of their traditional locale, a beach resort, will hear Vice President Al Gore, discuss the labor stand-off at American Airlines and refine their legislative agenda.

Mr. Sweeney undertakes his new organizing effort after his relatively successful first year as president. Under him, the federation raised its slouching public profile, pushed Congress into raising the minimum wage and excited college students about labor by enlisting more than 1,000 of them as summer interns. In addition, the federation spent \$35 million to make itself a force to reckon with in politics, although its campaign efforts failed to achieve labor's big goal of returning the House to Democratic control.

Some labor experts caution that Mr. Sweeney's success at reawakening the American Federation of Labor and Congress of Industrial Organizations, an umbrella group that has 13 million members, was child's play compared with the task of recruiting millions more workers to unions.

"It will be 100 times harder," said Gregory Tarplin, president of the Labor Research Association, a consulting group in New York. "It will be the basis by which Sweeney is judged."

The number of union members nationwide dropped by 92,000 last year and by 388,000 the year before; the percentage of American workers in unions has sunk to 14.5 percent, compared with 35 percent in the 1950's. With the work force growing by about two million people a year, unions will have to add almost 400,000 new members a year to keep from falling further behind — a tall order considering labor's recent slump and the crusade by many companies to keep out unions.

Talking about the federation's big gamble to increase its numbers, Richard Freeman, a Harvard University labor economist, said: "If they don't organize beyond the rates in which they've been organizing people, they're captains of a sinking ship. One of Sweeney's great strengths is he's addressing the idea that organizing is the lifeblood of the union movement."

As part of Mr. Sweeney's effort to remake labor's flaccid image and show that union leaders care more about organizing workers than sunning themselves, the federation has moved its winter meeting out of the plush resort of Bal Harbour, Fla., for the first time in seven decades. Instead, A.F.L.-C.I.O. leaders will convene in downtown Los Angeles, where they will meet with low-paid hotel, garment and strawberry workers, all in the thick of organizing drives.

The 54-member executive council will debate how to help American

## Trying to halt a 20-year decline in unions' rolls.

Airlines pilots, who went back to work after President Clinton ordered a cooling-off period of up to 60 days in their brief strike. It will also analyze the failure of a 20-month strike by 2,000 Detroit newspaper workers, who made an unconditional offer on Friday to return to work.

Labor's chieftains will be courted by two likely rivals for the Democratic Presidential nomination in 2000, Mr. Gore and the House minority leader, Richard A. Gephardt. They will hone their policy recommendations for President Clinton and debate whether to keep supporting Alexis M. Herman, the embattled nominee for Secretary of Labor.

The central theme, though, will be the leaders' recognition that expanding labor's ranks is essential to their goal of stemming the two-decade-old decline in wages (after inflation is taken into account) and narrowing the widening gap between America's rich and its middle class.

Indeed, Mr. Sweeney, with David Kusnet, wrote a book last year, "America Needs a Raise" (Houghton Mifflin), which says, to nobody's surprise, that forming unions is often the best way for American workers to win better pay and benefits.

Articulating labor's populist message, Andrew L. Stern, president of the Service Employees International Union, said: "The fundamental challenge facing the labor movement is, Can we raise wages for American working families in a long-term sustained fashion, and can we distribute the growth that the economy has experienced in a way that serves the interest of working families and not just corporate executives?"

"We can't raise wages unless we represent significant portions of the members in our industries," Mr. Stern continued. "The American experience is that collective bargaining built the greatest middle class in the history of the world, and the erosion of the middle class's position is directly related to the erosion of the labor movement's strength."

With plans to spend 45 percent of this year's budget on organizing, the Service Employees union is serving as a model for others. As the labor movement's fastest-growing union, the Service Employees group has jumped to 1.1 million members, from 625,000 in 1980. Mr. Sweeney headed that union for 15 years.

In contrast, other unions spend 3 percent of their budgets for recruiting, on average, less than a tenth of the percentage unions spent in the organizing heyday of the 1930's. Because recruiting is done by the individual unions and not the A.F.L.-C.I.O., Mr. Sweeney has adopted the role of inspirational leader and spark plug for organizing.

To encourage the federation's 78 affiliate unions to spend more on recruiting, Mr. Sweeney has pushed through the executive board a plan in which the A.F.L.-C.I.O. will provide \$20 million in matching grants for organizing drives.

"We have to keep the momentum going," Mr. Sweeney said, "and make the transition to a stronger emphasis on organizing."

Many unions are embracing new approaches to attract members. While unions rarely cooperate with each other on recruiting, 15 building trades unions have banded together to organize Las Vegas construction workers. In Maryland, three unions have organized 35,000 state workers in a cooperative effort.

In another novel approach, labor has designated certain cities, most notably Las Vegas, as hothouses for organizing in which numerous unions undertake drives that aim to create an enthusiasm and pro-labor message that feed on each other.

The labor movement has also gone international. To pressure the Japanese owner of the New Otani Hotel in Los Angeles to accept a union, the hotel workers union has sent members to Tokyo to demonstrate and enlist the support of Japanese labor.

"There are still an awful lot of labor leaders sitting back and waiting to see whether these new approaches work," said Richard W. Hurd, a labor relations professor at Cornell. "It's important for Sweeney to have some big successes to win the enthusiasm of those leaders who are less committed to the new approach. That will make it possible for this to snowball in the long run."

Daniel Yager, general counsel for the Labor Policy Association, a lobbying group for employers, said corporate America was unhappy about the A.F.L.-C.I.O.'s recruiting plans.

"Their agenda is probably American business's worst nightmare," he said. "Having gambled a huge sum of money on remaking Congress and losing, the A.F.L. will now feel it has to deliver something. So they're going to devote the lion's share of their resources to organizing. We sincerely doubt that they're going to gain membership, but they will create a great deal of havoc and distrust."

No one expects companies to roll over as labor revs up its organizing machine. Many leaders fear a replay of last month's events, when the Communications Workers of America lost by just a few hundred votes in a long and expensive campaign to organize 10,000 reservation takers and other service workers at USAR.

"Employers are very strong and very much opposed," said Professor Freeman, of Harvard. "It's as if the unions are in a boxing ring against someone who's stronger and faster. If they can just keep themselves going in the later rounds, the other guy might tire and they might have more stamina, and they have to be ready to take advantage of that."

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Divider Title: Feb. 16, 1997

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# Senate probers review Herman finances

ASSOCIATED PRESS

A Senate panel that already has delayed confirmation hearings for President Clinton's nominee as labor secretary is now reviewing her financial affairs.

The Senate Labor and Human Resources Committee is examining how Alexis Herman, a former White House official, got a financial interest in a Washington real estate development that is now worth as much as \$500,000, officials said Friday.

The committee previously had declined to set a date for hearings on Miss Herman's nomination while it investigates whether she mingled politics with her official business as director of the White House public liaison office for Mr. Clinton.

The ownership interest was reported on Miss Herman's financial

disclosure statement. She obtained it with no investment of her own money in the mid-1980s, when she was working as a consultant, creating and monitoring affirmative-action plans for developers.

The committee has not made any official inquiries about the deal, White House spokesman Joseph Lockhart said. But he said the panel's staff has consulted with Miss Herman's aides on the subject.

"There was limited contact that showed they knew about this," Mr. Lockhart said. However, the committee's spokesman, Joe Karpinski, said, "I cannot talk about the work of the committee."

Although Miss Herman made no investment in the Market Square project on Pennsylvania Avenue, she received a 3.3 percent ownership in it. Congressional Re-

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*Although Miss Herman made no investment in a D.C. project she received a 3.3 percent ownership.*

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publicans reportedly want to know if she was included in the deal to take advantage of any ties she had to Democratic officials.

But Mr. Lockhart said Miss Herman's role in the development deal was not unusual and that it was done to meet affirmative-action goals.

As part of the deal, Miss Herman was limited to receiving just 20 percent of the amount for which

70 percent of her holding was sold. She received \$50,000 in 1987, when one of her partners sold 70 percent of the project. She still owns about 1 percent of the project.

Mr. Lockhart said 13 members of the committee that oversaw the project and picked the participants in it were appointed by President Reagan. Two other members of the panel were selected by D.C. officials.

Limited partnerships were extended to 12 persons; three, including Miss Herman, were minorities, said Mr. Lockhart, who reiterated that Miss Herman worked on the project as a consultant.

"Everybody who was involved in the partnership was involved in the project one way or another," he said.

**The Washington Times**

SUNDAY, FEBRUARY 16, 1997

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Divider Title: Feb. 15, 1997

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## New Questions On Investments For a Nominee

By CHRISTOPHER DREW

WASHINGTON, Feb. 14 — In a new set of questions about the nomination of Alexis Herman as Secretary of Labor, a Senate committee is examining why she received an ownership interest now worth as much as \$500,000 in a real-estate development here without investing any money, Government officials said today.

Ms. Herman was given an interest in the \$200 million project on Pennsylvania Avenue in the mid-1980's when she ran a consulting business that worked to insure minority participation in that project and in other such ventures.

People involved in the deal said Ms. Herman, who is now a White House aide, was one of three minority business owners who received small interests in the project in what they described as a fairly typical effort to meet Federal affirmative action goals.

Ms. Herman was not a Government official then, and it was legal for her to accept part ownership in the project. But Senate Republicans are looking broadly at whether Ms. Herman, a long-time Democratic Party activist, ever blended her political activities with either her business dealings or her role at the White House, where she has directed the Office of Public Liaison since 1993. The office typically directs efforts to build grass roots support for President Clinton's social and economic policies.

The questions about the real-estate deal have added to the troubles facing Ms. Herman's nomination, which has become caught in the furor over fund-raising practices in Mr. Clinton's re-election campaign.

In another development, the White House acknowledged today that one

Continued on Page 10, Column 2

Continued From Page 1

of Ms. Herman's deputies, Doris O. Matsui, went too far in sharing an official Government list of more than 350 Asian-American leaders with Democratic Party strategists and fund-raisers early last year.

"We would say that this probably shouldn't have been done," said White House special counsel Lanny J. Davis.

Mr. Davis and other White House officials insist that Ms. Herman, who was a political appointee at the Labor Department in President Jimmy Carter's Administration and the chief of staff of the Democratic National Committee from 1989 to 1991, has done nothing improper in either her business dealings or her work at the White House. White House officials said they still expect her to win confirmation to succeed Robert Reich as Labor Secretary.

The Senate Labor Committee has held off scheduling hearings on the nomination, however. The Office of Special Counsel, an independent Federal agency, also is examining whether Ms. Herman or her White House assistants engaged in any improper political activities in helping the Democratic Party reach out to ethnic voters last year.

White House officials said the Senate Committee recently asked for information about Ms. Herman's involvement in the Pennsylvania Avenue redevelopment project, a huge office, retail and residential complex known as Market Square. The main developer, Herbert S. Miller, had close ties to the District of Columbia Mayor Marion S. Barry Jr., and one of the minority partners ran a public relations company that employed

Effi Barry, then the mayor's wife.

One question on Capitol Hill is whether Ms. Herman was included in the project to take advantage of any ties she had to local or Federal Democratic officials.

Ms. Herman has declined to grant interviews while her nomination is pending. But White House spokesman Joseph Lockhart said Ms. Herman did no lobbying of any kind on the Market Square project. Henry A. Berliner Jr., an appointee of President Ronald Reagan who chaired a Federal corporation that oversaw the choice of the developer, also said she played no role in that decision.

Inviting members of minority groups to join such projects at little or no cost to meet affirmative-action goals "was pretty common in any program at that time that involved the Federal Government," Mr. Berliner said. Mr. Lockhart said Ms. Herman got involved in the Market Square project in 1984 through a friend, Robert Mendelsohn, who was working with Mr. Miller.

Mr. Mendelsohn helped Ms. Herman's consulting firm, A.M. Herman & Associates, win a \$205,000 contract to oversee the hiring of minority workers and contractors at Market Square, Mr. Lockhart said.

She and the two other minority partners later were each given a 3 1/3 percent interest in a limited partnership involved in the deal. Several other people also received interests in that partnership without putting up cash, Mr. Lockhart said, but there were two significant differences. Most of the others had either invested money in the project in other ways or were employees of Mr. Miller who took the interests as part of their compensation. And the three minority partners were not subject to any calls to put up cash if it was needed, as the other limited partners were.

One result was that the minority partners initially were not eligible to share fully in any income from the project. When Mr. Miller decided to sell a 70 percent of the project in 1987, Ms. Herman and the other minority partners each received \$50,000, or one-fifth of what others holding the same interest earned.

Since then, the restrictions have been eased, Mr. Lockhart said. And while Ms. Herman has never had to invest any money in the project, the value of her remaining holding of about 1 percent in the limited partnership has risen to possibly as much as \$500,000.

Ms. Herman has listed her interest in the project on Government financial-disclosure forms since 1993 and estimated it was worth at least that much. But she was not required to give details on the forms of how she acquired the interest.

Mr. Lockhart said this was the only such project in which Ms. Herman ever received part ownership. But Ms. Herman's consulting firm also won a \$500,000 contract in 1989 to create and monitor affirmative-action plans for the construction at the Government's new \$1 billion Ronald Reagan Building here.

The financial-disclosure records show that in the early 1990's, Ms. Herman's company also did consult-

ing work on diversity issues for Burger King, Procter & Gamble and Levi Strauss. She then sold the company after she took the White House job in 1993.

Ms. Herman's nomination ran into problems last month, when the White House disclosed that one of her assistants had invited a top banking regulator to meet with Mr. Clinton and some of the nation's most powerful bankers at a coffee sponsored by the Democratic Party. White House officials have said Ms. Herman's office was involved in setting up the coffee only because of a miscommunication about the nature of the event.

Mr. Miller, the developer who put together the Market Square real-estate project and still holds an interest in it, also attended one of the White House coffees last year, and he donated \$50,000 to the D.N.C. three weeks later. Mr. Lockhart said Ms. Herman did not know that Mr. Miller was at the coffee. Mr. Miller, who has long contributed to Democratic candidates, was on vacation this week and unavailable for comment.

White House officials said that Ms. Matsui, a deputy to Ms. Herman at the White House Liaison Office, and others, including John Huang, the former Democratic fund-raiser who is under Federal investigation, used the list of Asian-Americans compiled by the office in providing Mr. Clinton's campaign with names of people who might want to help it court Asian-American voters.

The 20-page document contained the names of Asian-American civic, political and business leaders in 12 cities, and it was included in the files of Mr. Huang released by the Democratic National Committee. But Mr. Huang does not appear to have used it in his fund raising. Other records show that only eight of the people made donations that the D.N.C. credited to Mr. Huang's efforts.

The New York Times

SATURDAY, FEBRUARY 15, 1997

## Herman Faces Questions Over Private Business Dealings (Washn) By Marc Lacey

(c) 1997, Los Angeles Times 2/15/97

WASHINGTON White House aide Alexis M. Herman, President Clinton's nominee for labor secretary, is facing scrutiny from a Senate panel over her private business dealings in the 1980s while she served as a top Democratic National Committee official, officials said Friday.

Herman, whose nomination has been put on hold indefinitely by the Senate Labor and Human Resources Committee, received a \$600,000 contract in the early 1980s from the developer of a massive federal office complex on prime real estate on Pennsylvania Avenue in Washington.

Critics raised questions at the time about whether Herman's ties to the DNC helped her to win the award and whether it was appropriate for a Democratic Party official to hold a private contract in a development that required congressional approval.

Construction of the building, the second largest government office structure after the Pentagon, dragged on for years as members of Congress battled over the budget and scope of the public-private project.

Sen. Jim M. Jeffords, R-Vt., chairman of the Labor Committee, has yet to announce a hearing date for Herman and has declined to publicly outline his problems with her nomination. But an aide close to the committee said investigators have begun shifting their attention from Herman's activities as director of the White House Office of Public Liaison, where she has served until recently, to her private business dealings.

Initially, GOP senators raised questions about Herman's involvement in a coffee gathering at the White House that brought bankers, the nation's top bank regulator and campaign fund-raisers together with the president. There are also questions, now being looked at by an independent agency, about whether Herman violated the Hatch Act by mixing her White House job with campaign politicking.

Now, the focus is moving toward A.M. Herman & Associates, Herman's consulting company.

When Herman took the White House job in 1983, she still owned the company, which provided corporations with advice on setting up affirmative action plans. Her contracts included work for Burger King, Levi Strauss, Procter and Gamble, Cincinnati Gas & Electric and KPMG Peat Marwick.

To avoid a potential conflict of interest with her presidential post, the White House counsel's office recommended that Herman sell the company. It took her eight months to find a buyer and receive the divestment papers, during which time she was a businesswoman and a White House aide.

White House spokesman Joe Lockhart said Herman did not draw a salary from the company while working at the White House and unloaded it to a buyer as quickly as she could. He said there was nothing improper about her working at the DNC and working on the federal building contract.

White House aides say they are confident that Herman will be able to adequately answer any concerns over her nomination if given a confirmation hearing in which to respond.

Rep. Sonny Callahan of Alabama, a Republican who is lobbying his Senate colleagues to schedule a date for Herman's hearing, said this week that he remains confident that she will be confirmed.

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**Lawsuit Against Tobacco Companies Largely Dismissed By Henry Weinstein and Myron Levin**

Weber and other anti-tobacco attorneys have ruled differently.

The right of a state is one of the linchpins around the country's right to recover damages from a spill.

Tobacco companies are fighting against them if it means smokers, meaning whether individual smokers incurred.

A Mississippi judge's issue is pending on cases. The states are through medical statistics on the prevalence.

Berger dismissed fraudulent misrepresentation scheduled to hear testimony based on the state's evidence.

Victor S. Woods, a judge, to reject the clear statutory authority.

## Study Claims Suggests Health Problem

(c) 1997, Los Angeles Times

While scientists are concerned that silicon breast implants released this week are presenting important questions, they may cause unusual health problems.

The study, published in journal The Lancet, found antibodies that the researchers believe are related to silicon. The researchers have evidence to back up their unusual disease.

The researchers found that the antibodies with serious illness on that, they concluded, are silicon-related diseases.

If confirmed by the first objective related to her silicon implants, researchers admit that the antibodies were found in implants who report a profound impact on manufacturers.

Groups that have hailed the study as a warning to our heads, basically, co-founder of the ad campaign.

**DOROTHY GILLIAM**

## Republicans' Tempest in A Coffeepot

In mid-December, when President Clinton tapped Alexis Herman as his choice to become the next U.S. secretary of labor, a roar of approval rose from many corners of the country. This eminently qualified woman was on tap to be the only woman of color in the president's Cabinet.

Despite that wellspring of support, Republican senators have delayed action on Herman's nomination for weeks while they investigated her part in a controversial political coffee klatch. The White House Office of Public Liaison, headed by Herman, invited a federal banking regulator to meet with Clinton and some powerful bankers. But the White House said that Herman's office was involved because of a miscommunication about the nature of the meeting and that Herman did not attend the klatch after she learned it was a political event. Documents turned over to the Senate several days ago confirm Herman's account, sources familiar with the documents said.

The slow pace at which her nomination has been considered is, therefore, suspicious. And the continual raising of additional issues is beginning to give weight to the idea that some Republicans would rather weaken Herman's nomination than give it the hearing it deserves.

So it was good last week to see a Republican senator and a Democratic senator, in an unusual display of bipartisan support, rise to say that the Senate has an obligation to inspect Herman's qualifications to run this important agency and should move forward promptly on her nomination. Senators in both parties had been silent too long.

Although Sen. James M. Jeffords (R-Vt.), chairman of the Labor Committee, said this week he is still reviewing outstanding questions, Sen. Arlen Specter (R-Pa.) said Jeffords told him the prospects are there will be a hearing. Specter and Sen. Christopher J. Dodd (D-Conn.) still felt it important to go on-record urging prompt hearings on Herman's nomination.

"She has a distinguished record," Specter said. "She may well be qualified or the contrary may be the case. But I think it is very important . . . that a person has his or her day

See GILLIAM, D5, Col. 3

GILLIAM, From D1

in court to have a determination made on the merits."

Added Dodd: "She is eminently qualified . . . to fulfill the position of secretary of labor. There have been issues raised, and the purpose for which we have hearings is to allow those issues to be aired and to give a person an opportunity to respond. In the absence of that hearing . . . the allegations remain.

"In many instances, there's never the kind of opportunity to respond with the same voice and the same positioning with which the allegations are made. It is absolutely essential in my view that she be given that opportunity. I am totally confident that she will respond to those issues when she is asked publicly."

It was revealed in late January that the Office of Public Liaison, which Herman has directed since 1993, was involved in inviting the federal bank regulator to the coffee, which was sponsored by the Democratic Party. The White House said Herman's office was involved in the improper gathering only because of a miscommunication about its nature. Although Herman did not attend, she did not inform Eugene Al Ludwig, comptroller of the currency, in order to withdraw his invitation.

Herman later reiterated to Senate Majority Leader Trent Lott (R-Miss.) that she did not invite Ludwig and did not arrange the meeting.

She explained the mistakes her office made in handling the incident.

Herman's situation is but one part of the larger issue of campaign fund-raising practices that ensnares both Democrats and Republicans. Clearly, campaign finance reform is high on the American people's agenda even if it doesn't seem to be very high on the priority list of congressional politicians.

But to ensnare Herman in this nasty morass of problematic fund-raising on the strength of a meeting she did not attend seems to be overkill. What should be the pinnacle of 49-year-old Herman's career seems to have become a political glass ceiling.

"The current contretemps over [the role of Alexis Herman] is a graphic and dramatic" example of why many bright young people do not want to enter public service, said Yvonne Scruggs, executive director of the Black Leadership Forum.

Herman is one of those bright young people who was willing to take the plunge into government 20 years ago. She was 29 when she became head of the Labor Department's Women's Bureau during the Carter administration, a job she performed so well that Labor insiders think she is one of the few people who could hit the ground running as secretary.

One of the most important pieces of pending business is the president's welfare-to-work program. To accomplish this is a huge undertaking that will require balancing delicate issues. The Department of Labor will play an important role in making sure the best possible conditions are created for success.

Some business group officials already have said that more government leadership is needed if companies are to sign on to the president's high-profile initiatives. Right now, the Labor Department is missing the voice and focus of a leader. While the attention of so many is on knocking people off the welfare rolls, somebody has to be focused on the endgame—making sure people can find jobs and training.

Alexis Herman's credentials are ideal to make sure the thinking inside and outside the administration takes into consideration the beneficiaries of all the Labor Department's services. It's time to set a definite and prompt date for her hearings. I'm already steeled for the usual circus that accompanies these hearings, but one hopes that despite self-serving queries and media-inspired speeches, there will be a focus on policy issues such as welfare-to-work and not only on coffee klatches.

### FOR MORE INFORMATION

To read two weeks' worth of columns by Dorothy Gilliam and other Metro columnists, click on the above symbol on the front page of The Post's site on the World Wide Web at <http://www.washingtonpost.com>

**The Washington Post**

SATURDAY, FEBRUARY 15, 1997

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Divider Title: Feb. 14, 1997

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## The Fine Art Of Helping Political Friends

Why don't Americans trust government? Consider a political culture that last year allowed the late Secretary of Commerce Ron Brown to favor a business partner of his friend Alexis Herman, who President Clinton now wants to be his labor secretary.

Here's how White House political coffers get filled:

On Jan. 17, 1996, President Clinton hosts one of his now-legendary coffees for big-bucks donors. One of the invitees is Herbert S. Miller, chairman of American Malls International, a shopping-mall developer based in Washington, D.C. Also sipping java were Vice President Gore and Democratic cashiers Harold Ickes, Don Fowler and Marvin Rosen.

Less than a month later, on Feb. 8, Mr. Miller contributes \$50,000 to the Democratic National Committee. Four days later, on Feb. 12, Mr. Miller writes a letter to then-Secretary Brown describing his company's plans in Japan.

Soon thereafter, on March 29, Brown writes a letter asking Japan's minister of international trade and industry to assist Mr. Miller's company as it enters that market. "I am writing to you on behalf of American Malls International (AMI) to let you know of AMI's interest in the Japanese market," the letter to Shumpel Tsukahara begins, "and to request the support of the government of Japan in furthering the progress of a very promising project."

Note the blunt, specific nature of this special-interest pleading. Brown didn't even bother to disguise it with diplomat-speak about broad "market-opening." He was putting U.S. sovereign power, and for-

### Potomac Watch

By Paul A. Gigot

sign-policy prestige, behind the interests of a single, privately-held company. Remember how George Bush was ridiculed merely for bringing the Big Three automaker CEOs along with him to Tokyo in 1992?

Brown's plane crashed in Croatia five days later, so we can't ask him what concession he gave Tokyo in return. But we do know his intervention seemed to work for Mr. Miller. The *Nikkei Weekly* has reported that AMI Japan was "established" just one month later, in April 1996, and newspaper reports this month say AMI plans to invest big money in Japan.

This alone is egregious enough, but here's another questionable conflict: Mr. Miller was and remains a business partner of Ms. Herman, who was also a protégé and close friend of Ron Brown. Since 1993 Ms. Herman has run the White House office of public liaison, and from 1989 to 1991 she worked as Brown's chief of staff at the Democratic National Committee. She's a political pro.

Ms. Herman's ties to Mr. Miller go back to the mid-1980s, when she was invited into one of his Washington real-estate deals as one of a dozen or so limited partners. At the time, she was a paid private consultant for "affirmative action and job training" to



Alexis Herman

the same Miller real-estate project, says her White House spokesman, Joe Lockhart.

The developers "had minority ownership goals," he adds, and so they gave Ms. Herman and two other minority individuals affiliated with the project each a 3.33% stake. She put up no cash, borrowed no money. Mr. Lockhart says Mr. Miller had nothing to do with bringing her in and instead credits a different partner, who wanted her "expertise."

This is very nice work if you can get it. In July 1987, the sale of part of her stake yielded Ms. Herman \$50,000. Her remaining 1% share in the property is valued on her 1997 government disclosure form at a range of \$500,000 to \$1 million, by far her biggest single asset. Ms. Herman may have come to Washington to do good but she sure has done well.

But before we leap to denounce "greed" the way David Bonior would, let's note that both Ms. Herman and Mr. Miller say their partnership had nothing to do with Brown's letter to the Japanese ministry. "The series of events you've described are completely news to her," Mr. Lockhart says.

Mr. Miller refers me to his lawyer, Jonathan Schraub, who says "each one of these facts is true" but claims I am viewing them unfairly. "There is absolutely, positively no truth to any allegation that Alexis Herman had anything to do with Japan and Miller, or with getting a letter from Ron Brown," Mr. Schraub says.

Someone in the Senate might ask them to repeat those denials under oath. And Americans might also like to hear Mr. Miller defend Ron Brown's Japan intervention the way his lawyer does—as "exactly what the Commerce Department is supposed to do: assist American business in competing overseas."

But, as we are slowly learning, Ron Brown did much more than that. He did specific favors for specific companies, turning an agency of the U.S. government into a fund-raising arm of the Democratic Party. Officials who came to power promising to help the little guy became federal agents for big shots who wrote political checks. All White Houses raise cash. But none since Nixon's has so eagerly wielded government power on behalf of those donating that cash. The campaign-finance scandal is less about money than it is about this abuse of power.

Ms. Herman is hardly some innocent bystander. Her White House bio claims she's "been at the center of most of the pivotal initiatives of the president's first four years." Before she gets her own cabinet post, Americans deserve to know if Ron Brown remains her role model.

THE WALL STREET JOURNAL  
FRIDAY, FEBRUARY 14, 1997

FINAL

# Clinton Pushes Senate to Confirm Lake in Sign He'll Fight for CIA Choice

By Peter Baker and Helen Dewar  
Washington Post Staff Writers

President Clinton made a strong plea yesterday for the Senate to end its delays and confirm Anthony Lake as the next CIA director, describing his nominee as "superbly qualified" and the architect of peace in Bosnia.

Softly but intently pounding his fist on a lectern, Clinton seemed irritated and impatient with the latest postponement of a hearing for Lake, who has come under scrutiny by Senate Republicans because of his personal finances and his conduct as the president's national security adviser in his first term.

"If someone has some reason to oppose him, let them oppose him in a hearing and then in a vote on the floor," Clinton challenged GOP senators. "But in view of his service, not to me but to this country... [he] deserves a hearing and

a vote, on the floor of the Senate and I hope he will get it."

Clinton's statement appeared calculated to signal Republicans that he plans to fight vigorously for Lake. Largely quiet as the nomination languished in recent weeks, Clinton yesterday clearly wanted to dispel any perception that he was not committed to it, despite the impression shared even by some within his own administration that Lake was tapped for the CIA mainly to make way for new blood at the National Security Council.

The president went out of his way to raise the issue at the end of a White House news conference with Israeli Prime Minister Binyamin Netanyahu, where the two leaders discussed ways to revive Israeli-Syrian peace talks. When no reporter asked about the holdup on Lake, Clinton brought it up himself.

"I'd like to remind everybody involved in this that it was Tony Lake who came up with a

strategy that we implemented to end the bloodiest war in Europe since World II," Clinton said, referring to Bosnia. "He was a terrific success as the national security adviser to the president. He has worked in these fields for 30 years. He fully understands the intelligence operations."

As he departed the East Room, reporters asked about two other nominees whose hearings also have been held up, Labor Secretary-designate Alexis M. Herman and Energy Secretary-designate Federico Peña. Clinton quickly said he felt the same about them but had singled out Lake because he had not spoken out publicly for him.

Sen. Richard C. Shelby (R-Ala.), chairman of the Senate Select Committee on Intelligence, delayed Lake's confirmation hearing this week from Feb. 25 to March 11, citing a variety of unanswered questions.

Among the biggest concerns have been Lake's failure to promptly sell stock in four en-

ergy companies while national security adviser and his disputed congressional testimony about Iranian arms sales to Bosnian Muslims. The Justice Department last week settled a complaint about the stocks for a \$5,000 payment and cleared him of wrongdoing involving the arms sales. Republicans have also raised questions about contacts between an NSC official and a Thai businesswoman whose family helped finance Democrats.

But even as the White House yesterday delivered written answers to 25 questions submitted by Shelby, committee officials began looking into a new area.

A committee staff member told the Associated Press the panel wants to know what Lake knew about intelligence agency electronic surveillance that turned up evidence of Chinese government officials trying to steer campaign contributions to Democrats. The official asked whether approval for the surveillance, reported

in yesterday's Washington Post, was sought through official channels or kept entirely secret.

White House press secretary Michael McCurry said Lake was "not aware of the news that was reported in this story."

Senate Majority Leader Trent Lott (R-Miss.) said he was unsure of the chances of Lake's nomination: "I think it is in some trouble, but I really don't know how to assess it at this point."

But Sens. John McCain (R-Ariz.), a leading GOP supporter of Lake, and Bob Kerrey (D-Nebr.), ranking minority member on the intelligence committee, predicted that he will eventually be confirmed.

"He still has difficulties, but he overcame major obstacles with the results of the investigations, both clearing him of wrongdoing on the Iranian arms deal and the stock question," McCain said in an interview. "While it's by no means a sure thing, I think his chances are enhanced by both those findings."

# Clinton Demands Action on C.I.A. Nominee

By JAMES BENNET

WASHINGTON, Feb. 13 — Unprompted by any question, President Clinton used the occasion of a White House news conference today to urge the Senate to hold a hearing and a vote on Anthony Lake, his nominee for Director of Central Intelligence.

At times pounding his lectern, the President declared Mr. Lake, the national security adviser during Mr. Clinton's first term, "superbly qualified."

"If someone has some reason to oppose him, let them oppose him in a hearing and then in a vote on the floor," Mr. Clinton said, speaking after he had finished taking questions during a joint news conference in the East Room with Prime Minister Benjamin Netanyahu of Israel.

Senator Richard C. Shelby, the Alabama Republican who is chairman of the Intelligence Committee, has twice delayed Mr. Lake's confirmation hearings, which were originally scheduled to start on Feb. 11. On Tuesday, Mr. Shelby pushed them back to March 11, saying there remained a lot of "unanswered, perplexing questions" about Mr. Lake's conduct as national security adviser.

In praising Mr. Lake's performance, on Bosnia and other issues, the President said today: "I'd like to

## A lectern-pounding President calls Lake 'superbly qualified.'

remind everybody involved in this that it was Tony Lake who came up with a strategy that we implemented to end the bloodiest war in Europe since World War II. In view of his service, not to me but to this country, and the positive consequences of that service — whether it's Bosnia, Haiti, the agreements with Russia, you name it — he deserves, his service to this country deserves, a hearing and a vote on the floor of the Senate, and I hope he will get it."

In an investigation that was concluded last Friday, the Justice Department found that Mr. Lake had not lied to Congress about the Administration's tacit approval of Iran's arms shipments to Muslims in Bosnia in 1994, aid that violated a United Nations weapons embargo publicly backed by the United States. But Mr. Shelby, who had previously criticized Mr. Lake for a "lack of candor," would not accept that finding.

After a separate investigation also concluded on Friday, the Justice Department said Mr. Lake should pay \$5,000 to settle a civil inquiry, brought by the White House counsel's office, because his failure to sell energy stocks in his portfolio had created a potential conflict of interest while he was national security adviser.

But the Justice Department also said Mr. Lake's failure to sell the stocks had been nothing more than an oversight that he corrected as soon as he discovered it. Mr. Lake agreed to pay the \$5,000.

Mr. Shelby, though, said the Justice Department report "raises as many questions as it purported to answer." His Senate and committee offices did not respond to calls seeking comment tonight.

Mr. Clinton said he wanted to speak about Mr. Lake "because I've heard it suggested that maybe I don't have a great interest in this." He did not offer similar remarks on two other nominees that have run into trouble: Alexis M. Herman for Secretary of Labor, and Federico F. Peña, for Energy Secretary.

But when asked about them as he stepped away from the lectern, he expressed continued support.

# The New York Times

FRIDAY, FEBRUARY 14, 1997

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Divider Title: Feb. 11, 1997

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# Quit holding Herman hostage for Labor job

If Republicans know something, say so; otherwise, hold hearings to confirm her.

By DeWayne Wickham

Alexis Herman is in political limbo. Nominated by President Clinton to be the next secretary of Labor, Herman's confirmation has been put on hold while Republican senators probe her connection to a questionable White House coffee klatch.

At issue here is what Herman — head of an office that had some involvement in setting up the meeting — knew, and when she knew it, about who was invited to attend this fund-raising event, which inappropriately brought together prominent bankers and the government's top banking regulator. The answer, contained in documents turned over to the Senate last week, is that she knew very little. Still, the Senate has her in a holding pattern.

Herman deserves better.

She deserves more than the muffled support she's gotten from Senate Democrats thus far. And she ought to be treated at least as well by Republicans — who control the confirmation process — as they treated Clarence Thomas when his nomination to the Supreme Court was under attack.



By Ruth Fremson, AP

Nominee: President and Herman at Dec. 20 announcement.

Thomas, who had virtually no judicial experience, was lionized by Senate Republicans for his up-from-bootstraps climb from Pin Point, Ga., to become a nominee to the nation's highest court. He did it by taking one government job after another. Thomas spent most of his adult life on the public payroll.

Herman's rise has been not nearly as self-centered. She grew up in Mobile, Ala., in a single-parent home. After graduating from college, Herman went to work for Catholic Social Services, helping to find adoptive parents or foster care for homeless children.

She spent years running job-training programs for the poor and disadvantaged. A program she created in Atlanta to help semiskilled young women break into white-collar jobs was eventually expanded to 30 cities. Herman didn't just pull herself up by her bootstraps; she helped others escape poverty's tight grip as well.

That's the kind of story that ought to have Republican self-helpers champing at the bit to confirm Herman. Instead, they're raking her over the coals.

Little has been said about any of what she did before coming into government by the senators who are holding Herman's nomination hostage. Even less has been uttered by them about her impressive qualifications to head the Labor Department, where she served as director of the Women's Bureau during the Carter administration. Instead, they talk vaguely about wanting to get to the bottom of her involvement with a White House meeting she didn't attend and played little role in organizing.

That's got to make you wonder.

Of the seven people Clinton has nominated to fill Cabinet posts, Herman is the only one the Senate thus far has refused to consider. The Labor and Human Resources Committee that must vote on her nomination before it goes to the full Senate has yet to schedule Herman for an appearance. The question is, why?

"Her record deserves serious consideration," says Wade Henderson, executive director of the Leadership Conference on Civil Rights. "She has hands-on experience in putting people to work."

Among the mail piling up in the office of the committee's chairman, Vermont Sen. James Jeffords, is a letter from a 66-year-old woman with osteoporosis who says Herman's work with poor, jobless people turned her life around and restored her faith in God. When was the last time you heard that said about someone in government?

For a long time, the American public has been cynical about the shameless partisan wrangling that goes on in Washington. Recently, politicians in both parties have paid lip service to ending the backbiting that has given rise to the "gotcha" politics of the '90s — and in whose undertow Herman is now caught.

Maybe I'm wrong. Maybe there's much more to Herman's role in the offending coffee klatch than meets the eye. Maybe Jeffords knows something he isn't telling the rest of us. If so, he ought to speak up.

If not, he should give Alexis Herman the hearing she deserves and the full Senate a chance to vote on her nomination to become this nation's first black secretary of Labor.

USA TODAY |

TUESDAY, FEBRUARY 11, 1997

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cession and 41 percent saying the country is moving in the right direction. Clinton receives some credit for that, with 38 percent saying the country is in "better shape" because of his performance in office and only 14 percent saying he has made things worse. A plurality, 46 percent, say he has not made much difference one way or the other.

By 64 percent to 29 percent, the public continues to support Social Security even though most people who have not yet retired believe the system will not be able to pay them all the benefits they have been promised. Only 13 percent of those polled believe that all the money they have been promised will be available when they retire. By comparison, 29 percent believe that no money will be left at all. The percentage who believe no money will be left is highest among the young, with 47 percent of adults under the age of 30 holding that belief.

### Clintons Host Hundreds in Two Years Before Election (Washn) By Glenn F. Bunting and Ralph Frammolino (c) 1997, Los Angeles Times 2/10/97

WASHINGTON In the two years before the November election, the president and Hillary Rodham Clinton arranged for at least 577 friends and supporters to stay overnight at the White House, including many major party contributors referred by the Democratic National Committee, according to records obtained by the Los Angeles Times.

A steady procession of large donors was invited to stay in the historic Lincoln Bedroom and other quarters in the residence, the records and interviews show. During the campaign, they donated and raised millions of dollars for the Democratic Party and Clinton's re-election effort.

Although many of the guests were longtime acquaintances of the first family, others were selected from donor lists submitted periodically by the DNC to the White House political affairs unit. Administration officials said the Clintons' use of the White House to host overnight guests was entirely appropriate.

"There's no question that it is (an ego) stroke for political contributors and people involved in fund raising," said White House Press Secretary Mike McCurry. But, he added, "The president considered these folks personal guests, and he appreciated their interest and support. He was gracious enough to say thanks in a special way."

However, the large number of guests far more than previously known and the role of Democratic campaign officials in choosing some could heighten concerns that the White House systematically was being used in a Democratic fund-raising program to raise \$160 million for the party's national campaign.

The Los Angeles Times obtained a White House document that shows 577 "overnight" stays in 1995 and 1996. Administration officials have declined comment on the number or names of the guests, citing privacy concerns. But they indicated that there may have been as many as 900 overnight guests during the entire first term.

"Those numbers are staggering," said Charles Lewis, executive director of Citizens for Public Integrity, an independent watchdog group with expertise in campaign finance. "It should be alarming to the American people that the president of the United States was using the national symbol of our democracy as a way station for fat-cat donors like a Holiday Inn or Motel 6."

Already, Clinton and the Democrats have been criticized for a series of 103 coffee "klatches" in the White House Map Room for business executives, community leaders and supporters. Federal election records show that donors who attended the coffee receptions gave \$27 million to the DNC in 1995 and 1996.

Other perquisites extended to donors and prospects included trips aboard Air Force One, a round of golf with the president and invitations to state dinners and the White House movie theater, according to Democratic sources.

The Democratic Party's fund-raising methods are under scrutiny in Congress and the Justice Department. Criminal investigators are examining a number of illegal or questionable contributions from foreign sources. Senate and House committees are exploring the alleged misuse of government property and personnel for fund-raising purposes.

The total amount of money contributed by those invited to overnight stays is not known. But partial guest lists obtained by the Los Angeles Times show they include numerous large donors, including Hollywood moguls Steven Spielberg and Lew Wasserman, who gave \$300,000 and \$335,000 to the DNC, respectively, and Santa Monica, Calif.-based computer software magnate Peter Norton, who gave \$350,000.

Interviews with guests who slept in the White House leave little

doubt that the second-floor experience, as administration officials refer to it, had a powerful effect.

"For a kid from Cleveland, it was pretty heady stuff," said William Rollnick, a retired Florida executive who spent the night in April 1994, and has donated \$456,300 to the DNC. "It was major-league excitement."

While saying the invitation was not the reason he contributed, Rollnick said he "could see a causal relationship (between) being invited to stay there and then giving." He added, "I guess I never (anything) right; I was already giving."

The parade of overnight guests far exceeded the number during Bush and Reagan administrations, according to former White House officials. They said the Lincoln Bedroom was used only sporadically for family members and close friends of the Republican presidents. Clinton White House officials stressed that many of the first family guests were relatives and friends. Although the names of those who stayed overnight during the recent campaign was not available, a partial list of 73 couples who stayed at the White House during the first two years of the administration was obtained by the Times. At least 27 of the 73 donated more than \$3 million to the Democratic Party in the 1992 and 1996 campaigns, records show.

The use of the White House residence for overnight stays for donors was reported last August by the Center for Public Integrity and in December by the Washington Post. The full extent of the practice, the DNC's involvement, is only now coming to light.

### Voter Group Says Herman Aides Organized Donor Dinner (Washn) By David Willman

(c) 1997, Los Angeles Times 2/10/97

WASHINGTON Aides to Alexis Herman, President Clinton's nominee to be secretary of labor, helped organize a White House dinner last summer for donors to a nonprofit voter-registration group that is barred by tax law from participating in partisan politics, according to the voter group.

The chairman of the group, Vote Now '96, said Herman's Office Public Liaison helped arrange the intimate banquet for about 40 donors. The president and first lady Hillary Rodham Clinton hosted the dinner in the White House Blue Room, and the president was the evening's only formal speaker.

Herman's nomination is teetering in the Senate because of questions about whether she mixed partisan politics with her government duties. There may be new questions about this event and the relationship of this nonpartisan group, the White House and the Democratic Party. Hugh A. Westbrook, a Democratic Party stalwart and the chairman of Vote Now '96, said in an interview that he went "through the Alexis Herman office, (the) Public Liaison office. I know the request went in there." Westbrook said he subsequently spoke to others at the White House to win support for the dinner.

"I requested that there be some kind of recognition, if that was possible, of appreciation for this (vote-registration and get-out-the-vote) work," Westbrook said. "... And the White House agreed to do that, so they hosted or invited us to (the) dinner at the White House."

Joe Lockhart, a spokesman for Herman, who remains a White House aide pending a vote on her confirmation, said he was not aware of the role played by Herman's office in arranging the dinner. He did not dispute that Herman attended the function.

The Los Angeles Times disclosed Saturday that the tax-exempt Vote Now '96 group regularly received referrals of financial contributors from the Democratic National Committee. The group's top leaders include a former deputy finance director of the Democratic National Committee and a major party fund-raiser.

Lanny J. Davis, White House special counsel, defended Clinton's hosting of the July 12 dinner.

"This was an event supporting a respected organization engaged in broad-based, nonpartisan voter registration efforts," Davis said. "The president attended because he supports any organization or effort aimed at increasing citizen participation in the political process and registration of voters."

The group's efforts typically have been aimed at registering black Latinos, students and others with low or fixed incomes. These groups typically have voted Democratic.

But tax-exempt organizations, such as Vote Now '96, are not permitted to coordinate their activities with a partisan political entity according to experts.

Davis said he believed the dinner was placed on the president's schedule by the White House's Office of Political Affairs, a unit that typically handles events with Democratic Party and elected officials.

Herman's confirmation as labor secretary has been held up as Republican senators examine her office's involvement in a White House coffee klatch last year at which a group of bankers gathered with the president, Democratic National Committee officials and the comptroller of the currency, Eugene Ludwig. Ludwig was invited to the function by Herman's staff. Questions have been raised about the propriety of including a federal regulator in a political gathering with members of an industry he oversees.

Separately, Vote Now '96 was drawn into controversy recently when it was disclosed that then-Deputy White House Chief of Staff Harold M. Ickes made arrangements to steer a \$250,000 contribution from a donor to the group shortly before the November election. He furnished the donor's intermediary with Vote Now '96's bank name and account number. The donation later fell through.

Westbrook and Gary Barron, the executive director of Vote Now '96 and a one-time DNC deputy finance chairman, said the group operated independently of the DNC.

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### **Bush Supports Albright's Appeal for Bipartisan Policy (Houston) By Norman Kempster (c) 1997, Los Angeles Times**

HOUSTON Former President Bush, endorsing U.S. Secretary of State Madeleine Albright's appeal for a bipartisan foreign policy, on Saturday denounced the "stupid feeling in some quarters" that overseas threats to U.S. security ended with the Cold War.

Talking to reporters outside his Houston home, Bush urged Congress to ratify the treaty outlawing chemical weapons, pay pending U.S. dues to the United Nations and end the decline in State Department budgets, issues on which the Clinton administration faces GOP opposition on Capitol Hill.

"I told Secretary Albright that she would have my enthusiastic support in her appeal for bipartisan foreign policy," Bush said after he and his wife, Barbara, served a breakfast of bacon and eggs to Albright and her top aides.

He said there is a "stupid feeling in some quarters that we don't have any more concerns in foreign policy and we don't have any more threats in the world" following the demise of communism in Europe.

Bush was especially outspoken in his support of the chemical weapons accord, which was one of his major objectives as vice president and president. The pact, which bans the manufacture, stockpiling and use of chemical arms, was signed just before Bush left office in 1993.

Bush said the treaty "should be beyond partisanship."

The pact's expected easy ratification fell through last fall when President Clinton pulled it off the Senate calendar in the face of almost certain defeat. Bob Dole, as the Republican candidate for president, opposed the measure during the campaign and enough GOP lawmakers supported him to ensure the treaty would not receive the two-thirds majority required for ratification.

Sen. Jesse Helms, R-N.C., chairman of the Senate Foreign Relations Committee, is an implacable foe of the treaty. He has hinted that he will block action on it indefinitely.

Asked if he would try to lobby Helms to change his mind, Bush said: "I'm out of the lobbying business." Helms already knows his position, Bush added.

The treaty has been ratified by enough nations to take effect April 29. If the United States does not ratify by then, Washington will be

### **'Cosby' Outstanding Comedy S Image Awards (Pasadena) By A Mack Reed (c) 1997, Los Angeles Times**

PASADENA, Calif. A day after the Berkeley chapter of the NAACP slammed a list of buffoonish racial stereotypes, little trace of NAACP's annual Image Awards ceremony.

The local chapter Friday led three black such as "Martin," "Homeboys in Outer Space" and "Brothers" for furthering negative images.

But most of the evening focused on celebrating achievers who glided down a red carpet into the Pasadena Civic Auditorium for the ceremony presented by the National Association for Colored People.

The awards feted performers and role models such as Rep. Maxine Waters, D-Calif., to the Artistic Prince.

Aretha Franklin and George Clinton were inducted into the Image Awards Hall of Fame.

"Cosby" was named outstanding comedy series. Creator/star Bill Cosby was not present to accept the award. Phylicia Rashad won warm applause as she accepted the award for naming her Outstanding Actress in a Comedy Series.

"I thank Mr. Cosby for giving me the opportunity to be named Outstanding Actress," Rashad said of her role, the second time she has won the award as partner.

Other awards went to Denzel Washington for Outstanding Male Actor, Babyface for Outstanding Male Artist, and the sound of Preacher's Wife, which was named Outstanding Soundtrack.

Kweisi Mfume, president and CEO of the NAACP, criticized the local chapter's statements: "a violation of ... procedures and policy" of the organization. He said there was "no prior consultation or discussion."

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### **Election Is an Exercise in Cynicism (Tula) By Vanora Bennett (c) 1997, Los Angeles Times**

TULA, Russia Cynical voters in central Russia Sunday for a democratic election, ruthlessly kept their eyes firmly on the bottom line, their pocketbooks and campaign-time freebies and a rogues' gallery of candidates to choose from.

"Who cares who wins?" said Alexander I. Lebed, a local newspaper Tulskiye Izvestiya. "People are as if they were betting on a horse at the racetrack. 'What can I get out of it?' And that's a reflection of the cynicism with which they view the election."

Candidates for the parliamentary seat were Alexander I. Lebed when he was elevated to the position of N. Yeltsin to run the nation's security machine from Moscow whom few locals believe will win.

But the candidates are ready to make up for lost time on getting votes in Tula, two hours' drive from Moscow. This depressed military-industrial town, with

# The American Spectator.

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(703) 243-3733,

## ARTICLE REVEALS NEW INFORMATION ABOUT LABOR NOMINEE'S BUSINESS DEALINGS

Labor secretary nominee Alexis Herman engaged in questionable business enterprises before and after she entered the White House as a top Clinton administration official, according to an article in the forthcoming March 1997 issue of *The American Spectator*.

*Spectator* investigative writer Byron York reports Herman has an equity interest in the Market Square real estate development in downtown Washington. It is not clear what Herman did to earn the interest, which Herman's financial disclosure report valued between \$500,000 and \$1,000,000. A developer involved in the venture declined to say why Herman received a portion of the project. Herman also refused to answer questions about the project, along with queries about her involvement in another large Washington real estate development, the Federal Triangle building.

Herman also declined to answer *Spectator* questions about her business relationship with Jesse Jackson's Operation PUSH. In the 1980's Jackson threatened to boycott several major corporations unless they adopted quotas for minority hiring and contracting. If a company agreed to Jackson's demands, PUSH suggested the business hire Herman's consulting firm to "monitor"

the agreement. Some of those companies were still paying Herman in 1992 and 1993, the magazine reports.

Herman declared on her financial disclosure report that she sold her business, A.M. Herman & Associates, several months after joining the White House staff. But the District of Columbia Department of Finance and Revenue, which tracks business sales and transactions, has no record of the sale, the *Spectator* reports. Herman refused to answer questions on the subject, as did her former top deputy, Gloria Gutierrez, now a Commerce Department official.

The article also reveals that Herman—like her mentor, the late commerce secretary Ron Brown—organized and led “trade missions” while working in the White House. At least one participant on the trips made a \$50,000 contribution to the Democratic National Committee, the magazine reports.

ALEXIS HERMAN, BILL CLINTON'S NOMINEE FOR LABOR SECRETARY, IS UNDER

# The ALEXIS

FIRE FOR HER ROLE IN SHADY WHITE HOUSE FUNDRAISING. SURE, SHE'S GUILTY

AS CHARGED—BUT THERE'S A LOT MORE TO THE STORY THAN THAT.

BY BYRON YORK

On Friday, January 26, 1996, at 8:30 in the morning, Alexis Herman attended one of the now-infamous "coffee" held in the Map Room of the White House. Herman, whose title was White House director of public liaison—and who is now Bill Clinton's choice to be labor secretary—joined an impressive lineup. The president was there, as were Senator Christopher Dodd, co-chair of the Democratic National Committee, Don Fowler, the other DNC co-chair, Marvin Rosen, the party's top money-raiser, and big contributors like Dirk Ziff, a New York investment banker who gave \$411,000 to the Democrats in 1995 and 1996.

Just the day before, on the 25th, Herman took some time out of her schedule for a 4:00 p.m. coffee. This one also included the president and some of those who had would attend the next day's meeting—plus more heavy donors, among them Pauline Kanchanalak, the mysterious Thai-American businesswoman whose family donated more than \$526,000 to Democrats in recent years (much of that money was later returned by the DNC). And the month before, on December 13, 1995, Herman attended yet another coffee, again with the president, Fowler, White House political honcho Harold Ickes, and major donors like Leonard Barrack, a lawyer from Philadelphia who contributed \$134,000 (and got a night in the Lincoln bedroom), and F. Kenneth Bailey and John Eddic Williams, two Texas lawyers who gave \$457,700 between them.

BYRON YORK is an investigative writer for TAS.

Herman didn't just sit in on the gatherings; she helped arrange some of the more than 100 "coffees" that were at the heart of Bill Clinton's plan to use the White House as the main fundraising tool in his campaign for re-election (the coffees raised a total of \$27 million). In addition to her help in the money chase, Herman—one of the highest-ranking blacks in the Clinton White House—snagged another top job in the Clinton campaign when she was put in charge of an unprecedented "outreach" program targeting a whole rainbow of voting groups: African Americans, Hispanics, Asians, the disabled, and others.

Today there are serious concerns about whether Herman's fundraising and minority vote-getting activities violated the Hatch Act, a law that bars some types of political activities—and specifically forbids fundraising—by administration officials. Her actions have caused concern on Capitol Hill, where the Senate Labor and Human Resources Committee will hold confirmation hearings. "There are a lot of members who are very uneasy about her confirmation," says a source within the Republican leadership. "There are plenty of unanswered questions, and if she gets sucked up into the whole aggressive White House fundraising situation, it's going to be cause for pause."

The pause came when Republicans put Herman's confirmation hearings on hold so they could investigate her political activities. But if critics focus single-mindedly on Herman's role in the White House fundraising machine, they might overlook the serious

questions that exist about her entire career in Washington. Before she ever raised a dollar for Bill Clinton, Alexis Herman developed an impressive ability—sharpened by her longtime association with her two mentors, Jesse Jackson and the late Ron Brown—to exploit Washington's network of racial set-asides and insider deals to make herself wealthy. Mixing money and politics is not something Herman learned in the Clinton White House. It's something she's been doing all her public life.

### THE SET-ASIDE SET

Herman has been a major figure in black Washington for twenty years. Originally from Alabama, she first joined the federal government in 1977 as Jimmy Carter's choice to head the Women's Bureau in the Department of Labor. Ousted by the Reagan victory in 1980, she formed her own business, first known as Green-Herman and later as A.M. Herman & Associates. It was during that time that she began to take advantage of the affirmative action system that governs how business is done in Washington.

Herman's business partner was another departing Carter Labor Department official, Ernest Green. In the words of one glowing profile from the time, their firm specialized in "organizational effectiveness and developing corporate strategies for diversity, multiculturalism, career management, minority/disadvantaged business enterprise, community and public relations, and image enhancement." Even though that description nicely captures the jargon of the diversity business, it doesn't really present an accurate picture of what Green-Herman actually did.

A few years after the company was formed, a General Accounting Office study revealed that in the last days of the Carter administration Ernest Green rushed to spend more than \$100 million in federal grant money before the Republicans could get their hands on it. Green was pushing the money out the window so fast that he sent telegrams to recipients—largely unions and interest groups that had supported Carter's re-election campaign—telling them to start spending the cash even before contracts could be signed. One of those contracts, for \$2 million, went to Jesse Jackson's Operation PUSH.<sup>1</sup> Then, when Green and Herman left the government and founded their company, one of their first contracts came from Operation PUSH. It was a nifty deal, and it got Green-Her-

**WHEN A COMPANY—JACKSON'S TARGETS INCLUDED COCA-COLA, BURGER KING, AND THE SOUTHLAND CORPORATION, WHICH OWNS 7-ELEVEN—GAVE IN AND SIGNED A COVENANT WITH HIM, THE REVEREND WOULD SUGGEST THAT A.M. HERMAN & ASSOCIATES BE HIRED TO "MONITOR" THE AGREEMENT.**

man off to a good start. (Ernest Green did not return several calls asking for comment. Herman declined to provide any specific answers to written questions submitted by TAS, but a White House spokesman said that "any allegations that Ms. Herman improperly benefited from her work as head of the Women's Bureau at the

U.S. Department of Labor are untrue.")

In the 1980's, Ernest Green left the firm (he is now managing director at Lehman Brothers in Washington) and Herman changed the name to A.M. Herman & Associates. As she had with the original PUSH deal, Herman continued to benefit from her relationship with Jesse Jackson. During those years, Jackson used PUSH to threaten major corporations with boycotts unless they adopted quotas for black hiring and contracting—and also contributed to PUSH and related organizations. When a company—Jackson's targets included Coca-Cola, Burger King, and the Southland Corporation, which owns 7-Eleven stores—gave in and signed a "covenant" with Jackson, the reverend would suggest that A.M. Herman & Associates be hired to "monitor" the agreement. More business for Alexis. According to the financial disclosure form she filed upon entering the White House in 1993, Burger King was among the companies that paid significant "diversity consulting" fees to A.M. Herman & Associates.

Other corporations that bought Herman's services included Procter & Gamble, KPMC Peat Marwick, and Levi Strauss. Today, they are reluctant to say just what she did for their companies. "We really don't discuss our contract or business relationships," a spokesman for Levi Strauss said. "We do not discuss the details of work consultants provide to us," said a spokeswoman for KPMC Peat Marwick. "I think it may have been some work in the human relations area," said a spokeswoman for Procter & Gamble who was unable to provide any other details.

Curiously, on her financial disclosure form, Herman said she received no salary from A.M. Herman & Associates. She did say that she took a \$21,974 "distribution" from the firm. And she listed six companies that, like Burger King and Procter & Gamble, paid her diversity consulting services fees of at least \$5,000 each. In all, she estimated A.M. Herman & Associates' value at between \$250,000 and \$500,000. (Executive branch financial disclosure forms allow officials to list the value of assets within broad categories, like \$250,000-\$500,000. They are not required to reveal exact figures. And for the consulting work, Herman was simply required to list the companies who had paid her "compensation in excess of \$5,000." It could have been far more.)

By the time Herman filed her next financial disclosure form, in May 1994, she said she had sold A.M. Herman & Associates several months after joining the White House staff. She wrote

<sup>1</sup>Jackson, Herman, and Green go way back together. Green is something of a civil rights legend, having been one of the "Little Rock Nine," the first black students to attend Central High School after the *Brown v. Board of Education* decision in 1954. Herman has also known Jackson for years.

that she received between \$50,000 and \$100,000 for the company, but did not reveal to whom it had been sold. It is difficult to establish whether that information is correct. The District of Columbia Department of Finance and Revenue, which keeps records of business licenses and transactions, has no record of any sale involving A.M. Herman & Associates. Herman herself refused to answer a written question on the subject submitted by TAS. And her former assistant, Cloria Gutierrez, now a top Commerce Department official, abruptly terminated a phone inquiry on the subject. "I'm sorry, I do not talk to the press," she said. "A.M. Herman & Associates is long dead and buried. Thank you [hang up]."

### BUILDING A FORTUNE

By the mid-1980's, Herman had branched out from diversity consulting to take part in several Washington real estate deals. Two lines of her financial disclosure statement reveal particularly intriguing transactions. One lists her interest in something she calls the "Western Assoc. Ltd. P'tshp." The other refers to her relationship with a company called the FTPM Partnership. Both entries refer to Herman's role in controversial, expensive, and highly political construction projects.

"FTPM Partnership" is the partnership that is now finishing the massive Federal Triangle building two blocks from the White House in downtown Washington. It is the biggest federal building project since the Pentagon, and it has a price tag to match: an estimated \$720 million dollars, which is twice the original estimate and likely to rise before the final cost is tallied (in a deliciously perverse turn of events, this symbol of expanding government has recently been re-named the Ronald Reagan Building).

The building is the last remaining project in a 30-year campaign to fill several gaps along Pennsylvania Avenue. As late as the 1970's, the street, which was lined by grand government buildings on the south side, had stretches of shabby buildings along the north. The idea of turning Pennsylvania Avenue into a grand boulevard began in the Kennedy administration, where its primary proponent was a young Labor Department official named Daniel Patrick Moynihan. Work was slow, but by the time of the Nixon administration Moynihan and other like-minded Washington insiders had succeeded in creating a quasi-government entity called the Pennsylvania Avenue Development Corporation. The Corporation had the power to use government money to buy land along the avenue and hold competitions among developers who bid to build grand projects in the place of run-down storefronts.

By all accounts the process of buying the land and giving out contracts was highly political, even by Washington standards. Developers had to please the presidentially appointed members of the Corporation, but they also had to please the D.C. mayor—Marion Barry—who had his own say in the Corporation's decisions. Ever since being elected mayor in 1978, Barry had made it clear that developers would have to "pay to play." That meant developers—a mostly white group—would have to include minority partners in a project if they hoped to have any chance of winning a contract. Developers quickly real-

ized that friends of Marion Barry were excellent candidates for inclusion. They became what are known as "face partners," which refers to minorities who are given a piece of a big real estate deal but play little role other than giving the undertaking an appearance of diversity.

Developers were also required to submit an affirmative action plan guaranteeing that a certain amount of the sub-contracts involved—sometimes as high as 35 percent—would go to minority firms. "What you need if you're going to develop a huge project like [Federal Triangle] is a politically connected minority contractor," says one observer intimately familiar with the commercial real estate scene in Washington. "It inoculates you from a whole variety of problems" with the local and federal governments.

That's where Alexis Herman came in. "She was connected to Ron Brown, to Jesse Jackson, and through them to Marion Barry," says the real estate observer. "She was wired." And she was also connected to Bob Mendelsohn, who was part of the development team that won the Federal Triangle contract. "I knew Alexis when we were both in the Carter administration," Mendelsohn says. "Ernie [Green] and Alexis formed a company to develop and implement affirmative action programs, and I began using them from the beginning." Mendelsohn paid Herman's company \$600,000 to design an affirmative action plan for Federal Triangle. And he made sure that Herman's face was up front and center when it came time to take his case before the Pennsylvania Avenue Development Corporation. "I always had Alexis participate in our presentations because she did such an excellent job of articulating our affirmative action program," Mendelsohn says. "She is simply the best."

She was something more than that. By the time the contract competition was in its last stages, Herman had been hired by Brown to be the deputy chairwoman of the Democratic National Committee. Her political clout went up a few notches. And by the time she moved to the DNC, the competition for the Federal Triangle contract had become a fierce battle involving the city government, the White House, and Congress. Ostensibly hired to devise an affirmative action plan for the developers, Herman found herself traveling to Capitol Hill to lobby for Mendelsohn's team. Some in Congress thought it was inappropriate for a top DNC official—who wielded all sorts of DNC power, like the power to distribute party money to, say, the political campaigns of members of Congress—to lobby for her own business.

Mendelsohn denies he used Herman's clout. "I never asked her to do any lobbying," he says. Lobbying or not, Mendelsohn's team won the bidding. But other developers who bid on the contract became angry when they learned that Mendelsohn's winning bid was significantly higher than the losing proposals. Some felt that Herman had helped in a political fix that steered the job to her team. Certainly, those opponents thought, it wasn't her affirmative action plan that won the day. "I remember their affirmative action plan did not appear to have much substance," says a member of a team that bid for the contract but lost. "They had a couple of face people, but it did not involve hiring a lot of minority contractors." In response to

a written question on the subject, a White House spokesman says only that "A.M. Herman & Associates' role in assisting the Federal Triangle project was proper."

The Federal Triangle project was reminiscent of Herman's role in an earlier Pennsylvania Avenue project. The phrase "Western Assoc. Ltd. Ptvshp" in her financial disclosure report is a short way of referring to Herman's interest in the development partnership that built Market Square, a few blocks down the street from Federal Triangle. For Herman, Market Square was an even richer deal than Federal Triangle; she valued her personal interest in the partnership at between \$500,000 and \$1,000,000.

A decade ago, Market Square was an empty lot on the north side of Pennsylvania Avenue between the Capitol and the White House. Today it is a massive granite-faced structure that rivals the massive granite-faced government office buildings across the street. Its semi-circular colonnade fronts one million square feet of office space, shops, restaurants, and condominiums.

The main developer of Market Square was another politically connected businessman named Herbert Miller. A few years earlier, he had solved his problems with another big development by giving equity cuts to several of Mayor Bary's closest cronies. The *Washington Post* reported that some were asked to put up \$1,000 in return for interests that were worth hundreds of thousands of dollars; others were given a cut in return for nominal work. For Market Square, Miller's company worked in association with Mendelsohn. When it came time to bid for the contract, Mendelsohn knew that the Pennsylvania Avenue Development Corporation would demand minority participation. "Whether it was a goal or a suggestion or a requirement I don't recall," Mendelsohn says, "but [the Corporation] made it known to us that they were very interested" in adding minority partners to the project.

So he turned again to Alexis Herman. The developers gave her an equity stake in the project—3.3 percent of the deal—which Herman later valued at between \$500,000 and \$1,000,000. But the question is: Did she invest any money in the project? Did she perform some work equal to 3.3 percent of Market Square? Herman declined to answer a written question on the subject submitted by TAS. Mendelsohn responded to the question by saying, "I don't think it's material," but added that Herman might have gotten her stake in return for developing and overseeing an affirmative action plan for the project.

In the end, it doesn't matter how Herman ended up with her chunk of Market Square. The system required that face partners be involved, and she was there to provide the face. "She was worth the money," says a Washington real estate observer, "whether she did any work or not."



**MENDELSON PAID HER COMPANY \$600,000 TO DESIGN AN AFFIRMATIVE ACTION PLAN FOR FEDERAL TRIANGLE. "I ALWAYS MADE HER PARTICIPATE IN OUR PRESENTATIONS BECAUSE SHE DID SUCH AN EXCELLENT JOB OF ARTICULATING OUR AFFIRMATIVE ACTION PROGRAM," MENDELSON SAYS. "SHE IS SIMPLY THE BEST."**

#### LIVING IN STYLE

In 1988, during the height of her involvement in local real estate projects, Herman took time out to work for Jesse Jackson's presidential campaign. She worked closely with Ron Brown—Jackson's campaign manager—and joined the Democratic National Committee when Brown took over the next

year. During her time with the DNC, she remained head of A.M. Herman & Associates.

The party job had several benefits. First, the money was good. Herman's financial disclosure form says she was paid \$144,681 in 1992—the year in which she planned and ran the New York convention. But the DNC position didn't just pay Herman a good salary; it also created new business for her at A.M. Herman & Associates. There is no doubt her connections to Brown and the DNC helped her tremendously, for example, in the Federal Triangle deal. And, according to an article in *U.S. News & World Report*, Brown also directed that DNC money be deposited in Adams National Bank, where Herman served on the board of directors.<sup>2</sup>

It wasn't long before there were reports that Herman was taking part in the big spending that characterized Brown's tenure at DNC. The *U.S. News* story reported the DNC paid several thousand dollars for expenses run up by Herman, including charges for home decorating. The party also paid a heavy price for her taste in limousines. During the Christmas-New Year holiday at the end of 1992, for example, the magazine reported that Herman spent \$6,015 for limos, which included \$754 in tips for her driver and \$570 in car-phone bills. *U.S. News* also reported that the DNC moved Herman into a \$4,000-a-month apartment on Central Park South while she planned the convention, and the magazine said the DNC paid several thousand dollars to cover expenses on Herman's personal American Express card.

Herman's financial disclosure statements reveal the kind of extensive credit card bills that faced the DNC. Her first statement in 1993 listed an American Express bill of between \$10,000 and \$15,000. Her next statement indicated that she had switched to a revolving credit card, again with a monthly balance between \$10,000 and \$15,000. By the next year, 1995, the monthly balance had grown to between \$15,000 and \$50,000, where it remained in 1996. Her statements also reveal a seven-year car loan between \$15,000 and \$50,000. And an unsecured loan between \$15,000

<sup>2</sup>All in all, her 1992 income came to at least \$209,628, and, given the vagueness of financial disclosure forms, possibly much more. Herman even listed \$5,000 in income from a "charitable raffle" put on by the Baltimore alumni chapter of the fraternity Kappa Alpha Psi. (It is unclear whether Herman was paid for staging the raffle or winning it.)

and \$50,000 from her business, A.M. Herman & Associates (the statement says the loan was repaid by 1994).

In addition, Herman at times carried mortgages on four houses: the Washington condominium where she lived, a rental house in a wealthy Washington neighborhood (although she called the home a rental property, listing its value at between \$250,000 and \$500,00, she said she received no income from the house), a vacation home at a resort in Basye, Virginia, and a house in her hometown of Mobile, Alabama. The mortgages totaled at least \$250,000 and perhaps as much as \$600,000.

Once in the White House, she sold her rental house to a friend, but there are questions about the circumstances of the sale. Herman said the transaction—which she placed between \$50,000 and \$100,000—took place on December 6, 1993. But real estate records in Washington indicate that the sale actually took place on January 31, 1995, and was for \$366,000. In a later financial disclosure statement, Herman said that the buyer had assumed the mortgage, although real estate records indicate that the buyer took out his own mortgage in a different amount from Herman's original mortgage. In response to written questions from TAS, Herman declined to give any specific answers, but a White House spokesman said that "Ms. Herman's personal financial situation has been appropriately and properly disclosed."

### OUTREACH FOR DOLLARS

Given Herman's connections, combined with her experience in Democratic fundraising—not to mention her eye for a sharp deal—Bill Clinton must have thought he had found the perfect person for the job of White House director of public liaison. In the job—a loosely defined position that in large part involved maintaining relations with the liberal interest groups that supported Bill Clinton for president—she could make use of all those contacts gained through Brown, Jackson, and the diversity business. (Those contacts even included Brown-like trade missions. See "Come Fly With Me," opposite.)

So it's not surprising that Clinton also turned to Herman when the time came to draft a plan targeting minorities for special voter "outreach" and fundraising. In January 1996, Herman received a memo from Harold Ickes directing her to develop a "national plan" and a "state plan" to win more black votes for Clinton. The first thing Herman did was to put together the White House "African American Working Group." She created a blueprint for a seamless operation in which the White House, the DNC, and the Clinton/Core Reelection Committee would work together to win the black vote. She recruited staff from her own office plus others elsewhere in the government (including Rodney Slater, the head of the Federal Highway Administration who is Clinton's choice to be Secretary of Transportation).

Herman began her strategy with the assumption that Clinton had the black vote in the bag. "African American voters," she wrote, "are among the most consistent and loyal supporters of the Democratic party." The problem was, not enough of them voted, which meant that "turning out the vote will be the name of the game." Herman gave her African American Working Group three primary goals. The first was

### COME FLY WITH ME

Mrs. Herman was not only involved in the administration's unprecedented "outreach" program and use of the White House for fundraising. She was also intimately involved in another questionable use of government resources for fundraising purposes: Ron Brown's trade missions. Congressional investigators have long suspected that the missions functioned as Brown's payoff to corporations that had made big contributions to the DNC.

Newly released information shows that Herman had an integral role in the White House side of the missions. In a recent deposition taken by the legal watchdog group Judicial Watch as part of its lawsuit against the Commerce Department, James Hackney—who was one of Brown's closest advisers—says the organizers of Brown's missions got in touch with Herman to arrange for a presidential visit and send off for each group of participants' contributors. The recipients, Hackney says, were "businesses about the country we were traveling to... to give businessmen a sense of what they were going into." When asked why that required an appearance by Clinton himself, Hackney answered, "it was a nice thing to do, to say hello, we appreciate what you're doing."

There is little doubt that the trade missions were a reward to big donors—and an inducement for them to give more. Bernard Schwartz, the chairman of technology maker Loral Corporation, gave \$100,000 to the party a short time before he was included on Brown's trip to China in September 1994. Lodwick Cook of Atlantic Richfield also went on the trip; his company had contributed \$201,500 to the Democratic National Committee in the previous two years. And officials of Occidental Petroleum found that their contributions of \$100,000 got them not only on the trip to China but one to Russia as well.

Herman apparently liked the trade mission idea so much that she began to organize her own trips—for women only. In September 1995, she led a group of twenty-one businesswomen on a trip to London and Amsterdam. The women received first-class treatment—plus the attention of U.S. officials abroad. "We were guests at the ambassador's home in both countries," says one participant who was happy with the trip. "How do you put a price on something like that?"

In April 1996, Herman took representatives from seventeen women-owned businesses on a trip to Mexico like Brown's missions; this one turned out to be a profitable event for the Democratic National Committee. According to Federal Election Commission records, Carylliss and Vanessa Weaver, owners of a Potomac, Maryland, diversity consulting firm who accompanied Herman on the trip, gave \$50,000 to the DNC in November 1996.

Things were going so well that Herman was looking to travel more. Before she got the nod as labor secretary, she was planning to take another group of women on a trip in late February—to Paris and Milan.

—Byron York

to push Clinton's record. The second was to create get-out-the-vote projects. And the third was to "identify a cadre of contributors in the black community that will work for the President's re-election."

As part of her plan, Herman created another group, "African Americans for Clinton-Core '96," and made Ernest Green—remember him?—the chairman. She wrote that as "an enticement to contribute," a group of well-to-do blacks would be invited to join yet another newly created organization, the African American Leadership Forum. Contributing members would "be afforded the opportunity to interact with senior Administration officials... through policy briefings, luncheons, and workgroups." In addition, Herman wrote that it was critical that the White House know which contributors were most deserving of "personal attention beyond... invitations to White House affairs."

Herman also recommended that the White House field a team of "surrogate speakers." They would be administration officials—including herself—who would spread Clinton's message before dozens of black-oriented conventions, meetings, and other gatherings around the country. Concerned about the Hatch Act, Herman wrote that the speech-making, as she envisioned it, would not technically qualify as campaigning.

Agency surrogates will carry out these activities as part of their normal job duties in 1996. That is, they will be helping to educate the African American public and key interest groups about Clinton Administration accomplishments—not campaigning. However, we will aim to escalate the level of surrogate activity in the six weeks preceding each primary.

The last mission Herman set for her African American Working Group was simple: attack Republicans.

In persuading African Americans to support the President in 1996, we have to craft the "right message." For example... pre-election focus groups of black voters in Virginia revealed that the main anger of blacks was directed at their number one enemy—Governor George Allen. Specific pieces of campaign literature were then crafted to highlight this fact. Thus, in the 1996 Presidential election, we might find that some blacks may well be more inspired to go to the polls in greater numbers to vote against the "enemies of civil rights" than for the Democratic candidate.

It would be a violation of the Hatch Act for Herman to devote an extensive amount of time to the Clinton campaign. Contrary to Herman's own memo cited above, White House officials insist that all this political strategizing and campaigning was done on Herman's own time—in addition to her full-time job as head of the Office of Public Liaison. And they say that government resources were not used to devise and implement the plan (although the White House did reimburse the taxpayers \$917 for the computers used to write Herman's plan). As for her role in the White House fundraising "coffee," administration officials insist that Herman was not doing anything improper. Scandal spokesman Lanny Davis repeatedly told reporters that "there was no fund-raising activity organized by the White House or the OPL [Office of Public Liaison]."

## THE GOP'S CALL

Before anyone thought she might face a confirmation fight, Herman had to work hard just to win her nomination to be Labor Secretary. Nearly every national labor leader opposed her, and several believed she was not qualified for the job. Powerful Democrats on the Hill, including Ted Kennedy, the ranking minority member on the Labor and Human Resources Committee—backed former Pennsylvania Senator Harris Wofford instead. Yet many black leaders—chief among them Jesse Jackson—strongly supported Herman. The standoff put Bill Clinton in a tough spot: he had to choose between two of his most valued constituencies, organized labor and African Americans. When he chose the latter, it is safe to say that many in labor were incensed. "I think for any body who's a Democrat it's an appalling appointment," says one activist. "This was an affront to labor, which only spent \$35 million on the Democrats last year."

Still, it is important to remember that at first Herman's confirmation prospects looked quite good. Although some Republicans privately said they had concerns about the Green-Herman contract scams and the Federal Triangle deal, they doubted those would be enough to cause Herman any serious problems. "Jim Jeffords is a bleeding heart Republican," said one observer of the Labor and Human Resources Committee chairman who will preside over Herman's confirmation hearings. "It will take a smoking howitzer to cause her any trouble." Perhaps Republicans didn't think Herman's background presented any serious questions, or perhaps they were afraid to appear to be hectoring a high-ranking black woman or violating the spirit of "bipartisan cooperation" on Capitol Hill these days; whatever the reason, Herman's nomination looked safe.

All that changed when revelations of Herman's fundraising and political activities came out in late January. At that point Republican sources began to talk openly of problems with the nomination. The committee decided to hold off on scheduling confirmation hearings until Herman responded to a set of detailed questions about her role in the fundraising and connections to John Huang and other figures in the growing scandal. And Ernest Green's name surfaced when the *Washington Times* reported that he played a major role in bringing a notorious Chinese arms dealer to the White House—and made a large contribution to the DNC immediately after the meeting.

In the end, Republican sources say, the Senate leadership will have to decide: Should they accept a slick operator like Herman, or should they sink her nomination and take the risk that a more effective liberal candidate will take her place? "She would be an extremely weak labor secretary, which wouldn't be a bad thing necessarily," one Senate aide says. Another Republican adds, "She may be a better nominee than Harris Wofford, who might be the backup if her nomination is tided."

That strategy could be too clever by half. Republicans who underestimate Herman forget she was a major part of the Clinton re-election machine, which could hardly be called weak or ineffective. Herman's career proves she knows how to work the system. If Republicans want to change that system, confirming Alexis Herman will just make the job harder. ❀

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# PRIMARY CARE

By Roger Simon

**A** Washington quiz: What might be the common denominator among the following events? Bill Clinton's decision to stand tough against Newt Gingrich in the budget battle of 1995, Alexis Herman's appointment as Secretary of Labor, a \$3,000 campaign contribution from the Lippo Group to the congressional campaign of Jesse Jackson Jr., and the choice of Santita Jackson to sing the National Anthem at the inauguration of America's forty-second president.

The answer is something that didn't happen: the candidacy of Jesse Louis Jackson in the Democratic primaries of 1996.

At the start of the campaign season, most Americans would have thought of Jackson, if they thought of him at all, as a political irrelevancy. He was an unpaid and ineffective lobbyist for D.C. statehood, the host of a low-rated television talk show, a loser in the fight over the North American Free Trade Agreement, and a man in danger of becoming a self-parody to young African Americans who found more inspiration in the separatist exhortations of Louis Farrakhan than in Jackson's euphonious phrase-making. He had considered running for mayor of Washington, D.C., but had backed off, had considered seeking the executive directorship of the NAACP but had backed off. He was, in short, a man with little to do. And that's what the White House feared. When he had little to do, Jesse Jackson usually ran for president.

And a Jackson candidacy in 1996 was not something the White House could take lightly. It is difficult to remember now just how weak Bill Clinton was as he began preparing for his re-election. His presidency seemed a slow-leaking balloon: the Democrats had lost both houses of Congress, there was Whitewater, Hillary's commodities trading, Travelgate, Troopergate and Paula Jones. The labor unions were still furious over NAFTA, and many African Americans, the Democrats' most loyal voters, had not forgiven Clinton for his treatment of Lani Guinier and for a crime bill they felt victimized the black community. Given this climate, the White House seriously feared a challenge from within the party. And it was not just Clinton who was preparing for it. Bob Dole was practically counting on it.

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"My assumption in early 1995 was that Clinton was very weak and would have a primary challenger by May," Scott Reed, Dole's campaign manager, said after the election. "One of the smartest things [Clinton] did was avoiding a skirmish with Jesse Jackson." By using Newt Gingrich as a bogeyman, Clinton might be able to keep some Democrats from running, but even one Democrat mounting a primary challenge against him might, White House political operatives felt, prove fatal to his re-election.

"Primaries are death for presidential incumbents facing re-election," said Douglas Sosnik, currently White House counselor and then White House political director. "Ask Bush, ask Carter, ask Ford, ask Johnson. All incumbent presidents; all faced primaries; none got re-elected. The Democratic debacle of 1994 was the wake-up call. We wanted to avoid a primary at all costs." It was not that Clinton could be beaten in a primary; he probably could not. But a primary challenge, particularly from the left, could so weaken Clinton that the Republican nominee, even one as hapless as Bob Dole, could finish him off in the general election. "Primaries sap your resources, and you have to spend time talking to your base voters exclusively," Sosnik said. "You have to appeal to your activist wing." And pandering to your activist wing in the primaries can doom you with swing voters in the general election.

The White House had to keep an eye on a host of usual suspects (Bill Bradley, Bob Kerrey, Bob Casey and David McCurdy), but Jackson worried them the most. And there was no question that Jackson took seriously the ideological imperative to challenge Clinton—at least in the media. From 1993 through 1995, nobody was a tougher public critic of Bill Clinton than Jesse Jackson. As Jackson saw it, Clinton had betrayed labor, minorities and city dwellers and had forged a "DLC/Republican alliance" for cynical political purposes. (The centrist Democratic Leadership Council had been co-founded by Clinton in 1985, in part to reduce Jackson's influence on the party.) Jackson went so far as to revive the epithet he knew Clinton loathed: Slick. And Jackson announced he was so "sadly disappointed" with Clinton that he was seriously thinking about running in the Democratic primaries or as an independent candidate.

In the months leading up to the Democratic primaries of 1996, the Clinton White House had no greater

priority than the destruction of Jesse Jackson as a political force. There were two traditional ways of dealing with Jackson: scaring him off or buying him off. The White House decided to pursue both.

First, the decision was made that since Clinton was in no position to be tough (in April, 1995, he had to assert in a press conference that he was "relevant" because the Constitution said he was) then at least he could look tough. It's what the White House called "body language," adopting a tough-guy stance that would scare off the potential opposition. Fortunately, the White House had a tough guy on the payroll: Harold Ickes, deputy chief of staff. Ickes, feared inside and outside the White House, was an ideal figure to send the message that, while the president might look weak, anybody who tried to take him on in the primaries would get his block knocked off.

Ickes's first goal was to show Clinton's would-be challengers the money. Though Clinton's fund-raising seems profligate (and irresponsible) now, such a massive fund-raising operation seemed imperative at the time; raising a great deal of money early in the primary season would have a chilling effect on potential challengers. The plan was an immediate success. "The money came in much faster than we thought," Ickes said. "I don't think any president has ever raised money so fast. It surprised us. I think anybody who thought of running [against us] was given serious pause."

But while the White House knew locking up the money would scare off the logical candidates, it also knew that Jesse Jackson's campaigns were not based on logic. Jackson needed very little money to run; he lived off the land, raising money by passing the bucket after speeches and attracting media attention out of all proportion to his chances of actually winning the nomination. Besides, there was another problem with Jackson. There was Iowa.

The 1996 campaign year began with the caucuses in Iowa, a state where Jackson had done relatively well in the past among the small number of liberal activists who dominated the arcane voting process. But neither Clinton nor Al Gore had ever organized in Iowa: Gore had skipped Iowa when he ran for president in 1988 to concentrate on the South and Clinton had skipped it in 1992, because Iowa's favorite son, Senator Tom Harkin, was running that year. In 1995, the White House took a Jackson threat so seriously that it poured \$600,000-800,000 into Iowa and \$400,000-500,000 into New Hampshire even though Clinton had no declared opposition. "We were prepared for a primary race, and we had a solid field organization on the ground in Iowa and New Hampshire," Ickes said. "We literally had a full-time organization, a campaign manager and a press operation, and they had recruited staffs. We also had an apparatus in other states that could be activated on a moment's notice."

While this up-front effort was taking place, the White House was also quietly working to wall Jackson off from an important power base within the Democratic Party, the nation's African American mayors. These included Dennis Archer of Detroit, Marc Morial of New Orleans, William Campbell of Atlanta, Norm Rice of Seattle,

Freeman Bosley of St. Louis, Kurt Schmoke of Baltimore and Wellington Webb of Denver. (Two white mayors, Ed Rendell of Philadelphia and Richard M. Daley of Chicago, were also considered of critical importance by the White House.) In the fall of 1995, Alexis Herman, the White House director of the public liaison office, hosted an informal gathering of black mayors at her home in Washington. Commerce Secretary Ron Brown was also there. The mayors were told that they were the rising stars of the Democratic Party, its next generation of leaders. They would be listened to seriously by the White House because Bill Clinton liked mayors. Clinton shared their concerns and expected the mayors to share his concerns—to support him and not Jesse Jackson in the event of a Democratic primary.

The need to deter Jackson also played a significant role in the most important policy and political decision of 1995 and 1996, the decision to face a government shutdown rather than strike a budget deal with Newt Gingrich and the Republican Congress. From the beginning, there was violent disagreement on this matter within the White House staff. "The shutdown was playing with dynamite," an administration official said. "There was a faction of Dick Morris and [pollster] Mark Penn who wanted a deal and a faction of George Stephanopoulos and Harold Ickes who felt most deals would have compromised our values because they were so far out of the mainstream." On some days Clinton leaned toward a budget deal and on others he leaned against it. What finally brought him around to Stephanopoulos's and Ickes's way of thinking, however, was the politics—the fear of a primary challenge.

It was made clear to Clinton that if he signed a budget that compromised on Medicare and Medicaid, Jackson, as well as others from the left of the party, would oppose him in the primaries. "I told the president that if we did accept any deal, we increased the chances for a primary," Ickes said. "The vice president said it would be a death knell." Rahm Emanuel, now senior White House adviser, agreed. "If we had bought a budget deal in July-August, Jesse would have gotten in," he said. "That's because in order to get a deal, we would have had to make cuts unacceptable to hard-core party activists."

Clinton refused the deal and his popularity rose. This helped scare off potential Democratic rivals, but not Jackson. Choosing the thirty-second anniversary of the Reverend Dr. Martin Luther King Jr.'s "I Have a Dream" speech, Jackson announced on August 28, 1995, that he was going to enter an urban straw poll called CityVote. If he did well in it, he might then challenge Clinton for the presidency.

The White House recognized the danger. Clinton himself had clipped an early story about CityVote from *The New York Times* and sent it to Ickes with the note, "We better keep an eye on this." Ickes did more than keep an eye on it, he kept both his feet on its windpipe. Using Don Fowler, co-chairman of the Democratic Party, to publicly denounce CityVote as useless and harmful, Ickes also made calls to mayors encouraging them to drop out of the project. Mayors in Baltimore, Boston, Cleveland and

Rochester decided CityVote was not such a good idea after all. And in New York, the Board of Election Commissioners decided CityVote would not be on the ballot. Some of the nation's mayors had wanted to use CityVote to fine-tune their fund-raising and political operations, but Ickes and Fowler persuaded them otherwise.

Several White House aides thought this was overkill. "Some said, 'Where is [CityVote] going? It's fun and games. Let them have their fun,'" Ickes recalled. "But we moved on it very concertedly." By the time CityVote was held, it had been beaten up so thoroughly that most of the media ignored it.

At the White House, Ickes's efforts are still remembered with awe. "Ickes crushed CityVote," Rahm Emanuel said. "He sucked the oxygen out of it." Presidential spokesman Mike McCurry agreed. "CityVote never reached critical mass, and that was due to the sheer tactical brilliance of Harold navigating us through this."

Ickes's real stroke of brilliance, though, was to offer Jackson a carrot even though he had just whacked him with a stick. Ickes wanted to crush Jackson's candidacy, not Jackson. "Nobody is a more loyal Democrat or has registered more voters or supported more Democratic candidates," Ickes, who worked for Jackson in 1988, said. "Jesse Jackson can proudly wear the title Mr. Democrat." And so a fairly large group including Ickes, Stephanopoulos, Herman and McCurry made themselves available to Jackson. Jackson wanted to be respected, which included being listened to, not just on his own behalf, but on behalf of his constituents. Listening to him could mean a real investment of time, often at very late hours, but the group cooperated. And so did the president. Jackson visited the Oval Office nearly a dozen times, and the meetings between him and Clinton were as delicate and stylized as the mating of cranes. Jackson never mentioned his plans for the presidency and neither did Clinton. "But he knew we read the newspapers," Ickes said. "We knew what he was saying."

In the summer of 1995, when Clinton was deliberat-

ing his position on affirmative action, he made a point of calling Jackson to consult. "Did Jackson influence the president on affirmative action?" Ickes said. "Yes. How much, I can't tell you. It was way too subtle and much too profound." Well, perhaps not that subtle. "We should have a simple slogan," Clinton said on July 19, 1995. "Mend it, but don't end it." Which did not sound a great deal like Bill Clinton. In fact, it sounded distinctly Jacksonian. Did Jackson author the line? "It could well be," Ickes said. "It certainly *sounds* like Jesse."

At only one point during the long negotiations did Jackson overreach: he asked to participate in the prep sessions for Clinton's two presidential debates. His request was refused. The White House had its priorities: Jackson might be allowed to affect presidential policy, but not presidential stagecraft.

In the fall of 1995, just about the time when Jackson would have to make his final decision whether to get into the race, Clinton got a really lucky break: Mel Reynolds was sent to prison. Reynolds, a then 43-year-old congressman representing the South Side and south suburbs of Chicago, was convicted of having sex with a 16-year-old campaign worker and obstructing the subsequent investigation. He resigned on October 1. Jesse Jackson Jr., the 31-year-old eldest son of Jesse



CHRISTMAS CAME EARLY BY VINT LAWRENCE FOR THE NEW REPUBLIC

Jackson, decided he wanted the job.

The White House seized upon the opportunity immediately. Jackson's pride in his children is enormous. He would likely be grateful for any help offered his son. There was much the White House could do. Perhaps Jesse Jr. would like a campaign visit by the vice president? It was arranged. And then there was the matter of money. What campaign couldn't use money?

Asked what money may have been offered to Jesse Jr., Ickes replied carefully: "Certain Democratic fund-raisers close to the president gave money to the Jackson for Congress campaign." Indeed. Two contributions stand out: A \$3,000 contribution from the Lippo Group and \$1,000 each from Soroya and Arief Wiradinata, whose \$450,000

contribution to the Democratic National Committee was returned when the couple went back to Indonesia.

Jesse Jackson Sr. decided not to run for president in 1996. Jesse Jackson Jr. was elected to Congress. And his swearing-in might have marked the first time in history words failed his father. Attempting to describe to Laura Blumenfeld of *The Washington Post* just how much pride he felt, Jesse Sr. became almost incoherent with joy. "Like, I feel elephant joy," he said. "Or dinosaur excitement."

At Clinton's inaugural, Jackson was given a starring role. He was center stage at the prayer service and accorded a prize aisle seat on the platform behind Clinton, which meant the president could stop and shake his hand on the way out. Jackson's daughter Santita sang the National Anthem to close the ceremony.

Alexis Herman, who had spent so much time working with Jackson, was rewarded, too. With Jackson lobbying in her favor, she beat out Harris Wofford, a former senator from Pennsylvania, to become Clinton's choice for Secretary of Labor. "Alexis worked very hard with Jackson," a senior White House official said. "Her being [nominated] as Secretary of Labor has something to do with that."

Still, all this wasn't that great a pay-off. Jesse Jackson still wants to be somebody and, specifically, somebody in the second Clinton administration. "There was some serious discussion with Jackson right after the election," a White House source said. While rumors circulated a few weeks ago that Jackson was being considered as a special envoy to Africa, the White House is now throw-

ing cold water on that. "It's not special envoy and it's not ambassador-at-large," a senior White House official said. "But discussions are underway with him." Jackson has made it known what kind of job he wants. "Jackson always resented Bill Richardson's troubleshooter role for Clinton," a White House source said. "He wanted it for himself." Richardson, a Democratic congressman from New Mexico who was recently nominated to be U.S. ambassador to the U.N., has been an unofficial troubleshooter for Clinton for the last few years, negotiating the release of prisoners from North Korea, Cuba, the Sudan and Iraq. It is the kind of crisis-oriented, high-visibility role that Jackson would relish.

With the forced departure of Ickes from the administration, the Jackson portfolio reportedly goes to Al Gore, who has a warm personal relationship with Jackson. But it could well be a full-time job. If anyone thought Jackson was going to wait quietly for his reward, they were reminded recently of the publicity he can generate. *Time* magazine reported that Jackson was unhappy with the Clinton administration and was considering a run for the presidency in the next election. "I've never seen him so serious so soon about running," a source told *Time* (apparently with a straight face).

Though Jackson quickly denied the report, the wake-up call had been delivered. So now Jackson waits and keeps hope alive. He expects to hear from the White House just as soon as the political operatives there start thinking about how much Al Gore would like to avoid a primary in 2000. •

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## The road from Aberdeen.

# SEX AND THE SOLDIER

By Stephanie Gutmann

February 4, 1997, and an all-too-familiar looking headline—"TOP ENLISTED MAN IN THE ARMY STANDS ACCUSED OF SEX ASSAULT"—occupies a prime corner of the front page of *The New York Times*. Just a few weeks earlier, the papers had been reporting charges of inappropriate hazing of female cadets at the Citadel. And just a few months before that, several female recruits at the Army's Aberdeen Proving Ground had accused drill instructors of rape and sexual harassment, unleashing a torrent of similar accusations from female soldiers around the country. In this latest case, as in so many of the others, blame will be difficult to affix.

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STEPHANIE GUTMANN is a writer living in New York.

Once more it will come down to "he said, she said." Once more there will be op-eds, hand-wringing and counselors; once more the Army will have to deploy its investigatory troops. This, just as the Army digs out from Aberdeen—where there are still over 200 criminal charges to investigate, and a hot-line brings in new complaints every day.

What no one is publicly saying (but what everyone in the military knows) is that incidents like these are bound to recur. In a military that is dedicated to the full integration of women, and to papering over the implications of that integration as best it can, sex and sexual difference will continue to be a disruptive force. And regulating sex will become an ever more important mil-

Hotline 2/10/97

HERMAN: L.A. TIMES' Willman reports that Labor Sec.- designate Alexis Herman "helped organize" a WH dinner in the summer of '96 for donors of a nonprofit voter registration group that is "barred by tax law from participating in partisan politics." The group in question, Vote Now '96, has said that Herman's office of Public Liaison "helped arrange the intimate banquet for about 40 major donors." Pres. Clinton and Hillary Rodham Clinton hosted the event and the pres. was the only formal speaker at the event. Herman's confirmation is "teetering" in the Senate because of questions about whether she "mixed partisan politics with her government duties." Vote Now '96 pres. Hugh Westbrook has said that he "went through the Alexis Herman office, [the] Public Liason office. I now know the request went in there." Westbrook added he spoke to others about the event: "I requested that there be some kind of recognition, if that was possible, of appreciation for this [vote-registration and get-out-the-vote] work. ... And the White House agreed to do that, so they hosted or invited us to [the] dinner at the White House." Herman spokesperson Joe Lockhart said he was "not aware of any role played by Herman's office in arranging the dinner." However, Lockhart "did not dispute" that Herman attended the event. WH special counsel Lanny Davis "defended" the 7/12/96

Press RETURN to continue, GOLD MENU for options or EXIT to cancel

possible, of appreciation for this [vote-registration and get-out-the-vote] work. ... And the White House agreed to do that, so they hosted or invited us to [the] dinner at the White House." Herman spokesperson Joe Lockhart said he was "not aware of any role played by Herman's office in arranging the dinner." However, Lockhart "did not dispute" that Herman attended the event. WH special counsel Lanny Davis "defended" the 7/12/96 dinner: "This was an event supporting a respected organization engaged in broad-based, nonpartisan voter-registration efforts. ... The president attended because he supports any organization or effort aimed at increasing citizen participation in the political process and registration of voters" (2/9). Following a meeting between Herman and Sen. Maj. Leader Trent Lott last week, Lott now says he is "satisfied" with Herman's explanation that she did not "arrange or attend" the WH coffee with Clinton, Dem Party officials, bankers and federal banking regulators. Lott added that while it was a "bad, bad decision to have that meeting," Herman "was not there and did not arrange it." Lott said he expects confirmation hearings "sometime in March" (Blomquist, W. TIMES, 2/8).

----- BOTTOM -----

Press RETURN to continue, GOLD MENU for options or EXIT to cancel

# The Reliable Source

By Annie Groer and Ann Gerhart

## NOW YOU KNOW . . .

**S**trum Thurmond is likely keeping the nurses amused at Walter Reed Army Medical Center, where the Senate's most senior member has been hospitalized with the flu since Jan. 30.

"He's fine. He's like everybody else in our office who came down with the flu," said Chris Cimko, press secretary to the South Carolina Republican, who is 94. She said Thurmond hopes to be released today.

■ An elaborate cornice atop a huge pillar in the National Building Museum fell to the marble floor Friday night and shattered plans to hold the Catholic Charities gala there Saturday night, after inspectors determined the pillar was not structurally sound.

So the entire black-tie party for 1,500—table linens, china, glassware, food and donated liquor—was moved to the Sheraton Washington Hotel, and, as planned, local parochial school students worked as volunteer waiters in place of the usual union staff. Guest John

Sweeney, president of the AFL-CIO, gave his blessing.

Labor Secretary-designate Alexis Herman, who once was a Catholic Charities social worker, sat between Cardinal James Hickey, archbishop of Washington, and Sweeney, who has been said to oppose her nomination. And that gave her a chance to ask both to keep her in their prayers as she goes through confirmation.

■ President and Hillary Rodham Clinton and Vice President Gore and his son, Albert III, took in yesterday's matinee performance of "Twilight: Los Angeles, 1992," Anna Deavere Smith's one-woman show at Ford's Theatre.

■ Fresh from being booed at the Chicago Auto Show, where frustrated gearheads had to wait in the cold while he ogled new cars with Russian Prime Minister Viktor Chernomyrdin, Vice President Gore showed up Saturday night at Terry McAuliffe's 40th birthday bash at the Mayflower Hotel. The party for the

Presidential Inaugural Committee co-chair and whiz-bang Democratic fund-raiser was thrown together in a few days by his former assistant, Jason McIntosh, who collected donations from McAuliffe pals to

pay for the ballroom, two bands, munchies and drinks.

McAuliffe's evening began with a surprise dinner given by his wife, Dorothy, for family, a few close friends—and President Clinton—at the Hay-Adams Hotel. The scene at the Mayflower was far more raucous.

At one point, McAuliffe danced with two women simultaneously while the band chanted "Shake your moneymaker," a

refrain sure to become a favorite request at future Democratic events. Or not.

■ Vampire Empress Anne Rice is back to self-publishing. The author spent \$3,864 to buy a recent ad in her hometown newspaper, New Orleans's Times-Picayune, venting her outrage and "personal humiliation" over Al Copeland's Straya California Creole Grand Cafe. Rice, who also has purchased ads to declare her political affection for President Clinton, doesn't like Al's taste, expressed with garish paint, white neon and shiny silver circles.

The restaurant facade "is nothing short of an abomination, and Mr. Copeland should be ashamed," wrote Rice. "The humblest flop house on this strip of St. Charles Avenue has more dignity than Mr. Copeland's structure."

Yesterday, Copeland fought back. "See you in court," he said in an open letter in the newspaper. "In the meantime, I'm putting a little extra garlic

in the food at Straya, keeping a crucifix under my pillow and carrying a wooden stake for good luck."

■ The scene: The back room of the Jockey Club Restaurant Friday night, where multiple celebrations are in progress:

At one table, entrepreneur Baba Groom rises and recites, in splendid Southern cadences, a Yeats verse about love. As she speaks, she looks straight into the eyes of violinist Isaac Stern and his wife, Linda Reynolds Stern, who wed in a tiny ceremony in Connecticut in November.

Across the room, a goateed chap stands and declares that it is a rare thing, indeed, to encounter a person one immediately wants to embrace but, well, that woman who just spoke . . .

"Too late, mate," bellows Dan Wallace, Groom's longtime beau. Much laughter and applause follow, from friends of the nuptial couple and total-strangers alike, including several supping at the next table with New York Timesman Joel Brinkley to celebrate his new book, "Defining Vision."

Finally, at yet another table, former New York congressman Jim Scheuer and his wife, Emily, who are celebrating his birthday, stand and salute the Sterns.

"To love. And to the fiddler," says Jim Scheuer.

The entire room cheers.

The Washington Post

MONDAY, FEBRUARY 10, 1997

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## Clinton Presidential Records Digital Records Marker

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Divider Title: Feb. 8, 1997

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# Herman dispels Lott's doubts

Documents satisfy majority leader

By Brian Blomquist  
THE WASHINGTON TIMES

Senate Majority Leader Trent Lott said yesterday he's "satisfied" with Alexis Herman's explanation that she did not arrange or attend a White House coffee attended by President Clinton, Democratic officials, bankers and a high-ranking banking regulator.

Miss Herman, the embattled nominee for labor secretary, met last week with Mr. Lott about her role in the coffee. When she said the media was wrong to report that she arranged the meeting, Mr. Lott asked her to provide supporting documents, which she did Tuesday.

"I think that they confirm what she told me," Mr. Lott said. "It sort of absolves her of responsibility for these coffees to a degree."

The Senate Labor and Human Resources Committee has indefinitely delayed a hearing on her nomination, but after meeting with Sen. James M. Jeffords, Vermont Republican and chairman of the panel, Mr. Lott said he expects a hearing sometime in March.

The nomination, which must be approved by the Senate, "looks better than it did when it came out that there was a possibility she arranged or attended a meeting that involved regulators, the regulated and campaign officials," Mr. Lott said.

Miss Herman, formerly in charge of the White House Office of Public Liaison, invited Comptroller of the Currency Eugene Ludwig to a May 13 coffee attended by Mr. Clinton, 17 bankers and officials of the Democratic National Committee.

Miss Herman said she did not initially know the meeting was party-related and decided not to attend when she found out DNC officials would be there.

"That was a bad, bad decision to have that meeting," Mr. Lott said.

"She was not there and did not arrange it. I'm satisfied."

But a House member said yesterday Miss Herman should have notified Mr. Ludwig, whose agency briefed the White House on banking issues before the meeting, that one purpose of the meeting was party fund raising.

"Having recognized that fact, as a White House staffer, she should have told Mr. Ludwig that this was a meeting for political fund-raising purposes," said Rep. Spencer Bachus, Alabama Republican and chairman of the House Banking Committee's Subcommittee on Oversight and Investigations.

Meanwhile, Mr. Jeffords, who met for about 25 minutes with Miss Herman on Wednesday, continues to have his committee staff investigate Miss Herman's history.

The committee is looking at possible problems aside from her role in the coffee and Miss Herman's leadership of a group of White House officials that aimed to get blacks to vote for Democrats.

In 1990, when Miss Herman was the DNC's chief of staff, she came under fire for working as a consultant on the Federal Triangle project, a \$680 million federal-office project that has become ensnared in a turf battle among members of Congress, White House officials and developers.

The company that developed the project, Delta Partnership, paid Miss Herman's firm, A.M. Herman Associates, about \$600,000 to advise on the hiring of minority and disadvantaged companies for the project.

Critics said there was a conflict because her position in the DNC gave her an unfair advantage with the congressional chairman who ordered a probe of the project's contract. Congress was then controlled by Democrats.

**The Washington Times**  
SATURDAY, FEBRUARY 8, 1997

# LOTT'S A GROWING PROBLEM FOR CLINTO

**W**hen Senate Majority Leader Trent Lott, R-Miss., criticized the nomination of Alexis M. Herman as Labor Secretary, he sent important signals about the sweeping changes he envisions in the Senate's internal operations and in the chamber's dealings with the Clinton Administration.

The Herman controversy provides an early look at Lott's modus operandi. He has already challenged the traditional autonomy of Senate committee chairmen. And clearly he's determined to control the Senate's investigations of President Clinton's reelection campaign and of the Democratic National Committee's fundraising practices. Uncertainty about the Senate Democrats' commitment to Herman adds to the combustible mix.

Traditionally, Majority Leaders have waited until an issue has reached the Senate floor before getting actively involved. But Lott intervened by making hostile public comments about Herman and meeting with her privately on Jan. 31. All this took place before the Labor and Human Resources Committee even scheduled a confirmation hearing on the nomination.

The recent plays have been all the more intriguing because James M. Jeffords, R-Vt., the committee's new chairman, has had virtually nothing to say about Herman. Many GOP conservatives—*anxious about his frequently liberal voting record*—have eyed Jeffords warily. Some seriously considered challenging his bid to become chairman, only to be dissuaded by Lott.

Lott's interest in the Herman nomination has also revealed that Senate Republicans intend to uncover troublesome details of Clinton's political operations and to hold the President accountable for his actions. Lott has reportedly sought help from Sen. Fred D. Thompson, R-Tenn.—the chairman of the Governmental Affairs Committee, which has been given broad leeway in its investigation of campaign misdeeds—to review Herman's activities and her recent responses to Senate inquiries. With Thompson busy responding to Democratic objections to his committee's investigation, it's unclear how much time it will take for him to respond to Lott's queries about Herman. But Lott has made it clear that Senate Republicans need the information before Herman will be confirmed.

"This Majority Leader is different in his hands-on involvement with the work of committee chairmen," a senior Senate Republican aide said. "He wants to investigate all the pieces, and he is employing all his powers. . . . It's a healthy change, but it's delicate. Trent Lott does not want to be controlling, but he does not want to operate on a 'catch-as-catch-can' basis."

The aide's comments point out how Lott has adopted a style that differs from that of his predecessor, Robert Dole of Kansas, who was GOP leader for nearly a dozen years. Lott has also been riding high because of the House Republicans' disarray over the ethics problems of Speaker Newt Gingrich, R-Ga.

Herman's problems stem chiefly from her role—as Clinton's director of public liaison—in helping to arrange White House "coffees" with major contributors to the Democratic Party. It is doubtful that Republicans will be ready to vote on Herman's nomination before late February. Senate GOP aides said that in the meantime the nominee must resolve serious problems that have been revealed following the recent disclosure of the names of the participants at those get-togethers.

In comments to reporters, Lott has fanned the flames of the controversy by stating that Herman's activities came "awfully close to the edge" of violating federal law—including Hatch Act restrictions on federal employees' campaign activities—and that

he was "not satisfied" with the White House's initial explanation.

White House press secretary Michael D. McCurry added another element to the conflict when he suggested to reporters that Lott's concerns about Herman, who is African-American, were based on racial grounds. After McCurry did not publicly grant Lott's demand for an apology, Herman met with Lott in the quickly arranged meeting at his office.

## CONGRESSIONAL CHRONICLE



RICHARD E. COHEN

"The White House needed to humanize a situation that was about to spin out of control," said a Senate Republican leadership aide, who also said that Lott "may feel a little used" because White House officials had earlier assured him that Herman was problem-free.

Jeffords has said nothing since his three-sentence statement on Dec. 20, the day that Clinton nominated Herman. After praising Herman, Jeffords concluded, "I look forward to completing the nomination process in a fair and timely fashion." Committee spokesman Joe Karpinski, who said that Jeffords did not want to conduct the investigation of Herman in the press, would not discuss the panel's review or Jeffords' schedule for a hearing.

As of early February, Senate committees had completed action on all of Clinton's Cabinet-level nominees except Herman and Anthony Lake, who has been nominated to head the CIA. Senate Select Intelligence Committee chairman Richard C. Shelby, R-Ala., has raised numerous questions about Lake.

GOP sources said that Lott has been frustrated in trying to convince Clinton and others in the White House that he wants answers to the many charges of wrongdoing by Democrats that have been lodged in recent months. "There have been repeated violations of the campaign finance law, but nothing seems to happen," another well-placed Senate Republican aide contended. "Now Alexis Herman is in the middle of this. . . . The buck stops with Sen. Lott. If the Administration won't police itself, then we will have to blow the whistle."

Other Labor Committee members, meanwhile, have received little information about the Herman investigation, according to several sources. Although the top committee Democrat, Edward M. Kennedy of Massachusetts, has voiced support for Herman, he earlier made clear that he favored former Sen. Harris Wofford, D-Pa., who had been pushed for the Cabinet slot by leaders of organized labor. A Senate Democratic aide said that there would be little gain for Republicans to oppose Herman only to have Clinton replace her with Wofford, who would be in a stronger political position because of senatorial courtesy.

But that response begs the question of whether Lott's grand design is to use the Herman nomination to pose challenges to Clinton that go far beyond who runs the Labor Department. Early evidence suggests that Lott is prepared to confront the President.

LINDA CHAVEZ

# Tripwire for the Labor nomination

Clinton Labor Secretary nominee Alexis Herman can expect a rough ride in her Senate confirmation — and for good reason. To date, her explanations of how the Office of Public Liaison (OPL) in the White House came to arrange what turned out to be de facto political fund-raisers on government property just aren't credible.

I know something about how OPL operates, having headed the

*That such an impropriety occurred is symptomatic of a culture rampant in the current White House*

office in President Reagan's second term. At the time, a virtual fire wall existed between political activities and OPL's functions.

Not only did I never communicate with anyone at the Republican National Committee, but I was never asked to give Republican donors special treatment (in fact, I never had any idea who was a donor and who wasn't). And I certainly never set up meetings like the one Miss Herman's office organized for the president and Democratic Party officials in which regulators met with representatives from the industry they regulated who mysteriously made hefty campaign contributions.

Miss Herman acknowledges that her office arranged such a meeting for the president, the Democratic National Committee chairman and the DNC's chief fund-raiser with the comptroller of the currency and several prominent bankers, who later contributed more than \$332,000 to the president's re-election campaign, with some large donations received within days of the meeting.

That such an impropriety — perhaps illegality — occurred is symptomatic of a culture rampant in the current White House in which traditional rules and procedures are flouted with virtual impunity. Take the recent explanations of how President Clinton came to meet with at least two convicted felons, a Chinese arms dealer and one Arab-

American whose company was accused, among other alleged wrongdoing, of trying to transport Chinese-made weapons obtained from the Palestine Liberation Organization in Tunisia to the communist government in Nicaragua during the 1980s.

First, Clinton spokesmen claimed no one in the White House knew much about the background of these shady characters and tried to blame the DNC for not doing proper background checks. But that explanation just doesn't wash. No one gets into the White House compound, much less into a meeting with the president, without undergoing a background check.

Every person who enters the White House grounds must submit his name, date and place of birth, and Social Security number. Foreign visitors must also submit their passport numbers. The Secret Service then runs a check, which should turn up any criminal convictions and, in the case of foreign visitors, would certainly determine whether they are government officials of another country.

At least that's how it worked under previous administrations. When I was director of public liaison, any foreign national invited to meet with White House staff was vetted by the National Security Council. And the NSC had virtual veto authority over all appointments with the president.

But the Clinton White House seems to have bypassed the clearance system that has been in place for years under both Republicans and Democrats. Or else it ignored warnings the system issued. As a former counsel in the Reagan White House reminded me, the Secret Service always red-flagged any West Wing appointments that turned up embarrassing information, much less criminal convictions. Only the most extraordinary circumstance would justify giving such a person access to the White House.

I checked with several former colleagues responsible for clearing literally thousands of individuals into the White House during the Reagan and Bush years, and only one could remember someone who was admitted over Secret Service objection: a girlfriend of one midlevel appointee who had a minor criminal conviction. She was allowed to attend a social function with the president, but a Secret Service agent was posted next to her at all times.

The Washington Times  
SATURDAY, FEBRUARY 8, 1997

Congress should ask the following questions before any former White House official is confirmed for another post, especially Miss Herman and CIA nominee Anthony Lake, who served at the NSC:

•What is the clearance process for White House visitors?

•Are visitors ever admitted who do not undergo Secret Service clearance? If so, who can authorize such exceptions?

•What kind of scrutiny are foreign visitors given?

•If a check turns up any derogatory information about a visitor, who is notified and who makes the decision to admit the individual?

Miss Herman should also be asked to submit to Congress copies of all guest lists for any visits arranged by OPL during her tenure, along with the names of staff who organized the function, the dates of the meeting, the subject matter covered and any staff briefing material prepared for the meeting.

Unless the White House cooperates fully and quickly, Miss Herman's nomination should remain on permanent hold.

Linda Chavez is a nationally syndicated columnist.

\$100,000 reward for information leading to the arrest and indictment of their daughter's killer.

John and Patricia Ramsey are coordinating the effort with Boulder County Crime Stoppers, a nonprofit group that will oversee the distribution of the reward, said co-chairman Brad Hervey.

Six-year-old JonBenet, the reigning Little Miss Colorado, was found Dec. 26 in the basement of her home. She had been sexually assaulted and strangled.

## Ex-wife says McDougal plans to lie in court

LITTLE ROCK, Ark. — Trying to reduce his prison term, James B. McDougal is planning to lie to Whitewater prosecutors and say President Clinton met with him about improper loans, McDougal's ex-wife said.

"He told me he was going to lie, and he wants me to lie, too," Susan McDougal said in an interview published Thursday in the Arkansas Times.

She said her ex-husband is hoping to get a break from the 84 years in prison he faces for his fraud-and-conspiracy conviction May. She also was convicted.

## Church, city agree on partners ordinance

SAN FRANCISCO — San Francisco's Roman Catholic archdiocese has struck a compromise with the city that brings the church into compliance with a domestic-partners benefits law without violating religious teachings.

The deal Thursday involves tinkering with language of the 2-month-old law, which requires groups doing business with the city to provide registered domestic partners of employees the same benefits that workers' spouses get.

The changes, which can be adopted by any contractor, would allow the church to avoid officially sanctioning domestic-partner relations.

month when he was acting governor. At the time, Mr. Wilson, a Republican, was traveling in Asia.

## Proposition 209 kept on hold

SAN FRANCISCO — A federal judge yesterday refused to lift the preliminary injunction that keeps Proposition 209 on hold pending court challenges to California's voter initiative against affirmative action.

U.S. District Judge Thelton Henderson rejected a request filed by lawyers for Californians Against Discrimination and Preferences and the state Attorney General's Office.

The ballot initiative, approved by California voters Nov. 5 by a large margin, would ban state and local government affirmative-action programs based on racial or gender preferences. It was challenged Nov. 6 by civil rights groups. It has been on hold since Dec. 3.

## Clinton finishing up 2nd-term appointments

Trying to wrap up his second-term staff assignments, President Clinton yesterday chose Arkansas loyalist Craig Smith as White House political director.

Thurgood Marshall Jr., son of the late Supreme Court justice, will replace Kathryn "Kitty" Higgins as director of Cabinet affairs.

Maria Echaveste, administrator of the Wage and Hour Division at the Labor Department, will replace Labor Secretary-designate Alexis Herman as director of White House public liaison.

Karen Skelton, Mr. Gore's political director, will be a deputy to Mr. Smith. Minyon Moore, political director at the Democratic National Committee, will be another Smith deputy.

From wire dispatches and staff reports.

University Hospital. He lived in Arlington.

Mr. Mitchell was born in Richland Center, Wis. He graduated from the University of Wisconsin and did graduate work at the University of Chicago and the University of Iowa.

He was appointed a governor of the Federal Reserve by President Kennedy in 1961 and then vice chairman by President Nixon in 1973. He retired from the board in 1976.

He is survived by his wife, Mary Toft Mitchell; a son, Bruce Mitchell of San Francisco; three daughters, Marilyn Mitchell of Waukesha, Wis., Judy Rediehs of Hinsdale, Ill., and Margery Curtiss of Westmont, Ill.; two stepchildren, Miriam Dewhurst of Falls Church and David Petty of Annapolis; 21 grandchildren; and 25 great-grandchildren.

## Harold A. Serr, 93, former ATF director

Harold August Serr, 93, a former director of the Bureau of Alcohol, Tobacco and Firearms, died of a cardiovascular ailment Jan. 27.

He was born in Tyndall, S.D., and taught at the University of South Dakota and a South Dakota public school before moving to Washington in 1933. He joined what was then the Alcohol Tax unit of the Internal Revenue Service in 1935.

Mr. Serr became assistant director in 1956 and director of the ATF in 1964. His work included enforcement of the gun control act of 1968 and overhaul of liquor tax laws.

His wife, Frances Newton Serr, died in 1992.

Mr. Serr is survived by two daughters, two brothers, three grandchildren and a great-granddaughter.

# The Washington Times

SATURDAY, FEBRUARY 8, 1997

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## Clinton Presidential Records Digital Records Marker

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Divider Title: Feb. 7, 1997

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## ALEXIS HERMAN: THE TRAIL OF QUESTIONS GETS LONGER

When President Clinton nominated Alexis M. Herman as his new Labor Secretary, little did he realize that her impressive political connections would become a liability. The 49-year-old Alabama native has emerged as a central figure in the latest flap over Clinton's questionable fusion of governing and fund-raising. The White House is accused of becoming a neighborhood Starbucks where donors sipped coffee and discussed issues with the President. Now the Senate is investigating whether Herman, who as head of the Office of Public Liaison helped arrange a controversial meeting of bankers, violated federal rules barring campaign activities in the White House. If Herman is rejected, Republicans could be emboldened to try to inflict further damage over Democratic fund-raising.

The tempest isn't the first in Herman's 20-year Washington career. Hill Republicans are finding she has long been a strong civil-rights advocate and innovative bureaucrat—but no saint. Senators are looking into her tenure at the Labor Dept. in the 1970s and what BUSINESS WEEK has learned are possible conflicts of interest involving a company she formed after leaving government. Former Democratic National Committee staffers claim that her liberal use of DNC expense accounts from 1988-92 make her unfit to lead an agency with 16,000 employees and a \$35 billion budget. While no one is accusing her of illegality, her conduct over the years is raising questions about her judgment.

**HASTY APPROVALS.** Herman built a reputation in her 20s as a minority-rights pioneer. She ran local, federally funded programs that helped integrate Mississippi's shipyards. She also helped persuade such large corporations as Delta Air Lines Inc. and Coca-Cola Co. to hire their first black women professionals. In 1977, the 29-year-old Herman became the youngest person ever to head the Labor Dept.'s Women's Bureau, a unit that aided disadvantaged women.

But at the end of her tenure there, controversy erupted when Labor officials hastily O.K.'d millions in job-training grants to keep the incoming Reagan Administration from axing them. Some went to groups under Herman's aegis, but most went to programs overseen by Ernest G. Green, head of Labor's Employment & Training Administration. Green, one of nine black students who desegregated Little Rock High School in 1957, was later cleared of wrongdoing in the so-called "midnight" contracts scandal.

The largest of these last-minute awards went to New York-based Recruitment & Training Program Inc., where both Green and Herman had worked, and to a youth training program run by civil-rights leader Jesse Jackson. When negotiating remedies

with businesses he had criticized for failing to hire minorities, Jackson often recommended a consulting firm Herman and Green formed after they left Labor. Green, now a managing director of the Washington office of Lehman Brothers Inc., says he did nothing improper. Herman says through a White House spokesman that she played no role in the controversy.

Critics also charge that she benefited from rules, which she helped to write as a Labor official, requiring federal contractors to comply with goals and timetables for hiring minorities. One such contract, for example, paid her \$500,000 over four years—all of it from taxpayer dollars—to monitor minority hiring by contractors erecting the soon-to-open Ronald Reagan Building. Herman says she did nothing improper.

**SOUR GRAPES?** In the mid-1980s, Herman bought out Green's share of their partnership and continued to run the firm even after taking on a full-time job as chief of staff to DNC Chairman Ronald H. Brown. Although Brown relied on her organizational skills, ex-DNC staffers say her brusque manner offended many colleagues. Her spending habits especially irked DNC aides, one of whom recalls that Herman often rode in chauffeured cars and flew first-class at a time when the party was in a cash crunch. "Blue-haired ladies donated funds to elect Democrats, but Alexis used that money to live like the queen of Egypt," says an ex-DNCer. Through a spokesman Herman says the complaints are sour grapes and that her expenses were appropriate.

But it's Herman's White House tenure that is now her biggest problem. At issue: A May, 1996, DNC kaffeeklatsch she helped organize at which 17 top U.S. bankers met with the President, Treasury Secretary Robert E. Rubin, and Eugene A. Ludwig, Comptroller of the Currency. Ludwig was considering regulatory issues important to the bankers at the time. Clinton and Ludwig now say the meeting was inappropriate, and Herman says she was unaware that it was a

DNC event. On Feb. 4, the White House gave the Senate documents it contends support Herman's version.

Nonetheless, the bankers and their political action committees collectively gave Democratic candidates \$558,000 toward their 1996 elections, with 80% of that coming in after the coffee. "You bet she had a conflict of interest," says Ellen Miller of Public Campaign, which promotes campaign-finance reform.

No stranger to overcoming tough hurdles, Herman is in the fight of her career to prove the claims wrong—and convince the Senate she didn't bend any rules on her way to the top.

By Paula Dwyer



HERMAN: Labor Secretary nominee

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Divider Title: Feb. 5, 1997

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\$100,000 in October 1993 — about eight months after she took the job as White House director of public policy.

Before then, while working for the Democratic National Committee, Miss Herman did consulting on minority issues for FTPM Partnership, builder of the Ronald Reagan Building at Federal Triangle, as well as for Burger King, Procter & Gamble, KPMG Peat Marwick, Cincinnati Gas & Electric, and Levi Strauss, disclosure records show.

Joe Lockhart, a White House spokesman, said Miss Herman's

committee. Her tasks also included supervision of all the party's buildings. The same year, she said she drew a \$22,000 salary from the Herman consulting firm.

Mr. Lockhart said there was no conflict of interest between Miss Herman's job at the DNC and her consultant work.

"It might create a problem if she did any activity to lobby on the contract, but she didn't do any lobbying," Mr. Lockhart said. He said even potential problems disappeared when she sold her consulting business.

The \$600,000 price tag on the

tion across the street from the Commerce Department, is mired in controversy over the cost and whether any agencies can afford the rent. Mr. Clinton last year ordered the Agency for International Development to move into a portion of the building.

Miss Herman's most recent financial disclosure report, last month, shows she still holds substantial interests in Washington real estate, including an investment worth between \$500,000 and \$1 million in Western Associates, a developer closely connected to D.C. Mayor Marion Barry.

## Lott receives Herman data on coffee

By Brian Blomquist  
THE WASHINGTON TIMES

The White House yesterday delivered a letter and 18 pages of memos to Senate Republican leader Trent Lott to try to verify the explanation of Alexis M. Herman, who says she had no role in inviting bankers and their government regulator to a White House coffee with President Clinton.

Miss Herman, formerly in charge of the White House Office of Public Liaison, is the president's nominee for labor secretary. Her role in the coffee — attended by Mr. Clinton, 17 bankers, officials of the Democratic National Committee and Comptroller of the Currency Eugene Ludwig — has left Miss Herman's Senate confirmation open to question.

The Senate Labor and Human Resources Committee has indefinitely delayed a hearing on her nomination.

Last Friday, Miss Herman met with Mr. Lott to try to salvage her

chances. Mr. Lott asked her to explain media reports saying she set up the May 13 coffee between Mr. Ludwig and the bankers, who later gave money to the Democrats.

The memos and letter from White House Staff Secretary Todd Stern appear to verify Miss Herman's claim that she did not initially know that DNC officials and Mr. Ludwig would be attending the coffee.

Mr. Lott said last night he had not yet read the documents, but he added: "If they do support her explanation, then I think the hearing will be scheduled, and unless something else comes out, she should be able to get through."

Miss Herman said the meeting between Mr. Ludwig and the bankers was arranged by one of her aides, Kate Smith Carr. Miss Herman said she thought the meeting was an "official" White House event, not a Democratic fundraiser. She also said she did not attend.

A May 6 memo from Miss Carr

to Miss Herman, which included a list of people who were invited to the coffee, did not include DNC officials or Mr. Ludwig.

A May 10 memo did say DNC officials and Mr. Ludwig and other administration officials would be attending, but Miss Herman said she left Washington via plane on May 9 for a meeting in Williamsburg and did not return until May 13, after the fund-raiser had ended. She said she never saw the May 10 memo.

"I think this does back up her story," said White House spokesman Joe Lockhart. "I think it provides what Alexis Herman's view of the event was, and how it changed at a later date."

The letter and memos were sent to Mr. Lott and Sen. James M. Jeffords, Vermont Republican and chairman of the Labor and Human Resources Committee.

Mr. Jeffords was reviewing the documents and had no comment, a spokesman said.

# The Washington Times

WEDNESDAY, FEBRUARY 5, 1997

# White House: Herman Never Saw Final Coffee Guest List

By Peter Baker

Washington Post Staff Writer

The White House released internal documents yesterday intended to prove that Labor Secretary-designate Alexis M. Herman was not responsible for an improper meeting sponsored by Democratic fund-raisers that brought together prominent bankers and a senior banking regulator.

As director of the White House Office of Public Liaison, Herman's involvement in a May 13 coffee has become a significant issue in her bid to win confirmation to the Cabinet. It was her office that invited Comptroller of the Currency Eugene A. Ludwig, a move that Ludwig and President Clinton now say inappropriately mixed politics and business.

The delivery of the memos to the Senate yesterday is part of an effort to persuade Republican leaders that Herman had no direct role in Ludwig's invitation and was unaware until a few days before the coffee that it was arranged at the behest of the Democratic National Committee.

"What these documents confirm is that the only list of attendees that Ms. Herman saw prior to the event men-



BY LARRY MORRIS-THE WASHINGTON POST

**ALEXIS M. HERMAN**

... faces fund-raising controversy

tioned neither DNC officials nor Mr. Ludwig," White House staff secretary Todd D. Stern wrote in a three-page cover letter.

The documents could prove important to Herman's confirmation chances. After meeting with her last week,

Senate Majority Leader Trent Lott (R-Miss.) seemed somewhat mollified by her explanation and said that if Herman could document it, "then I assume that she would be" confirmed.

Lott and Sen. James M. Jeffords (R-Vt.), chairman of the Labor and Human Resources Committee, declined to comment after receiving the memos yesterday.

The documents include several drafts of the invitation list as it was compiled by Herman's assistant, Kate Smith Carr, a former finance director of the Democratic Senatorial Campaign Committee. The first two, on April 2 and May 6, included the names of the banking executives, but no administration or party officials. Two other memos, dated May 10 and 13, listed Ludwig along with the DNC's then-national chairman, Donald L. Fowler, and finance vice chairman, Marvin Rosen.

According to Stern, Herman never saw the May 10 and 13 memos that listed all the guests. The May 10 memo was prepared the day after she left town on business, but over the weekend before the Monday morning coffee, Stern said, Herman learned from Carr that Fowler and Rosen were to attend.

At that point, she concluded it was a political event and decided not to attend. White House spokesman Joe Lockhart said he could not say whether she knew Ludwig was also coming and, if so, why she did not warn him.

Although the White House hopes these documents ameliorate concerns about Herman, they will also provide at least symbolic fodder for critics who charge that the administration routinely mingles politics and governing. On the lists where Fowler and Rosen were cited, the two party leaders were included in a section titled, "Administration Participants."

"That was a mistake on Kate's part," Lockhart said.

The documents sent to senators included a description of a memo prepared by Treasury Secretary Robert E. Rubin and then-economic adviser Laura D'Andrea Tyson to brief Clinton on possible topics for the coffee, including regulatory relief and bank insurance. The memo also catalogued "Administration banking accomplishments." However, the White House did not release it because, Stern said, it "involves substantive advice given to the president by his advisors."

WEDNESDAY, FEBRUARY 5, 1997

The Washington Post

# White House Says Files Clear Labor Nominee

By DAVID STOUT

WASHINGTON, Feb. 4 — The White House sent a sheaf of documents to key senators today in an attempt to show that Alexis M. Herman, its nominee as Secretary of Labor, had a minimal role in setting up political coffees with President Clinton that have become embarrassing.

The documents purport to show that Ms. Herman was not directly involved with inviting the nation's senior bank regulator to one of the coffees, on May 13, 1996, and that she was not even in Washington when the final arrangements were made.

Ms. Herman's difficulties in her attempt to win Senate confirmation arise from her previous position as head of the White House Office of Public Liaison, where the staff helped to set up the coffee meetings, including one that brought together the President, top bankers, fund-raisers from the Democratic National Committee and the comptroller of the currency, Eugene A. Ludwig.

In retrospect, the White House acknowledged last week that the presence of Mr. Ludwig, a high-ranking regulator, at a meeting with fund-raisers and bankers was unfortunate. But the White House said today that the documents it sent to the senators confirm that Ms. Herman did not know that party officials and Mr. Ludwig would be at the session.

However, one document stamped "the President has seen" lists all the participants at that session, indicating that Mr. Clinton knew before the meeting that it would include Mr. Ludwig, Democratic fund-raisers and the bankers.

Although the White House communication does not address what went on at numerous other coffee sessions and exactly who arranged them, it does seek to remove Ms. Herman from the controversy.

The documents consist of guest lists and messages to Ms. Herman from her deputy in the Office of Public Liaison, Kate Smith Carr. The first guest list including Mr. Ludwig's name and those of party leaders was dated Friday, May 10, a day after Ms. Herman had left for a

## Clinton Aide Reconsiders

By TODD S. PURDUM

WASHINGTON, Feb. 4 — The White House spokesman said today that he should have disclosed last week that he advised Truman Arnold, the former finance chairman of the Democratic National Committee, on how to handle press inquiries about whether Mr. Arnold misused a White House computer database to track prospective donors to the party.

The spokesman, Michael D. McCurry, made his comments after Republican Congressional investigators released a letter from the White House counsel, Jack Quinn, detailing White House contacts with Mr. Arnold. Mr. Quinn wrote that Mr. McCurry had spoken with Mr. Arnold last Wednesday, a day before Mr. McCurry and another White House spokesman had suggested that Mr. Arnold's contacts had been limited to White House lawyers.

"In retrospect, yes," Mr. McCurry said today of whether he should have disclosed his conversation with Mr. Arnold, a Texas oil executive whom he advised on communications techniques in his days as a private consultant.

The letter from Mr. Quinn was sent to Representative David M. McIntosh, the Indiana Republican who leads a House Government Reform and Oversight subcommittee investigating the use of the database. After Mr. McCurry's statement today, Mr. McIntosh

said, "It's sad that secrecy and disrespect for the truth have become institutionalized at the White House."

Last week, Time magazine and The Los Angeles Times quoted Mr. Arnold as saying he had routinely relied on the White House database for information about potential donors. White House lawyers had ruled that the database could be used only to help Mr. Clinton in the performance of official duties.

At a White House briefing on Thursday, Mr. McCurry's deputy, Barry Toiv, was asked whether the White House had spoken with Mr. Arnold about his comments. When Mr. Toiv replied that he did not know, Mr. McCurry broke in to say that White House lawyers had done so. But Mr. McCurry did not disclose that he had spoken to Mr. Arnold the night before, advising him to issue a written statement on the matter.

"That's not the question that was asked at that point," Mr. McCurry said today. "The point is, on what basis do you respond? I did not have a conversation with Truman about what precisely he knew about the database. That was a conversation that I had understood at that point that the counsel had already had with Truman."

Later on Thursday, Mr. Arnold issued a statement saying he had never heard of the database.

meeting in Williamsburg, Va., the White House said today. Ms. Herman did not return to the White House until well after the coffee session on May 13, the White House said.

The documents were sent today to Senators Trent Lott of Mississippi, the Republican leader; James M. Jeffords of Vermont, the chairman of the Labor and Human Resources

Committee, which has been reviewing Ms. Herman's nomination; Edward M. Kennedy of Massachusetts, the panel's ranking Democrat, and Thomas A. Daschle of South Dakota, the Democratic leader.

Spokesmen for Senator Lott and Mr. Jeffords said they had not had time to review the documents and so would have no immediate comment.

# The New York Times

WEDNESDAY, FEBRUARY 5, 1997

# Herman kept federal contract

## Aide got Reagan Building money while at White House

By Lance Gay  
SCRIPPS HOWARD NEWS SERVICE

While she was working at the White House, Alexis Herman, President Clinton's nominee to be the secretary of labor, held a \$600,000, five-year contract to monitor minority employment at a new \$1 billion federal office building, records show.

Miss Herman's financial disclosure record states she sold her consulting group, A.M. Herman and Associates, for \$50,000 to \$100,000 in October 1993 — about eight months after she took the job as White House director of public policy.

Before then, while working for the Democratic National Committee, Miss Herman did consulting on minority issues for FTPM Partnership, builder of the Ronald Reagan Building at Federal Triangle, as well as for Burger King, Procter & Gamble, KPMG Peat Marwick, Cincinnati Gas & Electric, and Levi Strauss, disclosure records show.

Joe Lockhart, a White House spokesman, said Miss Herman's

company won the five-year Reagan Building contract in 1989. It was still running when Miss Herman moved from the Democratic National Committee to the White House with President Clinton in 1993, he said.

White House records show that Miss Herman drew two DNC salaries: \$58,800 a year as an assistant to DNC Chairman Ronald H. Brown and \$85,800 a year for working on the Democratic National Committee's convention committee. Her tasks at the DNC included supervision of all the party's buildings. The same year, she said she drew a \$22,000 salary from the Herman consulting firm.

Mr. Lockhart said there was no conflict of interest between Miss Herman's job at the DNC and her consultant work.

"It might create a problem if she did any activity to lobby on the contract, but she didn't do any lobbying," Mr. Lockhart said. He said even potential problems disappeared when she sold her consulting business.

The \$600,000 price tag on the

Reagan Building contract first came to light in a 1992 suit in federal court in Washington brought by a construction firm, Saratog Development, that lost its bid to build the facility — the most expensive federal office building ever constructed in America.

The suit contended that, among other irregularities, the developer's affirmative-action program which Miss Herman drafted, was inadequate. The suit was rejected.

The building, nearing completion across the street from the Commerce Department, is mired in controversy over the cost and whether any agencies can afford the rent. Mr. Clinton last year ordered the Agency for International Development to move into a portion of the building.

Miss Herman's most recent financial disclosure report, last month, shows she still holds substantial interests in Washington real estate, including an investment worth between \$500,000 and \$1 million in Western Associates, a developer closely connected to D.C. Mayor Marion Barry.

# Lott receives Herman data on coffee

By Brian Blomquist  
THE WASHINGTON TIMES

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Union speeches. Time after time, feet to join Democrats in applauding the

kably and collectively show their joke disparagingly of a GOP-sponsored budget. Many Republicans

decided in the administration to work in a P-led Congress to pass a balanced budget on that he said would remove Uncle Sam's pockets.

ndment will force the government to y," he said. "No longer will a president or money we don't have, on benefits our

nd second-term legislator, is widely g star among GOP lawmakers. ents, Senate Majority Leader Trent Lott, re president's willingness to work across the aisle toward cooperation."

d just before the president began ers want to know if the president really and lowering taxes. "Words are nice," the deeds. ... Only time will tell."

### Increased Spending on By James Gerstenzang Times

Clinton will propose spending 12 tal reduction next year, senior Tu signaling a pronounced turn in environmental issues as he is imposing on other domestic spending. he fiscal 1998 budget proposal Clinton likely to draw opposition from At the same time, it risks setting off a feud or environmental programs and those on funding for housing, job training and

re way down across the board," said one ment and education are the main

environmentalists often expressed inistration, Clinton is now proposing nd toxic waste cleanup program by as also seeking more money for safe two other environmental initiatives on safety, the officials said Tuesday. ronment in every community," Clinton message Tuesday night. "In the last four ic waste sites, as many as in the previous 500 more of them, so that our children sion."

also said he would begin a program to ver fronts and cut pollution in rivers. But ould shifted from other environmental

Protection Agency would receive an 00 million beyond the \$6.7 billion in its

Protection Agency inspectors and the reach of the agency's regulations.

Administration officials expressed uncertainty about what to expect from the Republicans this year, at a time when the majority in Congress is sounding a theme of reconciliation.

"They've been talking a good game," said one senior Clinton aide, speaking on the condition of anonymity. "I think they'd be skittish to go into battle again."

But an aide to a senior congressional Democrat expressed confidence that the Republicans once again would seek to pare environmental spending and could walk into a political trap being set for them by a White House counting on popular support for environmental spending.

"They'll be out there trying to cut funding and that creates a problem for them," he said of the Republicans.

Rep. Sherwood L. Boehlert, R-N.Y., who has often sought to moderate his party's attempts to restrict environmental programs, said he was pleased to learn of the proposed increase in the Superfund toxic waste cleanup program. But he said that the request is likely to run into opposition unless efforts to overhaul the program are completed.

### White House Seeks to Explain Herman's Role in Coffee Meeting (Washn) By Marc Lacey (c) 1997, Los Angeles Times

2/5/97

WASHINGTON The Clinton administration delivered documents to Senate Republicans Tuesday in an attempt to downplay Labor Secretary-designate Alexis Herman's role in a widely criticized White House coffee, but questions persist over whether she improperly mixed her official and political duties.

The May 13, 1996, coffee for bankers has emerged as a potential obstacle to Herman's confirmation to the Cabinet. Her White House office played a key role in organizing the controversial event.

Even President Clinton has acknowledged it was wrong for the nation's top banking regulator to have been invited to the White House gathering for bankers, which was sponsored by the Democratic National Committee. "Regulators should not come to meetings ... that have any kind of political sponsorship, I don't think," Clinton said.

It was Herman's staff at the White House Office of Public Liaison that put together the coffee attended by Comptroller of the Currency Eugene A. Ludwig, more than a dozen bank executives and two top Democratic officials. The idea for the meeting started at the Democratic committee, was passed to the White House political office and ended up in Herman's public liaison shop, the White House said.

Administration officials explained that it was Kate Carr, an aide to Herman and a former finance director of the Democratic Senatorial Campaign Committee, who organized the meeting under the mistaken belief that it was a policy, rather than political, gathering. When Herman learned from Carr that party officials would be at the meeting, she expressed frustration over the mixup and decided not to attend, White House spokesman Joe Lockhart said.

The internal White House documents released Tuesday show initial invitation lists compiled by Carr did not include Democratic officials. A few days before the meeting, the committee apparently assumed control of the invitation lists, adding the names of national chairman Donald L. Fowler and finance chairman Marvin S. Rosen, Lockhart said.

Still unresolved is why Herman did not notify Ludwig when she learned that the policy gathering was really a political meeting. "It's

not clear if Herman knew that Carr invited Ludwig," Lockhart said. "That's an open question right now."

Also unclear Tuesday was whether the documents released by the White House would satisfy the concerns of Senate Republicans, who have delayed Herman's confirmation hearing while they look into the matter. "We're still looking at the documents," said Joe Karpinski, spokesman for the Senate Labor and Human Resources Committee.

Meanwhile, Herman faces other questions. A federal agency that enforces the Hatch Act, which restricts political activity by government officials, is investigating whether she may have improperly blended political and government work while in the White House.

The agency initiated the inquiry last week in response to media reports outlining Herman's role in a black outreach effort by the Clinton re-election campaign. Herman chaired the black Working Group, one of several ethnic outreach efforts launched by the president's re-election team.

The working group planned a variety of strategies to involve blacks in the campaign, to raise more financial contributions from blacks and to reach out to black voters. Herman headed the strategy group and was listed as one of the White House's surrogate speakers to deliver the administration's message to black constituents.

A White House document cautioned political appointees such as Herman to tread cautiously in their political work.

### **Ambassador Harriman Suffers Stroke (Paris) By John-Thor Dahlburg (c) 1997, Los Angeles Times**

PARIS Her health unimproved U.S. Ambassador Pamela Harriman, victim of an apparent stroke, was in intensive care Tuesday, where she was joined by members of her family.

Harriman, 76, was hospitalized Monday evening after having a seizure at the Ritz Hotel, where she had gone for a swim in the health club's pool. The wealthy socialite turned Democratic Party fund-raiser and diplomat was taken by ambulance to the American Hospital in the northwestern suburb of Neuilly.

"Her condition was serious when she arrived, and her condition is serious now," U.S. Embassy spokeswoman Mary Carlin Yates said at the hospital Tuesday. The initial diagnosis was that the English-born Harriman had suffered a cerebral hemorrhage, Yates said.

Her son, Winston Churchill, a member of the British House of Commons and grandson of the celebrated wartime prime minister, was at her bedside, embassy employees said. Harriman had spent the past weekend in Britain to attend the christening of a great-granddaughter, the employees said.

At the White House, spokesman Mike McCurry said Harriman was in the "thoughts and prayers" of President and Mrs. Clinton. French President Jacques Chirac asked some of France's leading medical specialists to be ready to provide assistance if the U.S. Embassy requested it, the presidential press service said.

Harriman, ambassador in Paris since 1993, was widely expected to be departing this summer. Her appointment by Clinton to such an important job raised many eyebrows, but she has proved a popular and effective envoy.

The French knew that the glamorous Harriman had the ear of the American president, whose political fortunes she boosted through a political action committee she founded to help the Democrats counter the Republican landslides of the Reagan-Bush years.

In relations with what may be America's testiest ally, she has been widely credited with smoothing over the rough patches on issues as

supported Al Gore Jr., then a young senator Democratic presidential nomination in 1988 attracted by Clinton's intelligence and stam

### **Governors Vow to Maintain Welfare Immigrants (Washn) By Robert L (c) 1997, Los Angeles Times**

WASHINGTON The nation's governors would work to help legal immigrants keep a decided against asking Congress to restore aid for elderly and disabled immigrants.

The policy statement, adopted at the close of the Governors Association meeting in Washington, Southern California counties disclosed bureau will allow poor legal immigrants to continue several months after new federal welfare rule.

Governors attending the bipartisan conference President Clinton's plan for a per-capita special payments to the states. California Gov. Pete especially vehement in condemning that proposal.

Democratic Gov. Bob Miller of Nevada, said that the chief executives are urging Clinton flexibility on Medicaid, which provides health and disabled elderly.

"We think Medicaid reform is going to be next few months," Miller said. The details of will be presented Thursday as part of the pre budget. In their resolution on immigrants, the Congress and the White House "to ensure the system and its requirements are fair to both and meet the needs of aged and disabled legal naturalize and whose benefits may be affected."

The nation's governors "further believe that this issue could be achieved without reopening reform law, the resolution said.

Republican governors, under pressure from Congress, strongly objected to amending the six months after Clinton had signed it. As a result was watered down and a phrase saying that it not be barred from federal Supplemental Security food stamps" was deleted.

But on Monday officials in Los Angeles, Orange counties in California said that they could delete stamps to immigrants by conducting a massive campaign that would maintain their benefits.

Discussing Medicaid policy, Miller told the task force will assess whatever Clinton proposes.

"Essentially, we feel that, if you are going responsibility to a state, you must also give some how to administer services most economical.

Earlier this week Wilson made the same point. Clinton's plan would be "extremely unfair" and "would punish us for having done a good job program.

Largely by pressing patients into managed care driven down its cost per patient to one of the lowest. It spends almost \$9.8 billion on nearly 5 million per-capita cap in Clinton's budget, such efficient

liberals expect liberal politicians to argue for liberal proposals? They do."

Stuart Butler, director of domestic policy studies at the conservative Heritage Foundation, said Democrats and Republicans may broadly agree on issues, such as reviving public schools, but the two sides differ greatly on the details. ~~Clinton's~~ proposals for targeted tuition tax credits and \$51 billion in additional education spending with a great deal of skepticism.

Gingrich's weakened status as House speaker also complicates the prospects for deal-making. In the 104th Congress, the speaker played a role akin to Marshal Tito in the former Yugoslavia an all-powerful leader who managed to both corral and inspire various factions. But just as Tito's death hastened the breakup of Yugoslavia, the House is becoming balkanized in the wake of Gingrich's ethics problems.

nomination.

A spokesman for Senate Majority Leader Trent Lott, R-Miss., who first raised questions about Herman's nomination, said Lott was reviewing the documents and had no immediate comment.

**Document Shows Clinton Knew Who Would Be at Coffee Meeting (Washn) By Ken Fireman and Charles V. Zehren (c) 1997, Newsday** 2/5/97

WASHINGTON President Clinton knew beforehand that a senior federal bank regulator and a top Democratic Party fund-raiser would be in attendance when he had coffee with a group of bankers last year, a document released by the White House Tuesday revealed.

Last week, Clinton called the inclusion of Comptroller of the Currency Eugene Ludwig in the meeting inappropriate. "In retrospect, since the DNC (Democratic National Committee) sponsored it, I do not think the comptroller of the currency should have been there," Clinton said during a news conference Jan. 28. "Regulators should not come to meetings that ... have any kind of political sponsorship."

But a briefing memo prepared for Clinton by top economic advisers three days before the May 13 White House coffee contains a list of the 17 bankers who would be attending, plus the names of seven "administration participants." Among those listed were Ludwig, DNC Chairman Don Fowler and DNC Finance Chairman Marvin Rosen. The document carries a stamp reading "the president has seen" followed by the date of May 13.

White House spokesman Joe Lockhart Tuesday night confirmed that Clinton had the document before the coffee and acknowledged that it shows Clinton walked into the meeting knowing it would mix bankers, a regulator and top party fund-raisers.

Noting that Clinton had acknowledged during his news conference that "mistakes were made" in raising money for last year's campaign, Lockhart said: "I think that was what he was referring to."

The White House released the memo as part of a package of documents it sent to Capitol Hill Tuesday in hopes of salvaging the nomination of Alexis Herman as labor secretary. Herman, currently director of the White House Office of Public Liaison, has been criticized for her role in setting up the controversial meeting, one of more than 100 coffees Clinton held in the White House with supporters who often donated money to him or his party shortly before or after the events.

Clinton has never said whether he knew beforehand who was invited to the coffees, but according to one legal expert, the revelation may increase pressure on Attorney General Janet Reno to appoint an independent counsel to investigate allegations of wide-ranging abuses in the financing of Clinton's 1996 re-election campaign.

"Evidence that the president was aware that both regulators and fund-raisers were at the same White House function strengthens the case against him and could contribute to the finding Reno has to make to require the appointment of an independent counsel," said New York University Law School Professor Stephen Gillers. "This is important evidence for Reno to consider."

Although Herman's office helped set up the May 13 coffee, she told top Republican senators last week that she had no involvement in Ludwig's invitation and was unaware until a few days before the event that it was sponsored by the DNC. The documents released Tuesday night are consistent with that account.

Two memos to Herman written in April and early May list the bankers to be invited but do not mention Ludwig or the DNC officials. The earliest document showing them as invitees is dated May 10 but according to the White House, Herman by then had already left Washington, D.C., to attend a meeting in Williamsburg, Va., and never saw that memo.

"What these documents confirm is that the only list of attendees that Ms. Herman saw prior to the event mentioned neither DNC officials or Mr. Ludwig," said Todd Stern, an assistant to the president, in a cover letter conveying the documents to Sen. James Jeffords, R-Vt. Jeffords chairs the Senate committee that will review Herman's

Notes 2/5/96

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FUND-RAISING: WH RELEASES MEMOS TO PLAY DOWN HERMAN ROLE

The Clinton admin. delivered documents to Senate GOPers "in an attempt to play down" Labor sec.-designate Alexis Herman's role in a "widely criticized" 5/13/96 WH coffee, "but questions persist over whether she improperly mixed her official and political duties." The coffee for bankers "has emerged as a potential obstacle" to her confirmation because her WH office "played a key role in organizing the controversial event" (Lacey, L.A. TIMES, 2/5). The delivery of the memos is "part of an effort" to persuade GOP leaders that Herman "had no direct role" in the invitation of Comptroller of the Currency Eugene Ludwig, and "was unaware until a few days before the coffee that it was arranged at the behest" of the DNC. WH staff secretary Todd Stern wrote in a three-page cover letter: "What these documents confirm is that the only list of attendees that Ms. Herman saw prior to the event mentioned neither DNC officials nor Mr. Ludwig." The documents "could prove important" to Herman's confirmation chances. After meeting with Herman last week, Sen. Maj. Leader Trent Lott "seemed somewhat mollified by her explanation" and said that if Herman could document it, "then I assume that she would be" confirmed. Although the WH "hopes

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for Clinton by top economic advisers three days before the 5/13/96 coffee contains a list of the 17 bankers who would be attending, plus the names of seven "administration participants." Among those listed were Ludwig, DNC co-chair Don Fowler and DNC finance chair Marvin Rosen. The document carries a stamp reading "the president has seen." WH spokesperson Joe Lockhart "confirmed that Clinton had the document before the coffee" and "acknowledged that it shows Clinton walked into a meeting knowing" it would mix bankers, a regulator and top party fundraisers. Clinton has "never said whether he knew beforehand who was invited," but according to one legal expert, "the revelation that he did may increase pressure" on AG Janet Reno to appoint an ind. counsel to probe allegations of financial abuses in the re-elect campaign (Fireman/Zehren, L.I. NEWSDAY, 2/5).

McCURRY BACKTRACKS: WH Press Sec. Mike McCurry said 2/4 he advised ex-DNC finance chair Truman Arnold on how to handle press inquiries about whether Arnold misused a WH computer database to track prospective donors to the party. At a WH briefing on 1/30, McCurry's deputy, Barry Toiv, was asked whether the WH had spoken with Arnold about his comments to Time magazine that he had used the WHDob for fund-raising purposes. When Toiv replied that he did not know, McCurry interrupted to say WH attys had done so.

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assume that she would be" confirmed. Although the WH "hopes these documents ameliorate concerns about Herman, they will also provide at least symbolic fodder for critics who charge that the administration routinely mingles politics and governing" (Baker, W. POST, 2/5). The memos and letter "appear to verify" Herman's claim "that she did not initially know" that DNC officials and Ludwig "would be attending the coffee." Lott said 2/4 he had not yet read the documents, but he added: "If they do support her explanation, then I think the hearing will be scheduled, and unless something else comes out, she should be able to get through" (Blomquist, W. TIMES, 2/5).

WHAT'S IN THE DOCS: The documents consist of guest lists and memos to Herman from Kate Smith Carr, her deputy in the Office of Public Liaison (OPL). The first guest list including Ludwig's name and those of party leaders was dated 5/10, a day after Herman had left for a meeting in Williamsburg, VA. The WH said Herman did not return to the WH until well after the coffee session on 5/13 (Stout, N.Y. TIMES, 2/5). One memo in the almost 20 sent to Senate GOPers confirms that Pres. Clinton "knew beforehand" that Ludwig and a top Dem fundraiser would be in attendance when he had coffee with the bankers. A memo prepared for Clinton by top economic advisers three days before the

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of the House Transportation and Infrastructure Committee, giving him strong influence over the amount of federal money Massachusetts gets for the nearly \$8 billion construction project known as the "Big Dig."

The Globe based its report on unidentified sources, who said the grand jury subpoenas were delivered several weeks ago to the Central Artery project office and the Massachusetts Port Authority.

The subpoenas reportedly ask for all correspondence the agencies have had with Mr. Shuster and his former top aide, Ann Eppard, now a Washington lobbyist.

The Boston subpoenas are part of a larger U.S. Justice Department investigation of Mr. Shuster and Miss Eppard, the newspaper said.

Congressional Accountability Project, a Ralph Nader-affiliated public interest group, called last



Rep. Bud Shuster

year for the Justice Department to investigate Mr. Shuster's activities.

The Boston businessmen are Richard Goldberg, owner of Park 'N Fly, a parking company, and Nicholas J. Contos, owner of the No Name Restaurant, according to the newspaper.

Federal campaign finance reports show that Mr. Goldberg contributed \$6,000 to Mr. Shuster's campaign between 1991 and 1993, and that Mr. Contos contributed \$4,500 between 1991 and 1995.

Mr. Shuster, Miss Eppard and Mr. Contos didn't return phone calls seeking comment, the newspaper said. Mr. Goldberg, through a lawyer, declined to comment.

The Washington  
TUESDAY, FEBRUARY 4,

## Judge rebukes government lawyer

### Blasts effort to prevent questioning of Commerce official

By George Archibald  
THE WASHINGTON TIMES

A federal judge lambasted a Justice Department lawyer yesterday for abusive conduct and interference in a private group's search for evidence that administration trade missions were sold for large political contributions.

U.S. District Judge Royce C. Lamberth scolded Assistant U.S. Attorney Bruce Hegyi for "totally scandalous" behavior in trying to prevent the group's questioning of a Commerce Department lawyer about the adequacy of her document production in the fund-raising probe.

The judge rejected the Justice Department lawyer's objections to further subpoenas for pre-trial questioning of officials by Larry Klayman, general counsel of Judicial Watch, who has accused the administration of a cover-up.

"Every time he turns up a rock, he finds something, so why are you telling me I can't let him turn up another rock?" the judge told Mr. Hegyi during a status hearing in Judicial Watch's Freedom of Information Act lawsuit against the Commerce Department.

The judge said he would rule later on the group's request to subpoena 37 additional administration and Democratic Party officials, including Alexis Herman, President Clinton's nominee to be labor sec-

retary, who coordinated White House briefings for corporate executives invited to participate in foreign trade missions with Commerce Secretary Ronald H. Brown before he died.

Mr. Klayman described Miss Herman as "one of the oldest and closest friends of former Secretary Ron Brown" and said "she chose Melissa Moss, who organized the trade missions. ... We want to ask her what was her interaction between the White House, President and Mrs. Clinton, and these trade missions."

Miss Herman, as director of the White House's office of public liaison, organized more than 100 fund-raising "coffee klatches" for the president that included many of the executives and firms that participated in the Commerce Department trade missions.

The legal group also asked Judge Lamberth to authorize subpoenas for political donor information stored on a White House computerized database called "Big Brother" and for testimony from officials of the Democratic National Committee.

Mr. Brown was chairman of the DNC before he became commerce secretary in 1993. Miss Herman was deputy DNC chairman and Melissa Moss, who organized Commerce trade missions for Mr. Brown, was the DNC's finance director.

So far in the 2½-year-old case, Judicial Watch has found that the DNC offered seats on Commerce's overseas trade missions, starting in 1993, to corporate executives who donated \$100,000 or more a year as a DNC "managing trustee."

But despite close ties of Mr. Brown and his top aides to the DNC, Mr. Klayman told the judge yesterday that the Commerce Department still has not provided any communications with Democratic officials or other documentary evidence of a DNC link to Commerce trade activities.

Even copies of department documents found in former trade official John Huang's DNC files, after he left Commerce to become a DNC fund raiser in 1995, were not produced by the government in response to court orders in the lawsuit, Mr. Klayman said.

Mr. Klayman told the judge he wanted to subpoena Robert Atkins, a former career official of Commerce's International Trade Administration, who said in a sworn affidavit that he saw hundreds of documents on White House and DNC letterheads en route to a shredding unit at ITA.

"He said that there was such wholesale shredding that the shredder broke several times," Mr. Klayman said. "There were White House and DNC documents. He saw the letterhead."

# Group Is Seeking Access to DNC, White House Data

## Coverup Alleged in Lawsuit On Commerce Dept. Missions

By Toni Locy  
Washington Post Staff Writer

A federal judge is considering whether to allow a conservative watchdog group to subpoena records from the White House and the Democratic National Committee regarding trade missions sponsored by the Commerce Department when the late Ronald H. Brown was secretary.

The group, Judicial Watch Inc., yesterday told the judge that it also wants to question 35 current and former top government officials, including Alexis M. Herman, the director of the White House Office of Public Liaison, who is President Clinton's nominee to be secretary of labor.

Judicial Watch wants access to the White House's computer system, known as "Big Brother," and to DNC records to determine whether there were communications among the White House, the Commerce Department and the Democratic Party about whether big donors should go on the trade missions.

Attorney Larry Klayman, the founder of Judicial Watch, wants to depose people he believes have information about the trade missions or a coverup he alleges occurred when he tried to get documents from the Commerce Department. They include several people who do not work for the government: Brown's son, Michael, and Little Rock lawyer John Tisdale. They also include many current and former officials, such as associate White House counsel Stephen Neuwirth; David J. Rothkopf, a former commerce deputy undersecretary; and former commerce secretary Mickey Kantor.

"We still need . . . to follow the leads to get information," Klayman told U.S. District Judge Royce C. Lamberth. "This is perhaps the biggest scandal . . . we have seen in not just this administration but potentially with all administrations in the last 100 years. We are getting down to selling government services, government commodities for cash."

Lamberth must decide whether Klayman can seek "third-party subpoenas" from people and organizations outside of his original lawsuit, which named the Commerce Department as the alleged culprit.

During the hearing, Klayman listed several suspicious instances where current and former Commerce officials initially said they had no records dealing with trade missions being sought by Judicial Watch's 1994 Freedom of Information Act request, only to admit later that they had such records.

Assistant U.S. Attorney Bruce R. Hegyi opposed the widening of discovery in the civil FOIA lawsuit, arguing that it was going legally beyond its boundaries. "It strikes me that there's a line that needs to be drawn [in this case]," Hegyi said. "After 17 depositions, I think we've reached a point where the line might be drawn."

But Hegyi got nowhere with his argument that Klayman should not be allowed to pursue his case because he has been abusive with witnesses in other depositions. Lamberth attacked Hegyi, accusing the government lawyer of being abusive and acting "totally improperly" by "coaching" a witness on how to answer Klayman's questions in one deposition.

Hegyi was slapped with sanctions earlier in the case because he walked out of a deposition in protest over Klayman's tactics. "You didn't learn anything," Lamberth said.

## Justice Task Force Adds to Subpoenas In Donor Probe

Reuter

A Justice Department task force has issued subpoenas to more than 40 people and businesses in its probe of alleged illegal foreign campaign contributions to Democrats, party sources said yesterday.

The subpoenas, issued through a federal grand jury, were first reported in USA Today, which said it based its information on a "confidential" Democratic Party document it obtained that was prepared by Democratic National Committee general counsel Joseph Sandler. Sandler had asked DNC employees to search their files thoroughly and not alter any documents.

Democratic sources confirmed that subpoenas had been issued.

Earlier subpoenas were issued for records at the White House and President Clinton's legal defense fund.

The newspaper said that among those subpoenaed were John Huang, a naturalized American of Chinese descent who was a Commerce Department official before becoming a top Democratic Party fund-raiser, and John Berry of Little Rock, a longtime friend of Clinton's.

Berry told USA Today that he never raised funds from foreign corporations or individuals.

Huang is at the center of investigations by a 25-agent FBI task force and congressional committees into several million dollars in contributions he solicited, much of it from Asian Americans or from foreign individuals or corporations.

He is a former executive of the Lippo Group, a financial conglomerate based in Indonesia.

It is illegal for non-Americans to make political contributions in most cases unless people are legal residents of this country.

After a furor broke during the presidential campaign about improper contributions, the DNC voluntarily returned money it deemed inappropriate or illegal.

DNC spokeswoman Amy Weiss Tobe refused comment. "We don't comment on subpoenas. We are cooperating with any and all aspects in investigations," she said.

The Washington Post

TUESDAY, FEBRUARY 4, 1997

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## CAPITAL DIARY

### Take The Train; It Is The Information Superhighway

BY LLEWELLYN KING

I am pretty ecumenical when it comes to trains. I like them. I like trains in Africa that seldom manage more than 25 miles per hour; and I like the Eurostar, which glides across the French countryside at 186 mph bound for London.

They broke my heart in the north of Vietnam when they refused to show me a train I had espied at a distance, still gloriously powered by steam. The government apparently felt embarrassed that they were still dependent on the technology of the 19th century. The poor Vietnamese did not understand that steam was the founding monarch of the divine railway dynasty.

Now I have my own train, itself no credit to the state of the art, but nonetheless a train. A very human train. Closer to the African trains of my youth than to the sleek aristocrats now hurtling across Europe.

It is the Virginia Railway Express (VRE), which sneaks its way from the fringes of the Virginia horse country to Union Station in Washington. It is not glossy, nor fast. And it is often late, but it is totally endearing.

The cars on the VRE are cast off from Brazil and are really past their sell-by date. The engines, stubby little diesel-electrics, are permanently attached to the south ends of the trains. They push them into Washington in the morning and pull

(Continued on page 2)

### Campaign Cash: White House Staff's Performance Mixed

BY PAUL BEDARD

For all the stories about White House's and Democratic National Committee's strong-arming of major—and minor—donors to contribute money to the Democratic Party and Clinton-Gore re-election, it appears that no similar effort was directed at President Clinton's own staff.

Federal Election Commission records just reviewed by *White House Weekly* show that top Clinton aides had a spotty record when it came to contributing to their boss's re-election to keep their job. In some cases, revenge was the dominant factor for those pushed out of the West Wing during Clinton's first term.

For example, top aides such as former Chief of Staff Leon Panetta didn't contribute a dime. Nor did spokesman Michael McCurry or even Clinton shadow Bruce Lindsey.

Aides said that their lack of financial support for the Clinton-Gore team showed that there was no pressure put on the White House staff for cash. "That call never went out," said a West Wing aide. It also showed that many of those on the White House staff thought their 14-hour days above and beyond the call of duty and, therefore, amounted to a contribution of sorts.

Many aides, however, did contribute money. Of them, most worked the

(Continued on page 3)

### Herman A Hit As Guide For Women Entrepreneurs

BY LINDA GASPARELLO

"There's something wonderful about her." That's how Lori Foster, president of Creative Juices, a San Francisco-based maker of non-alcoholic wine substitutes, described Labor Secretary-designate Alexis M. Herman.

"That's difficult for me to say because I'm *no* Democrat," she added.

After participating on a White House-led trade mission for women business owners to Amsterdam and London in summer 1995, Foster thinks the world of Herman. "The presence of one person usually doesn't make or break a situation, but it was absolutely essential that Alexis was there," she said, adding: "She has this ability to pull everything together, no matter how disparate, in a wonderful way. Few people have that knack."

The 22 women on that trade mission, which was a product of the late Commerce Secretary Ron Brown's "commercial diplomacy" efforts, all had different commercial interests but the same problem: very little experience in dealing with foreign markets.

"That first trade mission came about when President Clinton

(Continued on page 6)

## Herman A Hit As Guide For Women Entrepreneurs...

(Continued from page one)

asked me [as a member of the Interagency Committee on Women's Business Enterprise of the National Women's Business Council] to take a closer look at the needs of women entrepreneurs," Herman told *White House Weekly* in an interview at her office.

"The president thought it was important to start engaging women in international business because women-owned businesses are the fastest-growing segment of the small business community in the United States, but they're less than 13 percent of our exporting economy.

"So we wanted to address this problem by creating a vehicle for women entrepreneurs to come together and to participate in the international market."

Herman said the women who participated on the 10-day European trade mission were "an amazing group, whose businesses ranged from cookies to electrical end-user products." With the help of U.S. embassy officials, the women entrepreneurs—all

of whom paid their own way—met with prospective customers and brought back millions of dollars in new business. And Herman credited the U.S. embassies' trade attaches in Amsterdam and London for matching business contacts to the mixed group.

Foster, who has a degree in international business, said she couldn't have made the business contacts by herself. Thanks to the embassy's "making it so easy," Foster received an order for two large shipping containers of the company's sparkling juices from a Dutch supermarket chain.

And thanks to what she learned on the trip,

Foster is now putting together a deal to sell her juice products in all the Arab states.

Herman said the first "Women in Trade" mission was successful on three levels:

1. "In terms of the real contacts that the women business owners made."
2. "Many of these women laid a strong foundation and gained a lot of experience in what it takes to compete internationally."

3. "The women networked among themselves, and some are now doing business with each other."

"I asked Ron [Brown], 'Is this something that happens on your trade missions?' and he said no. So this was really unique."

Herman led 17 women business owners on another trade mission, to Mexico, last spring. "I lowered my expectations because I thought first one was so phenomenal," she said. "But doggone if the same thing didn't happen."

Caroline Sanchez Crozier, president of Chicago-based Computer Services & Consulting, Inc., said: "The trip was the most valuable

trip I ever experienced. I met with representatives of 20 companies, and at least 30 percent of these contacts offered concrete business opportunities we will be pursuing."

When Foster learned of the upcoming "Women in Trade" mission to Paris, she told the prospective participant: "Definitely go, and especially if Alexis Herman is going to lead it."

Unfortunately, Foster said, "Alexis won't be leading it. I'm sure it will be successful, but she would give it that extra glow."

That *je ne sais quoi*.



Alexis M. Herman

## Commentary

# Why So Few Choose to Be Among the Chosen

■ **Politics:** The distortion of Alexis Herman's record will further discourage our brightest from public service.

By YVONNE SCRUGGS

A few years ago, I co-taught the Capstone seminar for 22 second-year graduate students at the University of Pennsylvania's prestigious Fels Center of Government. Earning master's degrees in various aspects of government and public affairs at the end of that semester were 14 Phi Beta Kappas, several former Rhodes scholars, a passel of honors bachelors' degree holders and a majority who had rich backgrounds as aides to Congress or assistants to various mayors and governors.

During the final class meeting, we polled each student about his or her career plans after graduation. With one exception, all of these bright young people excitedly reported their success in finding coveted positions with private corporations and industries, not with governmental agencies or public organizations. Why? Because they feared the effects of press intrusion and unwarranted notoriety on their children and families and felt that given the conservatively capped government salaries and other restricted public employment amenities, the gains from public service simply were not worth the pain.

The years that I describe were 1986 through 1989. I wonder if these students feel vindicated today when they look at the cannibalization of public servants that soaks the front pages of national newspapers.

There are numerous recent cases of character assassination and reputation assault that would discourage any sane person from accepting high government appointment. Often, an entire family will be vilified by broad allegations of "appearances of impropriety" that, whether proved or not, remain indelibly inscribed in the media's memory, to be retrieved as fodder for any future publicity.

It should come as no surprise then that when it comes to service in a national public administration, few choose to be chosen. The current contretemps over the speculated role of Alexis Herman in the Democratic National Committee's fund-raising investigation is a graphic and dramatic case in point.

Herman's primary responsibility in the White House for the past four years has been to reach out to constituents, especially

traditionally excluded or under-represented classes, to make sure that they felt embraced. Since these groups include clergy, small business owners, labor groups, minorities and women who often also feel that their contributions do not count, Herman's office was responsible for correcting that impression. Herman's office existed to facilitate the inclusion of their opinions, encourage their influence and recognize their civic and entrepreneurial power.

Alexis Herman did her job well. This fact has been underreported and underestimated. Unfortunately, the decision to leak records of the many legitimate meetings that she arranged for diverse groups of Americans added to the problem and was unhelpful at best, cynical at least.

There is no doubt among women and minorities that minority women have the hardest time being accepted in positions of authority and in overcoming ingrained stereotypes and prejudices about race and gender. Sniping and sabotage motivated by these biases alone have torpedoed many women's and minorities' career advancements.

This reality is further complicated by the growing occupational hazards of high-level government service and compounded by ambiguous ideas of loyalty and the deadly "friendly fire" from within the administration's own ranks. The press then enters upon a feeding frenzy, resulting last week in many prominent photos of Herman in the news reports, the substance of which had very little to do with her, and virtually nothing that accurately explained her legitimate responsibilities in the White House job she held.

It should be anticipated that eventually the best qualified and experienced public service professionals will opt for some other line of work. Americans will then well-deserve the resultant gang of dispirited bureaucratic drones, who will probably provoke little scandal because they will do very little that makes much difference.

One hopes that this prospect will provide added support and encouragement to the Senate Committee on Labor and Human Resources to move forward with a speedy and positive confirmation of Herman for the Labor post. It also might challenge and invite smart graduate students and other young professionals to choose public service over a corporate career.

*Yvonne Scruggs is executive director of the Black Leadership Forum Inc., a confederation of 21 of the largest and oldest national civil rights and service organizations.*

four years pushing long-shot legislation to victory, including NAFTA and the crime bill; both were campaigns in which Clinton at various times turned squishy.

McCain-Feingold starts out this session as another long shot. But Feingold came away from the meeting upbeat: the President described fixing campaign finance as second only to balancing the budget. And McCain said Clinton promised to push for it "at every available forum," starting with his State of the Union address on Feb. 4.

It will take much more than a motivated President to pass McCain-Feingold. Its enemies are legion and passionate and constitute one of the most peculiar assemblies ever to conspire in Washington. As a cause, killing the bill unites the Christian Coalition with the American Civil Liberties Union, the National Right to Life Committee with the National Education Association. "We don't agree with the A.C.L.U. on very



MCCAIN AND FEINGOLD came away from a White House meeting convinced that the President would push their bill, but they know it's still an uphill fight

much, but we're going to work very closely on these issues," says Douglas Johnson, legislative director of the N.R.L.C..

Feingold refers to the ringleader of the resistance, Kentucky Republican Mitch McConnell, as "the Grim Reaper of campaign-finance reform." But majority leader Trent Lott is the key player, and he resists reforms like free TV time for candidates

and public financing of campaigns, which he calls "food stamps for politicians." Feingold insists that Lott doesn't "want to be tagged as the person who killed campaign reform. He's leaving the door open." But privately, aides to the G.O.P. leadership say it's pretty well shut.

All this leaves McCain less than optimistic. The fact that his bill got 54 votes in this past session, almost all of them Democratic, doesn't mean much. Everyone knew it wouldn't pass, so it was a free gesture. "Let's accept the premise that Congress is not going to institute a reform that changes a system that dra-

matically favors incumbents," says McCain. "So what would make them change would only be public opinion and pressure. Some of us believe that pressure is strong and is going to get stronger as a result of the Thompson committee hearings. The question is, 'Is that pressure going to be strong enough?'"

If the President is serious, it will not be enough for him to slip an ad for reform into

## BEHIND THE SCENES

Michael Duffy

# How Huang Makes Two Hard Nominations Harder

SECRETARY OF STATE MADELEINE ALBRIGHT CHARMED JESSE Helms and breezed through the Senate last week, 99 to 0. So did Bill Cohen, the new Pentagon chief, who until a few weeks ago was a Republican Senator. That about wraps it up for the easy Clinton nominations. The White House parlor game of the moment is called "Tony or Alexis—which one goes down?"

Tony is Anthony Lake, the Massachusetts cattleman and college professor who ran the National Security Council for Clinton and is the President's choice to run the CIA. Alexis is Alexis Herman, the White House aide and longtime Democratic Party operative whom Clinton tapped to be Secretary of Labor. A former aide to Henry Kissinger, Lake is bookish and white. An ally of the late Ron Brown, Herman is glamorous and black. He's diplomacy and Mount Holyoke College; she's civil rights and Mobile, Alabama. On camera, where Lake can be quirky and anxious, Herman is cool and unflappable. And so it is all the more remarkable that two quite different people, nominated to do quite different jobs, now face an identical problem when their confirmation hearings begin. Republicans want to ask both nominees how much they knew about John Huang, the zealous Democratic Party fund raiser who made regular visits to the White House last year and whose network of foreign donors has led to a Justice Department investigation.

The problem is particularly sticky for Lake, who as NSC director is supposed to have known about potential diplomatic embarrassments and can never utter the words "I was out of the loop." But that is essentially Lake's defense. His team contends that Harold Ickes and Doug Sosnik, who ran the White House political operation, rarely asked the NSC to do background checks on the foreigners coming to the White House for some of the 81 coffees the President had last year with donors and backers. In previous administrations, a rigorous NSC investigation greeted every foreigner who came to the White House. But in the midst of the campaign, Ickes and Sosnik let the Democratic National Committee do the first round of vetting. If the D.N.C. didn't raise a flag, Lake was never alerted, which helps explain why a Chinese arms dealer was allowed through the White House gates to meet Clinton last year.

In three days of hearings next month, Lake will say that had he known, he would have prevented Chinese weapons trader Wang Jun from taking coffee with the President on Feb. 6, 1996, a meeting even Clinton said later was "clearly inappropriate." When it comes to blame, Lake may spare no one—not even White House chief of staff Leon Panetta.

As for Herman, Republicans want to know how much she knew about all the telephone tag being played between her

his speeches. Among opponents of the bill are some of Clinton's strongest backers—and those on whom Al Gore will depend when he starts running for President the day after tomorrow. The teachers' unions, for example, contributed about \$5 million last year to the Democratic cause. If Clinton is serious, he will need to persuade his allies that opposing reform is not in the nation's interests and to back off. If he is really serious, he may yield to Republican demands that labor unions, which spent \$35 million in the last campaign, not be allowed to use mandatory union dues for political purposes.

Last spring, when McCain-Feingold was coming up for a vote, its opponents bombarded lawmakers with letters and faxes, including one by antiabortion activists warning that they would "score" this as a key pro-choice vote, since limits on campaign spending would restrict their ability to get a message out. Given the ever more conservative bent of the G.O.P. caucus in the Senate, that threat alone, if carried out again, would make it difficult to peel off Republican votes.

At the moment the most powerful ally of reform opponents is the Supreme Court. In *Buckley v. Valeo* in 1976 and in more recent cases, the court essentially equated cam-

paign money with free speech and outlawed any efforts to restrict interest groups from pouring money into "issues" advertising that helps their chosen candidates. Unless the current court is prepared to overturn *Buckley*, it is possible that a constitutional amendment would be needed to restrict interest groups' spending. This is the approach of House minority leader Dick Gephardt, who as a likely presidential contender in 2000 has to weigh the benefits of reform against the risks of turning off the money spigot. "What we have is two important values in direct conflict: freedom of speech and our desire for healthy campaigns in a healthy democracy," Gephardt argues. "You can't have both."

Of course, passing an amendment and getting it ratified by the states would take years, but Gephardt insists that reform in the short term is necessary and that his embrace of a constitutional amendment is not a diversion. Others disagree. "There's only one description of a constitutional-amendment approach—cop-out," says McCain.

McConnell says he admires Gephardt and other amendment supporters for admitting that many reform schemes are unconstitutional. "At least they're being honest," says McConnell, who voted against an amend-

ment to ban flag burning. "I like the debate about whether we ought to amend the First Amendment for the first time in history." It's a debate he's sure his side would win.

McConnell and his allies challenge the very premise that the problem with American politics is that there is too much money in the system. "We spent less in the 1994 election than consumers spent on bubble gum that year. We're not spending too much on campaigns in this country; we're probably not spending enough." Alternative approaches to reform would remove many of the caps on contributions and require strict disclosure of who is giving what to whom. Most of the G.O.P. leadership, including Lott and John Boehner in the House, supports disclosure over spending limits.

The happy prospect for Clinton is that no matter which direction Congress takes, he is likely to come out ahead. If by some chance public pressure and collective conscience prompt lawmakers to embrace reform, Clinton will claim it as a victory for his leadership. And if once again the reform bill gets buried beneath a filibuster, Clinton will be able to blame Republicans for refusing to clean up the system. In that case, the only big loser is everyone else. —Reported by James Carney/Washington

Office of Public Liaison at the White House and the fund raisers at the D.N.C. Herman was in charge of "outreach" to various ethnic groups—an effort that White House documents show included fund raising in some cases. Republican Senators are particularly interested in Herman's relationship with Huang, the D.N.C. fund raiser who once worked for the Lippo Group of Indonesia and who made 76 visits to the White House, sometimes to see Clinton, sometimes to see Ickes and sometimes to see Doris Matsui, the woman in Herman's office who organized support from Asian Americans.

By law, White House officials aren't barred from working on campaigns, but they aren't allowed to work on fund raising. Yet in several Clinton-Gore campaign-strategy documents produced by Herman's office and released last Friday by the White House, fund-raising plans are discussed in detail. In one document, a blueprint for organizing the "Asian Pacific American Community," the fund-raising section was written by Huang and dictated to a staff member in Matsui's office. It included a \$7 million goal for donations from Asian Americans.

The White House leaked the documents pre-emptively last week to deprive Senate Republicans of an ambush at Herman's hearings. White House special counsel Lanny Davis admitted



Herman may have known too much about Huang ...



... whereas Lake may have known too little

that some portions were produced in Herman's office, either on government time or on government equipment, but added that the Clinton-Gore campaign had recently reimbursed taxpayers for the cost. Davis could not say whether Herman had seen the documents, much less okayed them, before they were forwarded to Ickes last February.

Clinton has already fought for Herman once. AFL-CIO chief John Sweeney opposed her nomination last fall, favoring former Pennsylvania Senator Harris Wofford instead. Jesse Jackson

personally lobbied Sweeney on Herman's behalf, but that isn't what changed the labor chief's mind; after a bruising role in getting Clinton re-elected, Sweeney simply wasn't in the mood for a fight. Now that Herman faces confirmation trouble, Clinton has turned to Washington lobbyists Michael Berman and Patrick Griffin to help shepherd her nomination.

A top White House official is worried that Trent Lott's Republicans are setting up two pins to knock one down. More likely, the G.O.P. will decide just to rough up both candidates a bit. If so, Herman has at least one advantage: one of her first accomplishments as a labor activist some 25 years ago was finding jobs for unemployed teenagers from Mobile—at a shipyard in nearby Pascagoula, Mississippi, where Lott's dad was a pipefitter. ■

# Larry Klayman Followed the Money Trail to the White House

Text by Stephen Goads/Photograph by Rick Kozak

Concerned that Ron Brown may have sold space on trade missions, Judicial Watch has obtained depositions and forced release of incriminating documents that are shaking the Clinton administration.

**L**arry Klayman likes to call Judicial Watch — the watchdog group staffed by 40 volunteers that he formed three years ago — the conservative's American Civil Liberties Union. If Ralph Nader is Public Citizen, Klayman says, then we're Private Citizen. Klayman and Judicial Watch have played the central role in uncovering the fund-raising scandal now rocking the Clinton administration, particularly the Commerce and Justice departments, the Democratic National Committee and, yes, the White House.

**Insight:** Recently you questioned James Hackney, who was the closest adviser to late Commerce Secretary Ron Brown.

**Larry Klayman:** During the deposition with Mr. Hackney we learned that there were really no criteria at the Commerce Department by which to select the persons who went on international trade missions. He could not identify how the names were chosen. Forty to 50 people, including John Huang, would sit around at various meetings. The names of the people to go on the trips were mysteriously arrived at in those meetings. Mr. Hackney could only come to the conclusion that those in the meetings knew exactly who they wanted to take — that these were primarily the donors to the Clinton-Gore campaign.

What's of greater importance is that after these donors were selected, they were "briefed" by the White House. Now, who handled the arrangements for setting up these briefings? None other than Alexis Herman, now designate for the Cabinet post of secretary of labor. We suspected that she was involved. She was a close Brown confidante, and Hackney concedes that he was in contact with her frequently.

Now, these briefing sessions were a lot like the White House coffee klatches Paul Rodriguez has been writing about in *Insight*. They bring the businessmen in,

wheel in Gore and Clinton ... and, one can only assume, shake them down after the president and Gore have left the room.

**Insight:** What has been the White House response to Hackney's deposition?

**UK:** We deposed Hackney on Tuesday (Jan. 24). On Friday, the White House released documents which apparently show the involvement of Alexis Herman. They knew Herman was going to become part of this controversy so they released these documents in an effort at damage control. It suggests the White House was informed by the Clinton Justice Department about Hackney's testimony in our case.

Those documents were computer generated in the White House, and the White House shouldn't be working on political affairs in this way. Miraculously, the people who worked on those documents reimbursed the White House last week for the time they were paid by the government. They now claim they were volunteers.

**Insight:** What's wrong with raising funds, after all?

**UK:** During Hackney's deposition, he concedes that he attended meetings at the White House. He concedes that Ron Brown on his daily schedules listed fund-raising events. And this is political. When you're secretary of commerce, you're not supposed to be involved in using your post to raise political funds.

Juxtapose that with the DNC's brochure where they're advertising for \$100,000 to get to go on trade missions. Hackney says he knows of no DNC trade missions, so the logical conclusion is that they were Commerce Department or Energy Department trade missions. You can only come to the conclusion they were all working together.

It shows the high, high politicization of the Justice Department in this administration. It is a degree of politicization ... never before seen in this country.

## Personal Bio



Larry Klayman takes — and can give — a good punch.

Age: 45, born in Philadelphia.

**Occupation:** Attorney, Klayman & Associates, Washington; founder of Judicial Watch, a conservative action group. From 1979-81, attorney with U.S. Department of Justice.

**Family and Education:** Married, no children. Duke University; Emory University Law School.

**Pertinent Comments:** "Without respect for ethics and the law, this country is going down the slippery slope to nowhere ... that's why I formed Judicial Watch three years ago.

"There needs to be someone to serve as a check to governmental abuse. The ability of ... government to police itself is almost nonexistent, as we can see [in the Clinton administration]."

**A Pet Peeve:** *Washington Post* writer Paul Blustein, who wrote a profile of Klayman saying that what Klayman is up to isn't uncovering scandal but finding ways to embarrass the Clinton administration.

**What Judicial Watch Really Is Up To:** "We're here for anybody who wants to get to the truth."

February 17, 1997

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FINAL  
The Washington Post  
Meeting Peril at the Crossroads of Politics and Policy  
Critics Question Whether Head of White House Liaison Office Overstepped Proper Role

MONDAY, FEBRUARY 3, 1997

AI  
By Peter Baker  
Washington Post Staff Writer

The mandate at the White House Office of Public Liaison is to generate public support for the president's programs and policies, which can be a tricky task given the tight restrictions federal law imposes on lobbying by government officials.

So over the years, a certain pattern has developed. Asking a friendly, million-member organization to blitz Capitol Hill with phone calls and letters is forbidden. Providing such a group copies of proposed legislation and noting which committee the bill will go to—and letting the organization figure out the rest—is acceptable.

If the lines between proper and improper have always seemed fuzzy for this small but important office, rarely has that been more so than today under its longest-serving director, Alexis M. Herman. Questions about her role in formulating campaign strategy and in White House coffees for financial benefactors of the Democratic Party have thrown a spotlight on the intersection between politics and policy in the Clinton White House and possibly jeopardized Herman's nomination to be secretary of labor.

As the president's bridge to constituency groups, the liaison's office has always been a political arm of the White House. But critics are asking if Herman elevated the politics to a new and more dangerous level.

"If I knew that was going on in the White House that I served in, I would have stopped it," C. Boyden Gray, who was President George Bush's chief counsel, said of involving the office in party-organized events. While everything a White House does is inherently political, he said, "To bring the money in, that's what would have made me very, very nervous."

Linda Chavez, who ran the office in President

Ronald Reagan's second term, echoed those sentiments. "We were certainly trying to persuade people of the wisdom of the president's program," she said. "But it was not trying to get people to take out the checkbooks. When I was there, I can say there wasn't any of that."

Recently released records show that Herman, a former vice chairwoman of the Democratic National Committee, was actively involved in developing an election plan to use federal officials to tout Clinton's record in the black community. Her office also was responsible for inviting a top banking regulator to a DNC-sponsored meeting with banking executives, some of whom contributed to the DNC or the Clinton campaign.

As a result, the Senate has put her nomination on hold while it seeks answers to its questions, and a federal watchdog agency has opened an inquiry into some of her activities.

The White House maintains that the flap over Herman has been blown out of proportion and that her confirmation will be assured once she has a chance to clear up the senators' concerns. Senate Majority Leader Trent Lott (R-Miss.) told ABC's "This Week" yesterday that if Herman can document the explanation she gave him, "then I assume that she would be [confirmed], but I think it will take a little more time."

A White House official familiar with the workings of the liaison office said, "I'm certainly not going to sit here and tell you that in trying to build support for policies, it's devoid of politics." But by and large, this official said, Herman's shop tried to stay focused on specific issues and operate on a nonpartisan basis.

Clinton aides said the strategy paper she helped put together for the campaign was done within the guidelines of the Hatch Act, which regulates the conduct of political activities by government employees. And her involvement in the coffees was negligible, according to the official account; she did not organize any of the 103 sponsored by the DNC and attended just six of them.

The only reason her office invited Comptroller of the Currency Eugene A. Ludwig to a May 13 coffee with bankers, officials said, was because she and her staff mistakenly believed it was an official function, not a DNC affair.

However, the White House has acknowledged that, at the request of campaign officials, her office occasionally offered suggestions for possible guests to coffees for "political and community leaders." And while she has said she only learned of the DNC's involvement in the bankers' coffee the weekend before it occurred, she did not notify Ludwig and warn him away.

In modern times, presidents have always assigned aides to serve as liaisons to interest groups such as business, labor and ethnic minorities, but it wasn't until President Richard M. Nixon that any seriously contemplated institutionalizing the arrangement in a formal office. After Nixon's resignation, President Gerald R. Ford adopted the idea and set up the Office of Public Liaison in 1974.

The office has traditionally had a political complexion. Over the years, it has been headed by trusted presidential lieutenants who used the experience as a stepping stone to other political goals. Elizabeth Hanford Dole parlayed the office into two Cabinet positions in back-to-back Republican administrations. Faith Ryan Whittlesey, a former state legislator from Pennsylvania, went back to Switzerland as Reagan's ambassador. Mari Maseng Will was a top adviser to Robert J. Dole's campaign last year.

A few even sought elective office. Chavez left to make an unsuccessful run for the U.S. Senate in Maryland in 1986, while Bobbie G. Kilberg went on to lose a bid for the Republican nomination for lieutenant governor in Virginia in 1993.

There were times under some of those stewards that the office was accused of crossing the line. According to a former Republican White House official, one young aide in the Reagan-era office allegedly registered at a department store bridal registry to make it easier for lobbyists to give him gifts.

Herman brought the same kind of resumé to the job that her predecessors did. A longtime Democratic activist, she worked in President Jimmy Carter's Labor Department, helped put together Jesse L. Jackson's 1988 convention activities and essentially ran the DNC as then-Chairman Ronald H. Brown's chief of staff.

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In taking over the liaison office in 1993, Herman put together a staff that now includes 20 paid workers, plus interns, and has had a hand in the president's efforts to pass measures from the North American Free Trade Agreement to his failed health care overhaul to his deficit-reduction package.

She initiated semi-regular Wednesday afternoon sessions in her West Wing office to seek advice and counsel from some of Washington's most powerful private-sector operators, including Michael Berman, the prominent lobbyist; Jody Powell, the public relations executive and former Carter press secretary; and Anne Wexler, another lobbyist who, in the 1970s, was an early holder of Herman's office.

Like her predecessors, Herman and her office have organized hundreds of gatherings that brought the president or other senior policy officials together with industry or political leaders. During the NAFTA fight, she organized "Products Day" at the White House with Fortune 500 executives to tout the pact's possible benefits. During the health care campaign, she put together "Small Business Day," which assembled about 1,000 supporters of the president's program for a South Lawn ceremony.

The role is often informational. Last month, when Clinton announced he

would propose larger Medicare reductions at the expense of health care providers, Herman's office sent fact sheets the same day to lobbyists for hospitals and other affected organizations and invited a group of them a few days later to discuss the matter with the White House aides who helped craft the policy.

"A lot of what they have done is basic briefings, to make sure we had the facts . . . and ability to hear their reasons for why they're doing what they're doing," said Richard J. Pollack, executive vice president of the American Hospital Association. "In the dealings we've had with them, never have the two [politics and business] crossed."

Yet from what she has read in news accounts, former liaison Kilberg finds the conduct of Herman's office to be "mind-boggling." During the Bush administration, she said, a "Berlin Wall" was set up between her office and campaign operations.

"You've got to be very careful when those lines are drawn," she said, "and not cross over them."

**FOR MORE INFORMATION** 

To get profiles of Herman and all new members and appointees of Clinton's second-term Cabinet, click on the above symbol on the front page of The Post's site on the World Wide Web at <http://www.washingtonpost.com>

**A LOOK AT THE LIAISON CHIEFS**

*In modern times, the White House Office of Public Liaison has been an important political arm of the president, responsible for building public support for his programs and policies—and, indirectly, for his campaign goals. Most of its directors have been trusted lieutenants to the presidents who appointed them, politically experienced operatives who ultimately moved on to other government or public policy jobs.*

Name, term as liaison chief	Jobs held before liaison office	Jobs held after liaison office
Elizabeth Hanford Dole 1981-83	Commissioner, Federal Trade Commission; White House consumer affairs official	Labor secretary; transportation secretary; president, American Red Cross
Faith Ryan Whittlesey 1983-85	Pennsylvania state representative; attorney; ambassador to Switzerland	Ambassador to Switzerland; attorney; president, American Swiss Foundation
Linda Chavez 1985	Staff director, U.S. Commission on Civil Rights; editor, American Federation of Teachers journal	President, U.S. English; president, Center for Equal Opportunity; writer and commentator
Mari Maseng Will 1986-87	Reporter; press secretary in 1980 Dole campaign; Reagan speechwriter and assistant transportation secretary; vice president, Beatrice Cos.	Communications director, Reagan White House and 1996 Dole campaign; consultant, Maseng Communications public relations firm
Rebecca Range Cox 1987-88	Assistant transportation secretary; chief of staff to Sen. Ted Stevens (R-Alaska)	Chairperson, Interagency Committee on Women's Business Enterprise; vice president and lobbyist, Texas Air
Bobbie G. Kilberg 1989-92	Associate counsel to President Ford; attorney; coordinator, 1988 Bush campaign; attorney	Deputy assistant to the president for intergovernmental affairs; attorney
Alexis M. Herman 1993-present	Vice chairman, Democratic National Committee; founder, marketing and management firm; director, Women's Bureau of the Labor Department	Named by President Clinton to be labor secretary

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# 'Slicing and dicing' cuts McCurry deep

After watching several White Houses try to sail rough waters, one learns that a key gauge of how it's going is the demeanor of the press secretary.

So when the usually unflappable and affable Mike McCurry, who has enjoyed a relatively smooth cruise for most of his two-year tenure, begins to get testy and make little mistakes, you know there's trouble.

President Clinton's post-inaugural honeymoon has been short. With the echoes of his oath of office still in the air, the capital began reverberating with questions about possibly illegal fund-raising by the Democratic National Committee (DNC) and influence-peddling in the White House.



Details and questions began emerging nearly every day. And McCurry has to handle most of them because his job is to brief the press daily.

During the past two or three weeks, those briefings have become increasingly contentious. Reporters, faced with a series of initial answers from McCurry and others that later proved not

quite accurate, have been pressing harder for clarification and detail.

At times McCurry has shown his pique, like last Wednesday, when a flip remark got him in trouble. Faced with questions about confirmation trouble for Alexis Herman, Clinton's nominee for Labor secretary, McCurry seemed to suggest that Senate Majority Leader Trent Lott might have a racial motive behind his questioning Herman's political activity as a White House staffer. Herman was involved in efforts to attract more African-American support for the president.

McCurry said, "I would want to check with Sen. Lott or his staff, but I can't believe the majority leader would suggest that she's disqualified from serving as secretary of Labor because she attempted to encourage African-Americans to participate in the political



By Porter Brink, USA TODAY

McCurry: The White House press secretary has been getting some increasingly tough questions.

life of this nation." A miffed Lott called McCurry's remark "a gratuitous slap that was not in order."

McCurry, in checking, concluded that his initial response was off-base and attributed it to a "misunderstanding." He has not apologized but says he explained his error to Lott's staff. "It seemed to make them happy, and I consider the matter closed," he says.

It may be, but it illustrates the kind of trouble a press secretary can get into once a siege mentality sets in. Angering Lott when Clinton has been talking bipartisan cooperation doesn't exactly aid the cause.

McCurry caught flak over when and whether he or anyone in the White House knew about the \$250,000 job Lippo Group gave Clinton pal Webster Hubbell, a now-imprisoned former associate attorney general. Lippo is an Indonesia-based firm, some of whose employees are linked to possibly illegal contributions to the DNC.

At first, McCurry said no one knew about the Hubbell job until it was in the newspapers. Later it came out that top Clinton aide Bruce Lindsey knew before that.

As the atmosphere has heated, McCurry has been accused in *New York Times* and *Washington Times* editorials of being less than candid, a charge he says he's never heard in nearly two decades of political life.

"It hurts like hell," he says. "I understand better how the Clintons feel."

He denies that his answers have been purposely misleading or untruthful. He says they have been based on the best information he has had at the time. Often, he tacks "not to my knowledge" onto his answer to protect himself from something coming out that he didn't know. Trouble inevitably comes, he says, because "every single word is sliced and diced and analyzed."

"I've got to stay rock-solid in the direction of truth. Any time the general perception is that I've not done that, I'd leave here," he says.

No one is suggesting McCurry is anywhere near that point. But the contentiousness of the past few weeks shows that to keep the White House on an even keel, he must avoid becoming part of the controversy. Much depends on his finding his sea legs.

McCurry knows that. "Sometimes our relationship with the press is amiable and sometimes it's contentious. I'll work to make it amiable even when we're taking our lumps."

Richard Benedetto's column appears Mondays. Past columns on USA TODAY Online at <http://www.usatoday.com>

MONDAY, FEBRUARY 3, 1997

USA TODAY

# WASHINGTON

## Cohen blasts 'pinning'; ex-Marine defends practice

Defense Secretary William Cohen says he was "disturbed and disgusted" by a videotape of award pins being beaten into the chests of new Marine paratroopers, but at least one participant in an earlier ritual pinning says it was an honor. "You were really happy to have that done," says Tim Sears, a former corporal in the Marines in the late 1970s. "It was a big privilege," he says of the unsanctioned ceremony that followed completion of airborne training. Sears says he bled but has no scars. The gold pin is in the shape of wings with a parachute in the middle and quarter-inch-long metal tacks in the back. The videos that have upset military leaders apparently were made in 1991 and 1993 at Camp Lejeune, N.C., by participants in the annual hazings.



Cohen: 'Disgusted' by hazing on tape

**CLEAN AIR:** The EPA, under pressure from states, is allowing an additional 60 days of public comment on proposed stricter clean-air standards. That means rules won't be final until at least August. Many businesses and state officials worry about the cost of tighter restrictions on levels of ozone and airborne particulates. Clinton administration officials say stricter standards would prolong the lives of 20,000 Americans annually and save billions in health costs.

**GOP STATE OF THE UNION:** Rep. J.C. Watts, R-Okla., is working on his nationally televised response to President Clinton's State of the Union speech Tuesday. Watts wants his message to "set the tone for what (Republicans) should be doing and set the tone for the 105th Congress." Watts, the only black Republican in the House, said he doesn't know why he was tapped to deliver the GOP response, but "I'm delighted and honored that I was."

**TIMBER LAWS:** Activists say Sen. Larry Craig, chairman of a subcommittee on forests, is trying to rewrite forest management laws to favor the logging industry. Craig's proposed rewrite of the National Forest Management Act "is a bald attempt to turn our national forests into tree farms," said Kevin Kirchner, a lawyer with the Sierra Club Legal Defense Fund. Craig, R-Idaho, said he is trying to bring order to the chaos of the Agriculture Department's Forest Service. His proposal includes restricting appeals and lawsuits meant to block logging, and scaling back required environmental reviews and consultations with federal regulators.

**CONFIRMATION CLOUD:** Alexis Herman's prospects for confirmation as Labor secretary have improved, but Anthony Lake's nomination to be CIA director remains in trouble, Senate Majority Leader Trent Lott told ABC News. "I think they both will take some more time," he said. Herman's problem is that the White House Office of Public Liaison she directs helped set up a meeting of President Clinton, Democratic Party fund-raisers, the controller of the currency and leading



Herman: Confirmation more likely

banking executives. "It may be illegal," Lott said. But she'll win confirmation, he said, if she can back up claims that she neither arranged nor attended the meeting. Lake, national security adviser, is under fire for personal investments and for not telling Congress of the decision to permit Iran to ship arms to the Muslim government in Bosnia.

## ALSO ...

► **DOLE'S FUTURE:** Bob Dole is encouraging his wife, Elizabeth, to consider a presidential race in 2000. "When the 1998 election comes, then take a look," he says. The former longtime senator and 1996 presidential candidate tells *TV Guide* that if Elizabeth Dole were president, "I'd have a car and a driver and nothing to do. What a life."

► **NEWS TO HIM:** Jesse Jackson denies a *Time* story that he's unhappy with the White House, is mulling a third run for president and is courting House Speaker Newt Gingrich. "That's not even rational," Jackson says. At Tuesday's State of the Union, *Time* says, Jackson is to be Gingrich's guest, seated with the speaker's wife, Marianne.

► **NO DARK SIDE:** Vice President Gore turned to Hollywood for a little symbolism in his boasting about the quarterly economic data released Friday. "Today, on the day when the *Star Wars* trilogy is reopening in America's movie theaters, there is indeed a galaxy of good news," he said. "In the American economy today, the force is with us."

► **FAMILY LEAVE:** President Clinton used his Saturday radio address to urge Congress to expand the family medical leave law to allow parents to take unpaid time off work for such things as parent-teacher conferences and child medical appointments. Current law allows up to 12 weeks of unpaid leave for births or a serious illness in the family.

► **CAMPAIGN COMPLAINT:** The Utah Democratic Party asked the Federal Election Commission to investigate whether Rep. Merrill Cook, R-Utah, underreported campaign debts. A consulting firm has sued Cook claiming a \$200,000 unpaid bill. Cook's spokeswoman says the debt is no more than \$7,000 and is listed in Cook's FEC filings.

## Budget lobbying effort gearing up

Four senators and perhaps 30 House members soon will bear the brunt of a massive, month-long lobbying effort on a constitutional amendment to require the federal budget to be balanced. Senate debate begins Wednesday.

Under heaviest pressure are four Democratic senators who campaigned in favor of balancing the budget: Tim Johnson of South Dakota, Mary Landrieu of Louisiana, Robert Torricelli of New Jersey and Max Cleland of Georgia.

They now voice unease over using the Social Security Trust Fund to achieve balance. Says Johnson, "There are numerous amendments and language provisions being talked about right now. I am going to continue to examine each of them."

Chamber of Commerce members, armed with "backgrounders," are urged to be on hand when lawmakers fly into local airports, to question them at town meetings and buttonhole them at the grocery store.

"This is the No. 1 priority for the chamber," says Lonnie Taylor, the group's vice president for congressional affairs.

Its efforts will be bolstered by those of dozens of other groups, including the National Taxpayers Union and National Manufacturers Association. They will be countered by dozens of other groups, led by labor unions and the American Association of Retired Persons.

The measure needs approval of two-thirds in the House and Senate, and three-fourths of state legislatures. House proponents say they're within about 10 votes, with perhaps 30 undecided, of the 290 needed. Senate proponents are three votes shy of the 67 needed.



Johnson: Under pressure to help

AP

— Norm Brewer

By Paul Leavitt

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NOMINATIONS: HERMAN IN BETTER SHAPE, LAKE STILL IN TROUBLE

Alexis Herman's prospects for confirmation as Labor Sec. "have improved," but Anthony Lake's nomination to be CIA dir. "remains in trouble" (Abrams, AP/PHILA. INQUIRER, 2/3). Senate Maj. Leader Trent Lott met with Herman 1/31 to discuss Herman's role in political activity while serving as director of the WH Office of Public Liaison (OPL). Lott: "I feel better after having met with her. Some of the things in the news media last week that indicated she attended a meeting where regulators were meeting with the regulated and the fundraisers, she was not there. She says that she did not set it up and that she didn't attend other meetings of that type. I've asked her to provide documentation. I believe she will -- I hope she will, but I think we're talking about some delay in that one. ... If in fact Ms. Herman can produce documentation and can convince the committee ... of what she told me, then I assume that she would be confirmed" ("This Week," ABC, 2/2). Herman's meeting with Lott was arranged by her "main GOP backer," Rep. Sonny Callahan (AL). Callahan is Herman's hometown rep. and has been "pressing" senators to give Herman a chance to answer questions at the confirmation hearings. Callahan: "She's assured me that she has

Press RETURN to continue, GOLD MENU for options or EXIT to cancel

confirmation hearings. Callahan: "She's assured me that she has not knowingly violated any laws, that the items appearing in the press are totally exaggerated. ... Until someone gives us evidence to the contrary, I'll take her word for it. ... All I'm asking the Senate to do is give her a day in court" (Lacey/Shogren, L.A. TIMES, 2/1).

HARDBALL: If the GOP "decides to play hardball" with Herman, they could use her nomination as a forum for "airing out" Clinton's campaign finance problems. But Clinton, who has "dropped" some nominees in the past, "is said to be prepared to fight" for Herman. WH Press Sec. Mike McCurry said Clinton was "convinced" that Herman was "an excellent nominee, and we would suggest that she'll be confirmed as well" (Baer/Matthews, Balto. SUN, 2/1). WH CoS Erskine Bowles, asked if Clinton will "go to the mat" for Lake and Herman: "Absolutely" ("Face," CBS, 2/2). WH special counsel Lanny Davis said "any links" that Herman or her aides had to the campaign were in "substance neither inappropriate nor unusual nor in any way that we can determine illegal under the Hatch Act" (Drew, N.Y. TIMES, 2/1). W. POST's Baker writes on OPL's "tricky task," which is charged with building public support for the president's policies without breaking fed. restrictions on lobbying by gov't officials. Linda

Press RETURN to continue, GOLD MENU for options or EXIT to cancel

breaking fed. restrictions on lobbying by gov't officials. Linda Chavez, who ran OPL during Pres. Reagan's second term: "We were certainly trying to persuade people of the wisdom of the president's program. But it was not trying to get people to take out the checkbooks. When I was there, I can say there wasn't any of that" (2/3). Mark Shields, on Herman: "I do not think she is going to take a fall" ("NewsHour," PBS, 1/31).

WILL LAKE'S WOES BE GONE? Senate Intelligence cmte chair Richard Shelby (AL) on Lake's nomination: "He brings a lot of controversies to the confirmation process. ... There are some investigations going on that we cannot ignore. ... I would question whether or not this was the best nominee for the job right now. ... Maybe the president could have really thought this out and sent someone with no controversies. Someone that would be unanimously accepted by both parties." Shelby, asked what bothers him the most: "Lake's problem with integrity." Shelby, asked how he will vote: "I'm not prepared to vote for him or against him at this time because we have not had the benefit of Mr. Lake's testimony. ... No one should be heading up the [CIA] that has questionable marks about their integrity" ("IP," CNN, 1/31). Lott predicted Lake's confirmation "will take even more time" than Herman's "because there you are talking about

Press RETURN to continue, GOLD MENU for options or EXIT to cancel

time" than Herman's "because there you are talking about integrity, what he did with his own investments. ... CIA -- this is not something that is insignificant, your veracity, your honesty, what you say to Congress, what you did tell Congress or not. ... I'm not willing to predict that either [Lake or Herman] will" be confirmed ("This Week," ABC, 2/2).

BLOOD-LETTING: Lake's nomination is "turning into a political blood-letting that could leave" both Lake and the CIA "damaged." Many in the WH and Senate believe Lake will be "beaten up verbally, confirmed grudgingly and then, politically weakened, sent off to run a spy service subverted by enemies from within and without." Shelby "seems certain to make the ride as rough as possible" (Weiner, N.Y. TIMES, 2/3). Al Hunt: "It is absurd to question Tony Lake's integrity. Richard Shelby ... is a welterweight, to be charitable. Let's see what some of the Republican heavyweights like John McCain and Dick Lugar say about whether Tony Lake is the right person to head the CIA" ("Cap. Gang," CNN, 2/1). McCurry said Lake would eventually "clarify questions dogging his nomination" and "at the end of the day, when he addresses these matters, the senators will be satisfied and he will be confirmed" (Baer/Matthews, Balto. SUN, 2/1).

LAKE THE LOBBYIST: W. POST's Smith & Pincus report Lake

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Divider Title: Feb. 2, 1997

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February 2, 1997, SUNDAY, Late Sports Final Edition

SECTION: EDT; Pg. 37

LENGTH: 545 words

HEADLINE: GOP living dangerously with attacks on Herman

BYLINE: By Carl Rowan

BODY:

Since the November elections, this question has been raised often and in many circles: "Why is the Republican Party losing women voters, and why can't it make any headway with blacks?"

The answer is obvious in the way the GOP seeks to exploit the mistakes and stupidities of Democratic fund-raisers. There are male villains of many stripes that the Republicans could humiliate in hearings, or push toward criminal prosecution, but they choose first to try to make a black woman the fall guy.

I refer to Alexis M. Herman, President Clinton's nominee to be secretary of labor, who has been director of the White House's Office of Public Liaison. Ignoring the fact that she is immensely popular among the hundreds of groups that have found her helpful during many years of public service, and the apparent fact that she is only marginally touched by the fund-raising scandals, Republican senators have decided to let Herman sweat in embarrassment while they hold up her confirmation hearings. The telephone calls that I'm getting suggest that the GOP will pay dearly for dumping on the 49-year-old Herman in their attempts to embarrass Clinton.

Republicans have said they want to know if Herman violated the Hatch Act -- a rule that limits political activities of some government employees -- when she advised Clinton on how to bolster support among black voters.

Republican senators know, though, that all senior White House employees, Democrat or Republican, work to get their president re-elected, and that the Hatch Act has never deterred any of them. Republican presidents have not had many blacks as top White House aides, but the few I've known worked aggressively to win black voters for their leader.

Furthermore, the Office of Public Liaison is inherently political, because it was created on the assumption that any president benefits when public groups and constituencies are informed and happy. Herman's success in the liaison job has left some Republicans eager to get her.

Senate Republicans made a knee-jerk judgment that Herman would be an easy target. She was until 1993 a chief of staff, vice chairman and deputy chairman of the Democratic National Committee. This DNC is accused of fund-raising abuses, including 103 coffees with the president for groups of potential donors.

While the White House claims that Herman was circumspect, and not involved in the coffees, it acknowledges that she unwittingly was party to the major error of inviting Comptroller of the Currency Eugene A. Ludwig to a White House coffee klatch for 17 major bankers for whom he is chief regulator.

The White House says that neither Herman nor the Public Liaison aide who invited Ludwig was aware that the DNC had set up the party, and that Herman stayed away once she became aware of the political implications. But no one told Ludwig.

Nevertheless, Herman is close enough to what Clinton concedes were "mistakes" for Republicans to see political advantage in letting her twist in the wind, wondering if she will be confirmed.

But the people calling me are threatening to make the GOP senators pay dearly if they deny Herman a Cabinet post on the basis of "nothing evidence."

Carl Rowan is a nationally syndicated columnist of the Chicago Sun-Times.

LANGUAGE: English

LOAD-DATE: February 3, 1997

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Divider Title: Feb. 1, 1997

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# Herman calls on a still-skeptical Lott

## Labor pick is asked for 'paper trail' on event

By E. Michael Myers  
THE WASHINGTON TIMES

Alexis M. Herman, trying to salvage her nomination as labor secretary, yesterday assured Senate Majority Leader Trent Lott she had no role in inviting bankers and their government regulator to a White House fund-raiser with President Clinton.

Instead, the White House said the May 13, 1996, meeting was arranged by Kate Carr, an aide in the Office of Public Liaison, then directed by Miss Herman.

Spokesman Joe Lockhart said Miss Carr had the "mis-assumption" the coffee with the president, Democratic Party fund-raisers, bankers and Comptroller of the Currency Eugene Ludwig was an "official," nonpolitical event.

But Mr. Lott, after meeting with Miss Herman, remained skeptical of the explanations and told her to provide a "paper trail" that would detail arrangements and responsibility for the questionable meeting.

"I said to her, 'Alexis, something's not quite straight here,'" the Mississippi Republican said. "There seems to be some information getting out that is not accurate."

"She said she was not at the meeting with the regulators, and that she did not invite Mr. Ludwig to be there and she did not arrange the meeting, but that her office was involved in it."

Mr. Lott said he expected Miss Herman to provide documents about the fund-raising coffee by next week to Sen. James M. Jeffords, Vermont Republican and chairman of the Senate Labor and Human Resources Committee.

"If she arranged these meetings on government time, that is a problem. If she attended these meet-

ings, or if she involved in way in fund-raisers with regulators, the president, that appearance, at the very minimum, is very bad," Mr. Lott said.

The committee has suspended action on Miss Herman's nomination as secretary of labor until it reviews the circumstances of the May 13 coffee, one of 103 lucrative fund-raising affairs attended by Mr. Clinton.

Republicans have said a government regulator should not attend a political event with representatives of the industry he oversees. Mr. Ludwig agreed. And Mr. Clinton said Tuesday that Mr. Ludwig should not have been at the coffee.

Miss Herman passed by report-

ers without commenting. Mr. Lott kept her waiting in the Senate office for 45 minutes, and later said he was delayed because he was "intercepted" by the press.

Todd Stern, the assistant to the president and staff secretary, released a letter Thursday stating that Miss Herman and her office were not involved "in any significant way" in the coffees.

Mr. Stern said Miss Herman initially had a "lead role" in the May 13 event. However, he said she thought it was an official White House event, not a political affair sponsored by the DNC.

Once she found out it was political, she bowed out. However, no one notified Mr. Ludwig of the coffee's political purpose.

All that left Mr. Lott in doubt about who was responsible.

"I think maybe there is a lot of misinformation circulating out there as to what she did, or didn't do," Mr. Lott said after the meeting. "I feel better about it, but I still feel she's got to provide documentation to the committee and the chairman."

"What was her involvement, what was involved, particularly with the meeting with the regulator of the bankers?"

"She said she did not [arrange the meeting]. She has some documentation. There is always a paper trail at the White House on meetings. I assume there are pieces of paper that would show what involvement there was, one way or another."

Mr. Lott said he still believes Miss Herman is qualified to be secretary of labor, that he personally likes her and has been supportive of the nomination but that it must be held up until the White House provides "clarifications" about the coffee fund-raisers.

Miss Herman attended about six of 103 coffees, he said, in a role consistent with her position and in keeping with restrictions of the Hatch Act, which restricts political activities by government officials.

# White House Tries to Ease Labor Nominee Concerns

## Herman Meets With Senate Majority Leader

By Peter Baker and Helen Dewar  
Washington Post Staff Writers

The White House moved yesterday to ease congressional concerns over President Clinton's nominee for labor secretary, hoping to quell a furor over her role in a controversial political gathering before it has a chance to escalate and threaten her confirmation.

Secretary-designate Alexis M. Herman was dispatched to Capitol Hill to meet with Senate Majority Leader Trent Lott (R-Miss.), who seemed somewhat assuaged by her explanation of her involvement in setting up a White House coffee that, as even Clinton has acknowledged, improperly mixed business and politics.

"I feel better about it, but I still feel like she has got to provide documentation to the Senate," Lott told reporters after the meeting.

As more reports emerge about the commingling of partisan and governmental affairs in the Clinton White House, Herman's appointment appears to be one of the two most vulnerable nominations pending in the Senate—along with Anthony Lake, the president's choice for CIA director. Administration officials believe Lott will be critical in deciding whether those issues prove to be a political pothole or a more serious roadblock.

Even as Herman apparently helped her case with Lott, she came under scrutiny from the Office of Special Counsel, an independent federal agency that said yesterday it is looking into possible violations of the Hatch Act by a group she headed to generate political support for Clinton among African Americans.

For the moment, the White House believes these problems can be cleared up and expresses confidence she will be confirmed. Although they do not want to say so publicly, Clinton aides believe that Senate Republicans will be too skittish to single out an African American woman as the only nominee rejected out of Clinton's second-term Cabinet team.

"Alexis will be confirmed," White House press secretary Michael McCurry said. "She can make a strong case for her nomination. The president's convinced that she's an excellent nominee."

Herman's most immediate problem centers on a May 13 coffee organized by the Democratic National Committee that brought Clinton, Treasury Secretary Robert E. Rubin and Comptroller

of the Currency Eugene A. Ludwig together with 17 chief executives of the nation's largest financial firms.

Ludwig was invited by the Office of Public Liaison, which Herman directs, and said he was not aware it was sponsored by a political party. As a banking regulator, he said he never would have attended had he known, and Clinton agreed this week it was inappropriate.

Lott's primary concern in his half-hour meeting with Herman focused on how Ludwig came to be invited. Herman told him that her involvement had been mischaracterized in news reports and provided him with her version.

"She says she was not at the meeting with the regulators and that she did not invite Mr. Ludwig to be there and that she did not arrange the meeting, that her office was involved in it, that mistakes were made in the way that was handled as to who was in the meeting," Lott said.

According to this sequence of events, White House sources said, the Office of Political Affairs sent a proposed invitation list to Herman's office, but because of a miscommunication, her aides thought it would be an official function and did not realize the DNC's involvement. Herman assistant Kathleen Carr asked the National Economic Council for suggestions on who should be invited to the session, and the council in turn contacted Ludwig, who expressed interest.

Carr added Ludwig's name to the list, which then went out under Herman's authority, but according to sources, without her explicit review. At the time, they added, Herman was not aware that the DNC was sponsoring the coffee. It was only the weekend before the event that Herman learned that the list included the names of top DNC officials, raising concerns in her mind and prompting her to decide not to attend herself, sources said.

Lott told her that was a more reassuring explanation if it could be verified, and she agreed to provide the Senate Labor and Human Resources Committee with memos and other documents to confirm it. The committee, which has put the nomination on hold, has "got to be told more specifically what happened in regard to those coffees, what was her involvement, what was involved particularly in the [Ludwig] meeting, and she assured me she's going to work to do that early next week," Lott said.

Lott, who kept Herman waiting 40 minutes while he attended another

meeting regarding upcoming Mardi Gras, said her nomination "is in some difficulty," but added that he likes Herman and has advocated her for the Labor post.

"I think she would be a good secretary of labor based on her experience and her personality and all, and her training," he said, "but there are these other problems that must be seriously addressed."

Herman could still be tripped up by other concerns. The new inquiry by the Office of Special Counsel focuses on a strategy paper prepared by a working group she headed that outlined plans for the Clinton campaign to mobilize black support in last year's election. The document discusses using political appointees to tout administration accomplishments "as part of their normal job duties," though it stressed that such activities should not be considered campaigning.

Michael Lawrence, a spokesman for the special counsel, said the paper "shows a mixture of people" involved in possible campaign activities and that the office will search for potential violations of the Hatch Act, which restricts the political activities of government officials.

"We're going to look into everything that is in that document," Lawrence said. "We'll be looking into all aspects of that working group and the members who were on that working group."

Staff writer Stephen Barr  
contributed to this report.

### FOR MORE INFORMATION

For a profile of Alexis Herman and all new members and appointees of Clinton's second-term Cabinet, click on the above symbol on the front page of The Post's site on the World Wide Web at <http://www.washingtonpost.com>

# Spotlight on Public Liaison Office

## Nominee for Labor Post Is in Jeopardy Over Political Activities

By CHRISTOPHER DREW

WASHINGTON, Jan. 31 — When President Clinton's re-election campaign needed suggestions for political and civic leaders to invite to coffees with him, it called a small White House office charged with building public support for his policies.

And when top Administration aides wanted to woo ethnic voters last year, they asked the head of that office, Alexis M. Herman, and her assistants to meet — in off-duty hours — with Democratic Party officials and fund-raisers to plot detailed strategies.

These and other of Ms. Herman's activities revealed over the past week have raised questions on Capitol Hill about whether she blended her official and political roles, and have put her nomination to be Secretary of Labor in jeopardy.

The White House has said that Ms. Herman, who has run its Office of Public Liaison since 1993, did nothing wrong. Today she visited the Senate majority leader, Trent Lott of Mississippi, to try to smooth things over.

Senator Lott said earlier in the week that he was concerned that some of Ms. Herman's activities might have come "awfully close to the edge" of Federal laws that limit the partisan activities of Government workers. After meeting with Ms. Herman today, the Senator said: "It was a good meeting. She answered a number of questions I had concerns about."

But he added, "I still think there is a lot of explanation needed."

The most controversial issue has been the role of Ms. Herman's aides in inviting a Federal bank regulator to meet with Mr. Clinton and some of the nation's most powerful bankers at a coffee meeting sponsored by the Democratic Party last May. White House spokesmen have said that Ms. Herman's office was involved only because of a miscommunication about the nature of the event, and that Ms. Herman decided not to go to the coffee after she learned it was being sponsored by party officials.

But the controversy has also focused a broader spotlight on the public liaison office, which promotes grass-roots support for the President's social and economic policies

among ethnic, business and civic groups, and how the Administration has used it.

Several people who worked in that office in previous Administrations, both Democratic and Republican, said in interviews that officials of the liaison office have historically not had significant involvement with party operatives, especially during election campaigns.

Anne Wexler, who ran the liaison office under President Jimmy Carter and whose son works for Ms. Herman now, said she occasionally asked the Democratic National Committee if there were any donors it would like her to include in large groups — usually of 200 or more

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**'A sensitive area' is the focus of public scrutiny.**

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people — invited to White House briefings. But she said Mr. Carter rarely met with small groups, and her office was "never connected in any way with fund raising."

Bobbie G. Kilberg, who was the liaison director under President George Bush, said people in her office "were not permitted to even talk to anybody in the campaign" to avoid any possible ethics concerns. She said all communications with campaign or party officials were routed through the White House political office.

Others who worked in the liaison office said it appeared that high-level Clinton Administration officials had prodded Ms. Herman and her aides to get more closely involved with campaign strategy than had been in the case in the past.

Frank J. Donatelli, who was a deputy in the liaison office when President Ronald Reagan ran for re-election in 1984, said this "is a sensitive area." He added: "If there is criticism, it shouldn't be just Alexis Herman that is singled out. You can't ignore the larger picture of what the White House was doing."

Indeed, the questions about Ms.

Herman and her aides stem from the furor over Democratic efforts to raise huge sums of money by granting donors and other prominent people access to Mr. Clinton and by tapping new sources of money in ethnic communities, particularly among Asian-Americans.

The meeting with the bankers was one of more than 100 such coffees at which Mr. Clinton or Vice President Al Gore served as host in 1995 and 1996. And while many who attended the coffees did not make contributions, those who did gave a total of more than \$27 million to Democratic candidates or organizations.

Ms. Herman, 49, has declined to grant any interviews while her nomination as Secretary of Labor is pending.

But Lanny J. Davis, a White House special counsel, said that any links that Ms. Herman or her aides had to the re-election campaign were "in substance neither inappropriate nor unusual nor in any way that we can determine illegal under the Hatch Act," the law that limits the political activities of Federal workers.

Mr. Davis also contended that some White House documents describing the work of the ethnic strategy groups contain "less that meets the eye." And he said that while Ms. Herman and her deputies discussed general political strategy during their off-hours with party fund-raisers, they never had anything to do with soliciting donations.

The White House has acknowledged that Ms. Herman attended a handful of the coffees with Mr. Clinton that included Democratic Party officials, although it said her office was not involved in arranging any others than the one with the bankers.

Documents made public by the White House also show that Ms. Herman led an informal group of Administration officials and party activists that was assigned to draft "a comprehensive blueprint for mobilizing the African-American community in 1996 to assure the re-election of President Clinton."

One of Ms. Herman's deputies, Doris O. Matsui, led a similar group focused on Asian-Americans that included John Huang, the former Democratic Party official who is now under Federal investigation for his fund-raising practices. The group's

report contained a section on fund-raising goals, but a White House spokesman said today that it was inserted by Mr. Huang with virtual no involvement from Ms. Matsui.

White House officials also said today that in response to requests from campaign officials, people in Ms. Herman's office also suggested the names of political, business and community leaders for possible invitations to about 15 of the coffees with the President.

One question in Congress is whether Ms. Herman or any of her staff members did anything improper in coordinating the strategy groups or suggesting who might be invited to the 15 coffees.

An Administration spokesman said the Clinton campaign recently paid the White House \$917 to cover the use of Office of Public Liaison computers by two people who worked on plans to reach out to ethnic groups.

But Mr. Davis, the special White House counsel, said White House employees were free to get involved in some political activities as long as they worked 40 hours in a week on official duties and did not use Government resources.

Joseph Lockhart, a White House spokesman, said that when Ms. Herman aides made the suggestions of people who might be invited to the coffees, they faxed them on special machines in the White House that were paid for by the campaign.

Nominee Talks With Lott on 2/1/97  
Role (Wash) By Marc Lacey and  
Aogren (c) 1997, Los Angeles Times

NGTON Alexis M. Herman, President Clinton's choice for secretary, visited Senate Majority Leader Trent Lott Friday in an attempt to prevent the furor over White House campaign fund raising from derailing her nomination.

After the 20-minute session, the Mississippi Republican said that Herman's snagged nomination remains "in some difficulty" until she provides information explaining her involvement in political activities while working as the director of the White House Office of Public Liaison.

"I feel better about it but I still feel she has to provide documentation (about her role) to the committee," Lott said after his talk with Herman. "She has assured me that she is going to do that."

The White House remained cautiously optimistic that Herman and the nominee for CIA director, Anthony Lake ultimately will win Senate approval. "Senators have to pursue questions that they think are legitimate," White House spokesman Mike McCurry said.

Earlier in the week, Lott said that reports about Herman's involvement in White House political events might have come close to violating a federal law that bars federal officials from partisan activities.

During Clinton's re-election campaign, Herman's office was responsible for setting up a May 13 coffee at the White House involving Democratic Party fund-raisers, top banking officials, Clinton and the comptroller of the currency, Eugene Ludwig the United States' top banking regulator.

During his news conference Tuesday, Clinton admitted that it was inappropriate for Ludwig to attend and Ludwig has said that he would not have gone if he had known Democratic fund-raising officials were involved.

The White House sent a letter to Senate leaders Thursday outlining Herman's "very limited" participation in arranging White House coffees, which occurred throughout the campaign. She attended just six of the 102 coffees hosted by the Democratic National Committee, according to the letter from Todd Stern, the White House staff secretary.

Her office did play a "lead role" initially in setting up the banking session because she thought it was an official White House function, Stern wrote. When Herman learned that it was a party-sponsored event, she stopped working on it and did not attend that coffee, the letter said.

"The notion that Alexis Herman or (the Office of Public Liaison) were involved in any significant way in White House coffees is untrue," Stern wrote.

As for Lake, whose confirmation hearing has been pushed from Feb. 11 to Feb. 25, Senate Intelligence Committee Chairman Richard C. Shelby, R-Ala., said in a statement that the nominee "deserves a fair, but rigorous, hearing regarding his nomination to be director of central intelligence."

(Begin optional trim)

Shelby delayed the hearings to give the Justice Department more time to complete an investigation into the handling of Lake's stock portfolio and a second investigation of questions raised by a House subcommittee about the accuracy of statements by Lake and other administration officials explaining their involvement in the administration's secret decision to give a green light to Iranian arms shipments to Bosnia.

McCurry said that the administration is confident Lake will be confirmed. "In the end, his integrity ... will shine through," he said.

(End optional trim)

Herman's meeting with Lott, from which she emerged without comment, was arranged by her main GOP backer, Rep. Sonny Callahan of Alabama. Callahan is Herman's hometown congressman and he has been pressing senators to give her a chance to defend herself at a hearing.

Although several Cabinet nominees already have cleared the Senate, Sen. James M. Jeffords, R-Vt., has not yet scheduled Herman's hearing before the Labor and Human Resources Committee.

(Optional add end)

Lott did not indicate when Herman's confirmation hearing might be scheduled.

Senate aides said that Herman, 49, a one-time Alabama social worker and protégé of the late Commerce Secretary Ronald H. Brown, has been bringing up the White House coffees herself during her courtesy calls with senators. "She's trying to be pro-active," one aide said.

Cohen Attacks Military Hazing Practices (Wash) By  
Paul Richter and Norman Kempster (c) 1997, Los  
Angeles Times

WASHINGTON Defense Secretary William S. Cohen Friday signaled

a new Pentagon effort to stamp out hazing practices that he said had left him "disturbed and disgusted."

Reacting to reports that elite Marine paratroopers had metal insignias pounded into their chests during training, Cohen said he will get out the word that such abuse "has no place in any branch of the military." Like sexual harassment and expressions of racism, the practices would meet "zero tolerance" in the Pentagon, Cohen said.

At his first formal news conference as secretary, Cohen also said he hopes to do something about the 12,000 or so service members who are on food stamps, saying the situation is "not acceptable."

And he said he will take his first official trip in a few weeks to meet with U.S. troops in Bosnia.

The hazing incidents in question took place in 1991 and 1993, but film taken by participants has appeared on television newscasts this week. The film clips have been shown on Cable News Network and in a Friday night broadcast of the "Dateline NBC" program.

The incidents involved a practice called "blood pinning."

The video, taken by participants in the hazing, shows Marines using their hands to pound gold pins, usually used to attach the decorations into the chests of trainees. The trainees, clad in T-shirts, are shown standing in a row with their backs against a wall, and crying out in pain.

The pins are insignias they earn on completion of 10 paratroop training jumps.

The 1991 incident involved the 2nd Air Delivery Platoon, from the 2nd Landing Support Battalion, 2nd Force Service Support Group, at Camp Lejeune, N.C. The participants in the 1993 incidents have not been identified.

An investigation of the incidents was opened earlier last month but so far no one has been punished, Marine spokesmen said. The Marine Corps commandant, Gen. Charles Krulak, meanwhile, has ordered unit commanders to see that the practice is halted.

There have been about 80 hazing incidents in the Marine Corps in the last three to five years, Cohen said. He said he does not know how many incidents there have been in the services overall but is trying to find out.

"This form of activity is simply unacceptable and ... those who indulge or engage in it will have consequences that will have to be paid," he said.

But some experts inside and outside the military said the administration is likely to find such practices deeply rooted, like the sex harassment and racism problems the Pentagon is fighting.

In a 1993 report, the Marine Corps inspector general came to that conclusion in an examination of hazing practices at a Yuma, Ariz. base. "The real problem uncovered by this investigation is a systemic one," the inspector general said.

That investigation found that in the course of training, Marines were punched and kicked, forced to swallow lighted cigarettes and smeared with excrement. The investigators found that the hazing practices had begun 12 years earlier and "evolved from the seemingly harmless to the perverse."

(Optional add end)

Retired Col. Don M. Snyder, who teaches political-military subjects at West Point, said there is "a very fine line between creating an environment in which mental toughness is obtained through military training and abusing the dignity of the individual."

Snyder said the military has confronted that thin line "forever" but contended that the problem now is declining.

"For the last five or six or seven years the army has moved away from a culture of abuse to a culture that respects the dignity of the individual and yet still demands that they meet the standards of the soldier," he said. "It can be done. But it isn't easy."

Vice Adm. John J. Shanahan, of the Center for Defense Information, a Washington defense watchdog group, predicted that zero tolerance

Hotline 2/1/97

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Date: 02/01/97 Time: 04:01

CLott Meets With Labor Secretary-Designate

(Capitol Hill) -- Senate Majority Leader Trent Lott says President Clinton's nominee for labor secretary isn't in trouble.

But he says he wants some ``documentation'' to confirm the claims made by Alexis Herman before moving on with her confirmation.

Herman ran the White House office of public liaison. Republicans want to know whether she organized a get-together at the White House involving President Clinton, the comptroller of the currency and some top banking executives.

Lott says Herman told him yesterday that her role wasn't significant. But he says she needs to provide senators with some proof.

The White House says it's confident Herman will be confirmed.

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Date: 02/01/97 Time: 08:27

ELabor secretary-designate told to document political activities

WASHINGTON (AP) Alexis Herman will have to provide answers, with backup documentation, to Republican questions about her involvement in White House political gatherings before she can be confirmed as labor secretary, Senate Majority Leader Trent Lott says.

``There's a problem here,' Lott, R-Miss., said after meeting with Herman for a half-hour Friday regarding her work as director of the White House Office of Public Liaison.

``What she's saying is not in line with what I have been reading in the newspaper about what her involvement may have been, and maybe even in line with what's being said by the White House,' said Lott, who kept Herman waiting more than 40 minutes.

Her nomination was not in trouble ``in terms of any decision being made one way or the other right now,' Lott said, but she will have to answer GOP concerns and ``provide the documentation that would confirm what she's telling us.''

Asked what kind of documentation he was expecting, Lott said, ``There's always a paper trail at the White House on meetings who

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``There's always a paper trail at the White House on meetings who was there, who did make the arrangements for it.''

The Washington Post reported today that the Office of Special Counsel has begun looking to possible violations of the Hatch Act, which limits political activities by government employees, by a group that Herman headed to generate black support for Clinton.

The inquiry by the independent government agency focuses on a working paper prepared by Herman's group that discussed using political appointees in the administration to tout Clinton's accomplishments ``as part of their normal job duties,' ' the newspaper said.

Key among GOP concerns is Herman's role in a meeting last year that brought together President Clinton, Democratic party fund-raisers, Comptroller of the Currency Eugene Ludwig and leading banking industry executives, something Lott referred to as a meeting ``involving the regulators and the regulated.''

Clinton has said it was a mistake for Ludwig, who oversees federally chartered banks, to attend, and the White House has said Herman's office added his name to the list of invitees.

``She says she was not at the meeting with the regulators and that she did not invite Mr. Ludwig to be there and that she did not arrange the meeting, that her office was involved in it, that

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arrange the meeting, that her office was involved in it, that mistakes were made in the way that was handled as to who was in the meeting,' he said. ``The president has said as much.''

The White House remained optimistic. ``Alexis will be confirmed,' press secretary Mike McCurry said. ``She can make a strong case for her nomination.''

Senate Minority Leader Tom Daschle, D-S.D., agreed, saying: ``She's got answers that ought to satisfy even the most inquisitive minds.''

The White House also stood behind another troubled nominee, Anthony Lake, the CIA director-designate.

``I know that Tony, who is a very honorable person, has been dealing with the matter in a straightforward way,' McCurry said. ``I believe ... that at the end of the day when he addresses these matters the senators will be satisfied and he will be confirmed.''

The Senate Intelligence Committee has postponed Lake's confirmation hearing pending completion of two Justice Department investigations.

One involves problems in the handling of Lake's stock portfolio. The other concerns a House panel's questions about whether Lake and other administration officials gave congressional investigators false information regarding the tacit U.S. approval given to 1994

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investigations.

One involves problems in the handling of Lake's stock portfolio. The other concerns a House panel's questions about whether Lake and other administration officials gave congressional investigators false information regarding the tacit U.S. approval given to 1994 Iranian arms shipments to Bosnia.

Lott said Herman's hearing by the Labor and Human Resources Committee will remain on hold until she and the White House provided adequate answers to GOP questions on the bankers' gathering and a number of White House coffee get-togethers.

The administration has said Herman attended six of 102 White House ``coffees,' ' but that none was organized by her or her office.

Herman did not speak to reporters either before or after meeting with Lott at the Capitol.

Lott, however, arrived in a jovial mood, swinging over his head a string of Mardi Gras beads a gift from Sen. John Breaux, D-La.

that broke, spewing beads throughout the lobby outside the Senate floor.

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Divider Title: Jan. 31, 1997

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# Clinton's next 2 nominees face Senate battle

By Mimi Hall  
USA TODAY

Madeleine Albright is on the job at the State Department. Andrew Cuomo is set to take over Housing and Urban Development. Bill Daley begins work as Commerce secretary today.

In rapid succession over the past 10 days, the Senate has confirmed a number of President Clinton's second-term Cabinet nominees.

But now, cooperation on Capitol Hill is coming to a halt.

Two of the president's key nominees — Alexis Herman as Labor secretary and Anthony Lake for CIA chief — are in serious trouble. If either is voted down, it will be a political black eye for the White House at a time when the administration is mired in a political fund-raising scandal and cannot afford another bad headline.

In his first term, Clinton punted twice when faced with congressional opposition, withdrawing his nominations of



Lake: Nominated to head CIA



Herman: Up for secretary of Labor

Henry Foster for surgeon general and Zoe Baird for attorney general before they ever came up for a vote.

This time, White House aides say Clinton will fight. He may have to.

Confirmation hearings for Lake were further delayed Thursday by the Senate Intelligence Committee. They're now tentatively set for the week of Feb. 25. Committee members are awaiting Lake's responses to their concerns about the former National Security

Council (NSC) director. Among them:

► His role in the tacit U.S. approval of Iranian arms shipments to Bosnia in 1994. Some congressional Republicans have sharply criticized Lake for not telling Congress or the CIA about it.

► His failure to sell energy-related stocks after being advised by White House lawyers to do so to avoid a possible conflict of interest.

► The NSC's failure to do background checks on foreigners visiting the White House last year, highlighted by disclosures that a Chinese arms dealer met with Clinton last year.

► Whether he can reinvent himself from the role of high-level political appointee to head of an agency dedicated to impartial intelligence gathering.

Meanwhile, the White House also is scrambling to keep Herman's nomination alive amid a swirl of allegations about her possible involvement in questionable Democratic National Committee (DNC) fund-raising efforts.

Herman, a former party operative

who most recently headed the White House Office of Public Liaison, is under fire for her involvement in White House coffee chats organized by the DNC.

Republicans say they are particularly concerned about her role in helping to set up a meeting last year involving Clinton, some of the nation's top bankers and federal banking regulator Eugene Ludwig.

Clinton has said it was a mistake for Ludwig to attend the DNC-sponsored meeting. Herman has said she decided not to attend once she found out DNC officials would be there.

Senators also are concerned whether Herman violated the Hatch Act, a law barring certain government officials from engaging in political work, by helping to recruit black contributors for the Democrats.

Herman will continue to press her case with senators next week, but confirmation hearings have not been set. Senate aides say they may not begin until late February at the earliest.

USA TODAY •

FRIDAY, JANUARY 31, 1997

# Herman helped get regulator to bankers

Says she didn't know coffee was political

By E. Michael Myers  
THE WASHINGTON TIMES

Alexis M. Herman, President Clinton's nominee for labor secretary, had a "lead role" in a White House coffee attended by Democratic National Committee fundraisers, bankers and their top federal regulator, whom she had invited, an assistant to the president said in a letter yesterday.

Miss Herman, the director of the White House public liaison office, did not attend because she learned that "DNC officials would be attending the coffee," the letter said.

But in at least three previous coffees she attended, DNC officials were present — usually National Chairman Donald L. Fowler, Finance Chairman Marvin S. Rosen and Finance Director Richard Sullivan — according to a White House list of "political coffees" between Jan. 11, 1995, and Nov. 5, 1996.

Senate Majority Leader Trent Lott of Mississippi has put her confirmation hearing on hold as Republicans look into Miss Herman's role in a May 13 coffee that included leading banking industry executives and Comptroller of the Currency Eugene Ludwig.

"I don't think the explanation the White House has come up with so far is sufficient," Mr. Lott said.

Mr. Clinton said Tuesday that Mr. Ludwig should not have been at the coffee. Critics have said a government regulator should not attend a political event with representatives of the industry he oversees.

Todd Stern, an assistant to the president and staff secretary, said there was a "miscommunication within the White House" that led Miss Herman to believe the coffee was an "official White House event, not a political event sponsored by the DNC."

When she found out it was a DNC event, she decided that the White House office of political affairs should handle the event and chose not to attend, Mr. Stern wrote in the letter to Sen. James M. Jeffords, Vermont Republican and chairman of the Labor and Human Resources Committee.

Mr. Stern did not say why she did not inform Mr. Ludwig of the event's political nature.

*Senate Majority Leader Trent Lott has put her confirmation hearing on hold as Republicans look into Miss Herman's role in a May 13 coffee.*

Mr. Lott said he was pleased the White House was "addressing the issue," but he said the matter is not settled.

The May 13 coffee is just one of Miss Herman's problems. She also prepared a report for the president outlining a strategy for encouraging blacks to join his campaign activities.

Mr. Lott called her work "awfully close to the edge of violating the Hatch Act," the federal law that prohibits certain political activities by government employees.

The Stern letter was released on a day when the White House acted to placate Mr. Lott. The majority leader demanded a White House apology for spokesman Michael McCurry's suggestion that he will oppose her nomination "because she attempted to encourage African-Americans to participate in the political life of this nation."

Mr. Lott called the comment "totally uncalled for."

"It was a gratuitous slap that was not in order. . . . It's the kind of statement that I'm not going to put up with at the White House," he said.

The White House stands behind Miss Herman. On Wednesday it gave her a vote of confidence.

"The president is certainly willing to work very hard on behalf of a nominee that he considers exceptionally well qualified," Mr. McCurry said.

He agreed with a reporter's suggestion that Mr. Clinton is prepared to "go to the mat" for Miss Herman, as he promised to do for former National Security Adviser Anthony Lake, whose nomination to become CIA director has been questioned.

**The Washington Times**

FRIDAY, JANUARY 31, 1997

## Washington Wire

A Special Weekly Report From  
The Wall Street Journal's  
Capital Bureau **A1**

**FUND-RAISING FLAPS** roll the administration even as Clinton backs overhaul.

Clinton himself is slated to speak at fund-raisers in Washington, New York and Los Angeles for the Democratic Senate campaign committee. Despite new DNC restrictions, the autonomous Senate group will welcome donations from foreign-owned subsidiaries and noncitizen residents. In his State of the Union speech Tuesday, Clinton is expected to call for passing a campaign-reform bill by summer.

About 68% of Americans in a new Wall Street Journal/NBC News poll say politics is more influenced by

special-interest money than 20 years ago. A plurality faults both parties. A GOP governors' dinner on Monday is expected to raise \$3 million. Labor-secretary nominee Alexis Herman takes heat for Clinton coffee klatches with donors, but most were arranged by the political staff headed by Douglas Sosnik.

*The saying around the White House, according to cybersatirist Bob Hirschfeld: "That and a grand will get you a cup of coffee."*

**FIX SOCIAL SECURITY** but go slow on putting funds in stocks, many say.

An overwhelming 83% of Americans now accept that changes are needed in Social Security. But they are split over whether people should be able to invest some payroll contributions in the stock market. The majority under 50 like the idea, but only 27% of seniors do. By 57% to 37%, Americans say the risk of losing money in stocks outweighs the potential of higher returns.

But nobody is eager to tamper with the popular program. Congressional hearings this week on overhaul are about as far as the issue will go this year. The White House and Congress will first focus on a balanced budget and Medicare savings. Later this year, the administration expects to set up a bipartisan commission to take on the issue.

**CLINTON CLIMBS** in approval ratings, but sparks no great expectations.

He pulls the highest scores of his presi-

THE WALL STREET JOURNAL  
FRIDAY, JANUARY 31, 1997

**HONEST COLIN:** Some 76% of Americans think former Gen. Powell has high ethical standards, more than double the levels for the Clintons and Jack Kemp — and exceeding even the 62% rating for the Rev. Billy Graham. Potential GOP presidential contender Kemp, meantime, has a breakfast with AFL-CIO head John Sweeney.

**VIOLENCE DECLINES** at abortion clinics to six fires and bombings last year from 15 in 1995. Backers and foes of abortion rights cite a 1994 law that makes it a federal crime to obstruct clinics; but there have been three incidents this month. Abortion ranks near the bottom of issues that Americans consider important.

**HAZING LURKS** as the next military embarrassment. Marines worry about a videotape, slated to run on NBC tonight, of a violent 1991 incident involving pinning on paratroopers' wings at Camp Lejeune, N.C. "It isn't pretty," one officer says. The Army frets about similarly violent hazing at Fort Bragg, N.C.

**OVEREXPOSED:** The public by 57% to 39% says the Paula Jones lawsuit should be delayed until Clinton is no longer president. More than 70% think the case is getting too much news-media attention, while large majorities say revamping public education and Social Security aren't getting enough.

**BACKERS PRESS** for a capital-gains tax cut and balanced-budget amendment.

A capital-gains tax break drew support yesterday from Fed Chairman Greenspan. Americans by 47% to 35% favor the idea, with Republicans overwhelmingly for it and Democrats narrowly against it. The public is split between a GOP-style broad cut and a Clinton cut targeted to specific investments.

Despite Clinton's stepped-up campaign against it, 70% favor a balanced-budget amendment. But most would bar use of the Social Security surplus to achieve balance. The Senate Judiciary Committee yesterday passed its version with the vote of freshman Democratic Sen. Torricelli. But he said he still may oppose it on the Senate floor, where the vote is expected to be close.

*The House Budget Committee seeks*

# Lott Assails Comments On Herman

Associated Press

Senate Majority Leader Trent Lott (R-Miss.) yesterday sharply criticized White House press secretary Michael McCurry for comments he made on Wednesday in defense of Alexis M. Herman, President Clinton's nominee to be labor secretary.

Asked about Herman's role in recruiting black contributors for the Democrats, McCurry had replied: "I would want to check with Senator Lott or his staff, but I can't believe the majority leader would suggest that she's disqualified from serving as secretary of labor because she attempted to encourage African Americans to participate in the political life of this nation."

McCurry's comments were "totally uncalled for," Lott told reporters. "It was a gratuitous slap that was not in order . . . it's the kind of statement that I'm not going to put up with at the White House." Lott said he expected an apology from McCurry.

Yesterday, McCurry characterized the incident as a misunderstanding and said Lott had "good reason" to be upset with him. McCurry said he had talked with Lott's staff, was now clear about what the senator suggested "and I consider the matter closed."

**The Washington Post**

FRIDAY, JANUARY 31, 1997

# Billions in Profits Were Issue As Clinton and Bankers Met

AI

By DAVID E. SANGER and STEPHEN LABATON

WASHINGTON, Jan. 30 — When President Clinton, his Treasury Secretary and the country's top bank regulator met last May at a Democratic Party-sponsored coffee with some of the nation's most powerful bankers, at least three big issues, worth billions of dollars in potential profits for the financial industry, were on the table.

The bankers said they were particularly angry about an Administration-backed plan that would require them to bail out the savings and loan industry, their competition, several participants recalled. They also debated about proposed regulation and legislation that would determine whether banks would be able to expand into other businesses.

Describing his role in the meeting for the first time, Treasury Secretary Robert E. Rubin today stressed that on the savings and loan issue, the Administration "came out against the position of the bankers, on the merits." Congress passed a law a few months later that required the banks to contribute to the savings deposit fund for the savings and loan industry — though in lesser amounts than the Administration first proposed — and President Clinton signed the legislation in September, weeks before the election.

Mr. Rubin said the fact that the decision went against the bankers supported President Clinton's contention at a news conference on Tuesday that while he used the coffee to give major contributors and other potential supporters a hearing, the sessions did not guarantee them a favorable result.

Continued on Page A20, Column 4

Continued From Page A1

But members of Congress — and Administration officials themselves have criticized the White House for discussing important policy issues at meetings arranged by fund-raisers.

And these concerns have now jeopardized the Cabinet nomination of Alexis M. Herman, whose Office of Public Liaison at the White House organized the session.

Ms. Herman, nominated earlier this month by the President as Labor Secretary, decided not to attend the meeting when she belatedly discovered that it was organized by the Democratic National Committee, but there is no indication that she informed Mr. Rubin or other Administration officials of the possible pitfalls surrounding the meeting before they attended.

In the interview today, Mr. Rubin said that "I don't know what I knew" about the sponsorship of the meeting by the Democrats, but that "I prepared for it as a full discussion of policy issues between the President and the financial services industry," and even had a briefing paper in hand prepared by his staff.

"I never thought of this meeting as political," said Mr. Rubin who also said he had no memory of seeing Donald Fowler, the Committee's chairman, and Marvin Rosen, the Committee's finance chairman, at the meeting, although he said he did not doubt they were there, as they have said.

Because he did not regard the meeting as a political event, Mr. Rubin said, it did not strike him as strange that Eugene Ludwig, the top bank regulator and a friend of Mr. Clinton's for more than 30 years, was in attendance.

"We have a lot of meetings with the financial community," he said.

At a press conference on Tuesday, Mr. Clinton said that in retrospect it was inappropriate for Mr. Ludwig to attend a Democratic Party function, because he regulates most of the bankers who were at the session. Mr. Rubin concurred today, and Mr. Ludwig was the first to make that point last Friday, when he said he first learned of the Democrats' role in the meeting. Mr. Ludwig said that he regretted participating in the meeting.

Saving the savings and loan insurance fund was not the only issue confronting the bankers when they came to Washington that morning.

Many were also lined up either for or against a bill authored by the chairman of the House Banking Committee, James A. Leach, the Iowa Republican — and opposed by the Administration — that would have limited the Comptroller of the Currency's ability to give banks an entree into the insurance business. Similarly, the bankers were divided over a proposal to overhaul the regulations that expanded the ability of some banks to go into the securities business. That proposal was adopted by the Comptroller shortly after the November Presidential election.

Billions of dollars were at stake on both issues, and the details of both the bill and the regulatory changes were the source of considerable infighting among banks, insurance companies and securities firms.

After the White House coffee broke up, many of the bankers who participated attended a separate session — with no Government officials in attendance — at which they decided to oppose Mr. Leach's legislative proposal. Ultimately they were successful: A month later, the legislation died before it even reached the floor of the House, paving the way for the Treasury to announce a series of new initiatives that gave nationally chartered banks greater latitude to enter new businesses. That helped some of the bankers at the session, but put others at a competitive disadvantage.

Interviews conducted in recent days have painted a picture of how an event organized by the Democratic National Committee was transformed from what the White House calls a "misunderstanding" into an official function in the minds of many top Administration aides.

The idea for the coffee grew out of a phone call by Marvin Rosen, the chief fund-raiser for the Democratic National Committee, to Frank N. Newman, the chairman and chief executive officer of Bankers Trust, according to people who have spoken to the two men. Neither would be interviewed. For the first two years

## How politics and policy appeared to collide at a White House coffee.

of the Clinton Administration, Mr. Newman had been a senior Treasury official overseeing banking issues.

According to Mr. Rosen's spokesman, Marina Ein, Mr. Rosen "had learned that Mr. Newman was interested in helping support the President and possibly raising money for the D.N.C." So when Mr. Rosen called Mr. Newman, "Frank felt it would be advantageous for the bankers to meet with the President," Ms. Ein said.

The first list of invitees came from Mr. Newman, who sent it to the D.N.C. This evening Joe Lockhart, a White House spokesman, said the list was passed on to the White House political office. Mr. Lockhart said that the list was passed on to Kate Smith Carr, who worked for Ms. Herman in the public liaison office. But Ms. Carr understood that the event would be an official one, not a campaign session, Mr. Lockhart said. Officials said Ms. Carr invited Mr. Ludwig to the meeting, but the White House would not say who made the decision to include Mr. Ludwig.

Other Administration officials said that the guest list was also reviewed by officials from Treasury and the Comptroller's Office.

Ms. Herman backed out of the meeting the weekend before the Monday morning coffee in the Map Room after she learned it "was a more political event than an official event, which is what the office of public liaison normally does," Mr. Lockhart said.

Just before the coffee with Mr. Clinton, Mr. Ludwig and Mr. Newman, who are good friends, had breakfast together. Lee Cross, a spokesman for Mr. Ludwig, said Mr. Ludwig "can't imagine they didn't talk about the meeting with the President, but he can't recall what they talked about."

# The New York Times

FRIDAY, JANUARY 31, 1997

(UPI Focus)

Lott demands answers from Herman

WASHINGTON, Jan. 31 (UPI) Senate Republican leader Trent Lott has met with President Clinton's embattled choice for labor secretary, Alexis Herman declaring her ``helpful'' but still facing ``a problem.''

Lott told reporters that he plans to delay consideration of her nomination until Herman provides documentation showing she had a minimal role as a White House staffer in partisan political activities.

Herman, director of the White House's Office of Public Liaison, has faced questions over her role in organizing White House coffee sessions involving the president and Democratic party campaign contributors.

She faced particular scrutiny after being identified as the person who added the name of Comptroller of the Currency Eugene Ludwig to the guest list for a White House coffee last May attended by both Democratic party fund-raisers and the leaders of 17 major financial institutions.

White House press secretary Mike McCurry said Herman wanted ``to clarify any concerns that he (Lott) may have,''' and added, ``We hope that they have a productive meeting.''

Lott, after a meeting that lasted less than an hour, said he was still withholding final judgment.

He said Herman acknowledged that ``some mistakes'' were involved in the coffee meetings, as has Clinton. but she insists the problems were not as serious as some public accounts have suggested.

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(UPI Spotlight)

Herman sets meeting with Lott

WASHINGTON, Jan. 31 (UPI) President Clinton's embattled choice for labor secretary, Alexis Herman, is meeting (Friday) with Senate Republican leader Trent Lott in a bid to blunt criticism over her role as a White House staff member in Democratic Party fund-raising. White House press secretary Mike McCurry said Herman ``wants to clarify any concerns that he (Lott) may have and added, ``We hope that they have a productive meeting.''

\*\*\*\* filed by:UPI-(us) on 01/31/97 at 14:01EST \*\*\*\*  
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BC-labor-nominee

## Lott Says Herman's Nomination For Labor Secretary Not in Peril

Washington, Jan. 31 (Bloomberg) -- Sen. Republican leader Trent Lott emerged from a meeting with President Bill Clinton's nominee for Labor Secretary today saying her nomination wasn't in peril though it could be delayed over questions about her role in fundraising for the Democratic Party.

Alexis Herman, Clinton's nominee for the Cabinet post and head of his Office of Public Liaison, is embroiled in a controversy over the way the Democratic Party used the White House to help raise money for the 1996 campaign.

Herman's office sent out the original invitations to a coffee at the White House that was sponsored by the Democratic National Committee and included Eugene Ludwig, the Comptroller of the Currency, with the president, the Treasury Secretary and 17 bankers last May.

The president has since said that Ludwig shouldn't have been there if the event was sponsored by the DNC. "It would have been better if he had not been there," Clinton said this week.

The White House said Herman didn't know it was a DNC sponsored meeting when she extended the invitations and she thought it was an official White House event.

Republicans have put off hearings on her nomination pending a review of her role in the coffee meeting, which came while Congress and government regulators were considering a major overhaul in banking laws.

Some of the bankers in attendance were current campaign contributors. Others contributed to the Clinton campaign later, the White House said.

Lott said he advised Herman to provide documentation of her actions to Vermont Republican Jim Jeffords, chairman of the Senate Labor Committee, who will consider her nomination. Lott said he hoped the two could meet next week to discuss the matter.

"If she arranged the meetings on government time, that's a problem," Lott said. "She needs to provide some documents or some further clarification of what she did" in arranging the White House coffees with campaign contributors.

Herman didn't comment on her meeting with Lott.

--Gerald Burstyn on Capitol Hill (202) 624-1820 with reporting by Dina Temple-Raston at the White House (202) 624-1884/rdm.

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## CONFIRMATIONS: LAKE AND HERMAN IN TROUBLE; OTHERS CRUISE

Despite the overwhelming confirmations of several of Pres. Clinton's Cabinet choices -- and with Charlene Barshefsky (USTR) and Federico Pena (Energy) out of cmte and headed for a vote of the full Senate -- -- cooperation on the Hill appears to be "coming to a halt." The nominations of Anthony Lake for the CIA and Alexis Herman at Labor are in "serious trouble." If either is voted down it will be a "political black eye" for Clinton at a time when the admin. is "mired" in a fund-raising scandal and "cannot afford another bad headline." Unlike his first term, where he withdrew the nominations of Henry Foster and Zoe Baird before they came up for a vote, WH aides said, "Clinton will fight. He may have to." Confirmation hearings for Lake were "further delayed" 1/30 and are now tentatively set for the week of 2/25. GOPers plan to question Lake about Iranian arms shipments to Bosnia, his energy stocks, and the NSC's failure to do background checks on foreign visitors to the WH, including a Chinese arms dealer. The WH is also "scrambling" to keep Herman's nomination alive amid a "swirl of allegations" about her role in political activity while dir. of the WH Office of Public Liaison (Hall, USA TODAY, 1/31).

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HERMAN'S HARD TIMES: Senate Maj. Leader Trent Lott "made it clear" he was "not satisfied" with the WH's explanation for the WH Office of Public Liaison's invitation to Comptroller of the Currency Eugene Ludwig to a 5/96 WH coffee with top bankers and DNC officials. Lott: "I don't think the explanation the White House has come up with so far is sufficient." Lott told reporters they shouldn't interpret his comments as an indication he has "turned against" Herman: "I think most of you know I have been supportive of her nomination" (N.Y. TIMES, 1/31). Lott called on Senate Labor cmte chair James Jeffords (R-VT) to look into Herman's role in political activity at the WH. Lott: "We may find that, you know, there's no major problem there. But I think that the committee will have to look closely at it and we'll see what they find." Clinton staff sec. Todd Stern detailed Herman's role in the coffees in a letter to Jeffords and ranking Labor cmte member Ted Kennedy (D-MA). Stern said Herman had limited involvement and attended "about six" of the 102 WH coffees. Stern also said all of Herman's work was in compliance with the Hatch Act. The WH has already said Herman declined to attend the Ludwig coffee when she found out at the "11th hour" that it was a political, not an official, event (Scales, BOSTON GLOBE, 1/31). Stern "did not say" why Herman failed to tell

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GLOBE, 1/31). Stern "did not say" why Herman failed to tell Ludwig the coffee was a political event which would include DNC officials (Myers, W. TIMES, 1/31). CNN's Shaw: "The Clinton Administration's smooth ride through the Cabinet confirmation process has become bumpy" ("IP," CNN, 1/30). CBS' Schieffer: "This nomination is in serious trouble" (1/30).

A "GRATUITOUS SLAP": Lott "sharply criticized" a remark made by WH press sec. Mike McCurry (see HOTLINE 1/30) in defense of Herman. McCurry said 1/29: "I would want to check with Senator Lott or his staff, but I can't believe the majority leader would suggest that she's disqualified from serving as secretary of labor because she attempted to encourage African Americans to participate in the political life of this nation." Lott called on McCurry to apologize and said the comment was "totally uncalled for ... a gratuitous slap that was not in order ... the kind of statement that I'm not going to put up with at the White House." McCurry called the incident a "misunderstanding" and said Lott had "good reason" to be upset with him. McCurry said he had spoken with Lott's staff and said, "I consider the matter closed" (AP/W. POST, 1/31). McCurry "didn't apologize" for his remark (Scales, BOSTON GLOBE, 1/31).

MORE LOTT: Lott spokesperson Susan Irby, responding to a

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Divider Title: Jan. 30, 1997

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# DNC Fund-Raising Flap Snags Labor Nominee

*GOP Senators Delay Confirmation Hearings, Query Herman on White House Political Role*

**A**

By Frank Swoboda  
Washington Post Staff Writer

The White House yesterday provided its most detailed explanation yet of how the president came to host a coffee attended by Democratic party fund-raisers, the leaders of 17 major financial institutions and the nation's top banking regulator.

Alexis M. Herman, President Clinton's nominee to be secretary of labor, was the person who added

Comptroller of the Currency Eugene A. Ludwig's name to the guest list, based on a "misunderstanding" of the nature of the meeting, White House officials said.

Herman, director of the White House's Office of Public Liaison, initially did not know the May 13 coffee had been organized by the Democratic National Committee, the officials said. When she learned that, just days before the meeting, she decided it would be inappropriate for her to attend, but did not notify Ludwig.

The White House's explanation of Herman's role in the banker's meeting comes as Senate Republicans have put off confirmation hearings on her nomination, pending a review of her political activities while working at the White House.

Clinton said Tuesday that Ludwig should not have been included in the May meeting. Critics have said it was inappropriate to mix party fund-raisers with a federal regulator who holds enormous power over the potential donors at the meeting.

Yesterday, the White House stepped up its public support of Herman, who has declined interviews while her nomination is pending. White House press secretary Michael McCurry said, "The president is certainly willing to work

See HERMAN, A6, Col. 4

HERMAN, From A1

very hard on behalf of a nominee that he considers exceptionally well-qualified."

Herman first entered government in 1977 when, at age 30, she became the youngest head of the Labor Department's Women's Bureau. At the end of the Carter administration, she became active in Democratic politics, serving in 1988 as deputy convention manager for the Jesse Jackson campaign under the late Ron Brown. When Brown became chairman of the DNC, he made Herman his deputy chairman and chief of staff. Herman was named co-director of the presidential transition team when Clinton was first elected in 1992. During the Clinton administration, she has run the Office of Public Liaison, which is responsible for building and maintaining relationships between the White House and various constituencies.

Republicans on the Senate Labor Committee are preparing a list of questions they want Herman to answer based on recently released White House documents on political fund-raising activities. They have decided to put off her confirmation hearing, possibly until late February, while they review her answers and those documents.

Among other things, the documents provide details about 103 coffees with the president organized by the DNC to help build a record campaign war chest for the Clinton-Gore reelection effort. Clinton, during a news conference Tuesday, defended the events as good and appropriate opportunities for him to meet with supporters and other constituents, but conceded that Ludwig should not have been invited to the one with 17 of the nation's top bankers.

According to the White House, the bankers' meeting was the only one of the coffees in which Herman or the Office of Public Liaison were involved. "Alexis and the OPL were non-players in the coffee business," said White House spokesman Joseph Lockhart, adding that Herman did attend about half a dozen others as the president's staff representative, but not in her capacity as public liaison.

Lockhart, in response to questions from The Washington Post, said Herman did set up the bankers' coffee in her public liaison role at the request of the White House political office. Herman added Ludwig's name and about half a dozen others to the list of invitees that had been prepared by the political office, not

The Washington Post

THURSDAY, JANUARY 30, 1997

1  
2

## ALEXIS M. HERMAN

**Born:** Mobile, Ala.

**Age:** 49

**Education:** Bachelor's degree, 1969, Xavier University

**Work history:**

- Director, Women's Bureau, Department of Labor, during the Carter administration.
- President and founder, A.M. Herman & Associates in Washington, a marketing and management firm, 1980-91.
- Chief of staff and vice chairman, Democratic National Committee, 1988.
- Deputy chairman, Democratic National Committee, 1990-93.
- Chief executive, Democratic National Convention Committee, 1991-92.
- White House director of public liaison, 1993-present. Worked closely with then-DNC Chairman Ron Brown on the Clinton campaign.

knowing that the meeting was initially requested by the Democratic National Committee, Lockhart said.

Lockhart said Herman's office issued the invitations "based on a misunderstanding that this was an official event." Official events are considered nonpolitical by the White House. "She thought it would be appropriate [to invite Ludwig] to a meeting where people come and exchange views," Lockhart said.

Herman did not know until the weekend before the Monday meeting that DNC Chairman Donald L. Fowler and Marvin Rosen, DNC finance chairman, would be attending the meeting with the bankers, White House officials said.

Ludwig has said he did not recognize the DNC officials, and would not have attended had he known they were coming.

The bankers' coffee is just one of Herman's problems. Senate Republicans also are questioning a report Herman prepared for the president's reelection campaign outlining a political campaign for bolstering the president's support among African Americans.

Senate Majority Leader Trent Lott (R-Miss.) said Tuesday that plan comes "awfully close to the edge of violating the Hatch Act."

The Hatch Act is the federal law prohibiting certain political activities by government employees.

White House officials yesterday defended Herman against possible Hatch Act charges. Under guidelines issued by the White House counsel, political appointees may do political work, even during their normal work day, as long as they put in a 40-hour workweek on their government job.

McCurry, in his defense of Herman, gave a sample of just how the fight would go if the Republicans decide to block Herman's confirmation because of her role in developing the White House campaign tactics for attracting African American support.

"I can't believe that the majority leader would suggest that she's disqualified from serving as secretary of labor because she attempted to encourage African Americans to participate in the political process of this nation," McCurry said.

In raising questions about the Hatch Act on Tuesday, Lott appeared untroubled by other queries that have been raised by both Republican and Democratic critics of Herman's role in what have become known as the "midnight contracts" at the Labor Department during the final days of the Carter administration. In the days after the election of Ronald Reagan, the Labor Department awarded millions of dollars in contracts under the Comprehensive Employment and Training Program (CETA), much of it to groups including Jesse Jackson's Rainbow Coalition and the Martin Luther King Center.

A subsequent hearing by Senate Republicans cleared the department of any wrongdoing, but the controversy has resurfaced since Herman's nomination.

Lott told a press conference Tuesday that he was satisfied with answers Herman gave him about the contracts and her role at the department. "I feel like there's no problem there," Lott said.

### FOR MORE INFORMATION

To read a month's worth of Post articles on the DNC campaign funds controversy, click on the above symbol on the front page of The Post's site on the Web at <http://www.washingtonpost.com>

# Transportation secretary nominee questioned about work against GOP

By Brian Blomquist  
THE WASHINGTON TIMES

President Clinton's nominee for transportation secretary, Rodney Slater, was received warmly yesterday by members of a Senate committee who asked him only a few questions about past efforts to get blacks to vote against Republicans.

Only Sen. John McCain, Arizona Republican, voiced displeasure with Mr. Slater's involvement in a voter-outreach project to attract blacks to Democrats. It characterized Republicans as "enemies of civil rights."

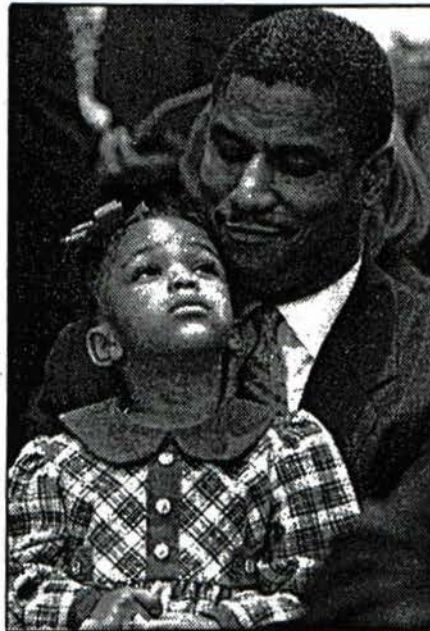
"I don't believe that members of my party are enemies of civil rights," said Mr. McCain, chairman of the Commerce, Science and Transportation Committee. "I wish you had not been part of a group that wrote such a document."

Mr. Slater said he had "no intention to beat down" his political opponents.

As for the part of the report that called Republicans enemies of civil rights, Mr. Slater said, "I think it is unfortunate that the language was stated in that way."

The committee plans to vote to recommend Mr. Slater for transportation secretary early next week. Aides have said they expect the vote to confirm him to be unanimous. The full Senate will then vote.

Mr. McCain indicated that Mr. Slater would win the job rather easily. "Now you are assuming even greater responsibility," the chairman told Mr. Slater near the end of the confirmation hearing.



AP  
Transportation secretary nominee Rodney Slater holds daughter Bridgette, 4, before a Senate Commerce Committee hearing.

Mr. Slater, currently administrator of the Federal Highway Administration, was expected to face tough questioning about his work with a group led by Alexis Herman, director of the White House office of public liaison.

The pair, along with other top blacks in the administration, were members of the African American Working Group, which put out an election-year report urging black administration officials to travel the country in their official capacity and attack Republicans.

Mrs. Herman's nomination to head the Labor Department is jeopardized because of her chairmanship of the group that

produced the voter-outreach report and her involvement in the growing Democratic fund-raising controversy.

The committee's senators did not ask Mr. Slater if he considered the project a violation of the Hatch Act, which prohibits public officials from campaigning while on the job.

The report said: "Agency surrogates will carry out these activities as part of their normal job duties in 1996. That is, they will be helping to educate the African-American public and key interest groups about Clinton administration accomplishments — not campaigning."

During the hearing, Mr. Slater also was questioned about his extensive travel, but committee aides said his written responses to travel questions appeared to "mollify" serious concerns.

In fiscal 1995, Mr. Slater took 48 trips, which took him out of town for 116 days. A review put the cost of the trips at \$30,198. In fiscal 1996, Mr. Slater said he traveled 126 days.

Meanwhile yesterday, the White House gave Mrs. Herman a vote of confidence.

"The president is certainly willing to work very hard on behalf of a nominee that he considers exceptionally well qualified," White House spokesman Michael McCurry told reporters.

He agreed with a reporter's suggestion that Mr. Clinton was prepared to "go to the mat" for Mrs. Herman, as he promised to do for Anthony Lake, whose nomination to become CIA director also has been in question.

The Washington Times

THURSDAY, JANUARY 30, 1997

TC:

...rugged period for American workers has triggered in some need to explore the simpler life of the artisan; at the core is "an urgency to build something of value and worth," one says. (CRAFTS, will move Thursday).

Cols 2-4: Local arts story (with art).

Cols 5-6: The Clinton administration, acting at the direction of the president and first lady, created a massive computer data system with federal funds in 1994 to keep tabs on as many as 350,000 people, including large political donors, Democratic campaign workers and visitors to the White House. (CLINTON-DATABASE, moved).

Above fold:

Cols 2-3: Justice Department investigators reviewing reported sloppiness at the FBI's vaunted crime laboratory have turned up allegations of broader troubles: Lab officials say they were pressured by agents to lie about their scientific findings and their conclusions were sometimes changed by supervisors to support criminal prosecutions. (FBI-TIMES, moved).

Col 4: Attacking the federal government's threat to crack down on California doctors who recommend marijuana to sick patients, a medical journal says the policy is "foolish," "hypocritical," "inhumane." (POT, moved).

Col 6: In a major departure from its role as the final arbiter of air safety, the Federal Aviation Administration will begin providing safety data to Americans who want to form their own judgments about individual airlines. (FAA-TIMES, moved).

Bottom of page:

Cols 1-2: Local crime story.

Cols 5-6: America Online, the computer online network that has been staggering under the weight of its own popularity, moves to head off a threatened wave of state consumer fraud lawsuits by offering credits and refunds to its 8 million members and taking new steps to make its network more accessible. (AOL-TIMES, moved).

**Latest Fund-Raiser Clinton Went to Accepted 'Soft Money' (Washn) By Elizabeth Shogren  
(c) 1997, Los Angeles Times**

WASHINGTON The White House conceded Wednesday that a million-dollar political fund-raising event attended by President Clinton this week would violate the requirements of a campaign finance reform bill he is prodding Congress to enact.

More than 60 percent of the funds raised at the \$10,000-a-person Tuesday night dinner, sponsored by the Democratic Business Council, was in the form of corporate "soft money" contributions to support Democratic Party political activities, according to organizers of the event.

Such donations, which are not subject to the limits imposed on contributions to candidates, would be made illegal under campaign finance reform legislation endorsed by Clinton. Indeed, the president touted the need for such reforms at a news conference just hours before the fund-raiser.

White House spokesman Mike McCurry acknowledged that if the proposal were law, the fund-raiser would have included "either fewer people or people contributing only pursuant to the contribution limits in the bill."

He reiterated, however, that the business council group, the Democratic National Committee's donor program for businesses and corporations, could and would continue to exist under the proposed new rules.

On another issue in the growing controversy over campaign fund raising, McCurry stressed that the White House stands firmly behind its nomination of Alexis Herman to be labor secretary, despite criticism of some of her political activities during the recent campaign.

Herman, until recently a White House staff member, worked on her own time doing political "outreach" for Clinton in the minority community, administration officials have said. She participated in political gatherings at the White House for donors and supporters. And her office invited Edward Ludwig, a federal banking regulator, to a political gathering at the White House last May for banking executives with the president.

"We think that as people work through these issues and as she has an opportunity to see individual senators, answer their concerns ... she'll be able to address these matters in a way that will be to the satisfaction of the Senate," McCurry said. "The president is certainly willing to work very hard on behalf of a nominee that he considers exceptionally well-qualified."

A spokesman for Sen. James M. Jeffords, R-Vt., chairman of the Senate Labor and Human Resources Committee, which will conduct Herman's confirmation hearings, said that the senator has "a lot of questions" about Herman's activities. "The (committee) staff is going through those White House documents about her involvement in fund raising. He has not said her nomination is in any trouble but he wants answers."

Ever since the controversy over Democratic Party fund-raising practices surfaced toward the end of the 1996 campaign a furor that has resulted in the party returning about \$1.5 million in questionable contributions Clinton has responded by stressing his support for reforming the current system. But at the same time, he has continued to actively raise money for his party, noting that the realities of the political system demand it.

Tuesday's exclusive event took place at the Sheraton Carlton, a posh hotel favored by the Capitol's lobbying crowd. It was attended by about 70 guests, many of them CEOs and partners in law firms, according to Todd Glass, a Democratic spokesman. Individuals paid \$10,000 to attend and corporations paid \$15,000 for one seat.